

## **ANALYSIS OF THE INFLUENCE OF BRAND IMAGE, PRODUCT QUALITY AND PRICE PERCEPTION ON PURCHASE DECISION OF HONDA AUTOMATIC TRANSMISSION MOTORCYCLE IN WEST HALMAHERA**

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### **ABSTRACT**

The aim of this study is to analyze the influence of a brand image, product quality, and price perception on a consumer's purchase decision process to buy a Honda motorcycle with automatic transmission (Hondamatic) in West Halmahera. The population of the research consists of the users of Hondamatic motorcycles. The sample is collected using purposive sampling with a quantitative approach. The data was collected using a google form electronic questionnaire. The measurement and structural model were analyzed using SmartPLS 3.0. Respondents of this study consist of 160 West Halmahera residents. The result of the analysis concluded that brand image positively influences the consumer's purchase decision process of Hondamatic in West Halmahera. Product quality does not positively influence the purchase decision process and price perception influences the purchase decision process of Hondamatic in West Halmahera.

**Keywords:** brand image; product quality; price perception; purchase decision

### **ABSTRAK**

Tujuan penelitian ini adalah untuk menganalisis pengaruh citra merek, kualitas produk, dan persepsi harga terhadap proses keputusan pembelian konsumen sepeda motor matic Honda di Halmahera Barat. Populasi dalam penelitian ini adalah pengguna sepeda motor matic Honda. Pengambilan sampel dalam penelitian ini menggunakan *purposive sampling* menggunakan pendekatan kuantitatif dengan metode pengumpulan menggunakan kuesioner elektronik melalui Google Forms. Model pengukuran dan model struktural dalam penelitian ini dianalisis dengan menggunakan SmartPLS 3.0. Responden dalam penelitian ini adalah masyarakat Halmahera Barat sebanyak 160 responden. Hasil analisis dapat disimpulkan bahwa: Citra merek berpengaruh positif terhadap proses keputusan pembelian konsumen sepeda motor matic Honda di Halmahera Barat; kualitas produk tidak berpengaruh positif terhadap proses keputusan pembelian konsumen sepeda motor matic Honda di Halmahera Barat; dan persepsi harga berpengaruh positif terhadap proses keputusan pembelian konsumen sepeda motor matic Honda di Halmahera Barat.

**Kata Kunci:** citra merek; kualitas produk; persepsi harga; keputusan pembelian

## INTRODUCTION

Transportation vehicles are crucial for modern society. One of which is a motorcycle that is needed by society to support their mobility to go places. Society's need for motorcycles continues to increase, which provides an opportunity for motorcycle producers to keep innovating their motorcycles. Modern lifestyle has also influenced consumer purchase behavior. Consumer behavior is the process that is experienced by a person or an organization in fulfilling their needs (Schiffman dan Kanuk, 2007). Consumer behavior also involves an action, or an activity conducted by an individual, group, or organization, that is related to selecting, buying, and using a product or service to fulfill the needs and wants of a particular product or service. There are a number of factors underlying the decision. Price, product quality, and brand image offered are the factors considered by consumers in purchasing a motorcycle. Consumers consider product quality as an important factor to consider in their decision to buy motorcycles. Some consumers are willing to spend a hefty amount of money to purchase a quality product. Thus, one way to logically create a positive brand image is by offering a good product quality. In addition to the price and quality product, the decision to buy a motorcycle is closely linked to the brand image of the product. Brand image is a group of brand associations shaped in the mind of consumers. Thus, the behavior and action of a consumer toward a brand are very much determined by the brand image. In other words, brand image is an important factor that influences a consumer to purchase a product.

## LITERATURE REVIEW

### **Brand Image**

According to Fatmawati and Soliha (2017), Brand image is the perception of a brand that reflects a consumer's memory associated with the brand. Brand image is also a concept created by a consumer based on subjective reasons and personal emotions. The brand image also refers to consumers' association or perception shaped based on their memory of a product. Brand image is formed by advertisements and promotions of the use of the products. This association is shaped in the form of an image that is linked to a certain brand (Tjiptono, 2005). Brand image is considered a type of association embedded in the mind of the consumers when they remember a certain product. This type of association consists of attributes, benefits, and attitudes.

### **Product Quality**

Kotler and Armstrong (2008) stated that product quality is one of the factors that is utilized by a marketer to market a certain product. Therefore, product quality needs to be given serious attention by a corporation or a producer as product quality is closely linked to customer satisfaction which is the goal of marketing. In conclusion, a product or service offers specific benefits that create satisfaction to fulfill or even surpass the expectation of a consumer. Sutanto (2004) defines a product as a series of attributes, real or abstract, including packaging, color, price, quality, and brand, plus service given by the seller and seller's reputation.

### **Price Perception**

Price perception is the value in a price that links to the benefits of obtaining and using a product or service (Kotler & Armstrong, 2008). Price can describe a brand and give a functional competitive advantage. In describing a brand, high price relates to the high quality of a product. Price perception explains how consumers understand information related to price and how it is meaningful to them.

## **Purchase Decision**

A decision is made because of a choice to reach a goal and the way to reach the goal individually as well as collectively. A decision that is associated with a process is the final stage of a dynamic process. This is also called decision-making. A decision is considered a process because it consists of a series of inter-related activities. The last step of this decision-making process is an evaluation system to determine the effectiveness of the decision made. According to Kotler and Armstrong (2008), purchase decision making consists of five stages: needs awareness, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. The evaluation process is usually initiated by identification of the main problem that affects the set goal, arranging, analyzing, and selecting various alternatives, and finally, selecting the best alternative.

## **Brand image and purchase decision**

Brand image or brand description is a description of the association with and confidence in a certain brand. Brand Image can be considered a type of association in the mind of the consumers when they remember a certain brand. Association can appear in the form of a brand, or a certain thought related to a certain brand (Tjiptono, 2005). Kotler and Armstrong (2008) stated that a positive brand image can trigger a consumer to like the product related to the brand. Dinawan (2010) stated that a good brand image helps a firm in its marketing efforts, that's why, in addition to paying attention to the physical attributes of the product, the firm needs to build a positive brand image to increase purchase demands of the product. Therefore, the following hypothesis is proposed.

**H1: Brand image positively affects the purchase decision**

## **Product quality and purchase decision**

Product quality according to Ong and Sugiharto (2013) is a collection of characteristics of the product and service that are the results of marketing, engineering, producing, and maintaining the product and service to meet the expectation of customers. The study conducted by Iryanita and Sugiarto (2013) revealed that product quality positively affects purchase decision. Thus, a company needs to focus more on product quality and make a comparison with the products of competitors. The higher the quality of a product, the most likely consumers to make a decision to purchase the product. Based on the results of these previous studies, the following hypothesis is proposed.

**H2: Product quality positively affects the purchase decision**

## **Price perception and purchase decision**

Fatmawati and Soliha (2017) stated that price perception is associated with the way consumers understand information related to the price which gives meaning to customers. A consumer's evaluation of a product is very much influenced by the behavior of the consumer. Price perception often becomes the target of investigation in research, compared to objective price. This is due to the fact that consumers do not evaluate the actual price of a product when making a purchase, they shape a perception of the product's price as low, reasonable, or high based on their internal price reference (Zeithaml, 1988).

The better the perception of consumers toward a price, the most likely they make purchase decisions. Iryanita and Sugiarto (2013) concluded that price perception positively affects purchase decision. Based on the results of previous studies, the following hypothesis is proposed.

**H3: Price perception positively affects purchase decision**

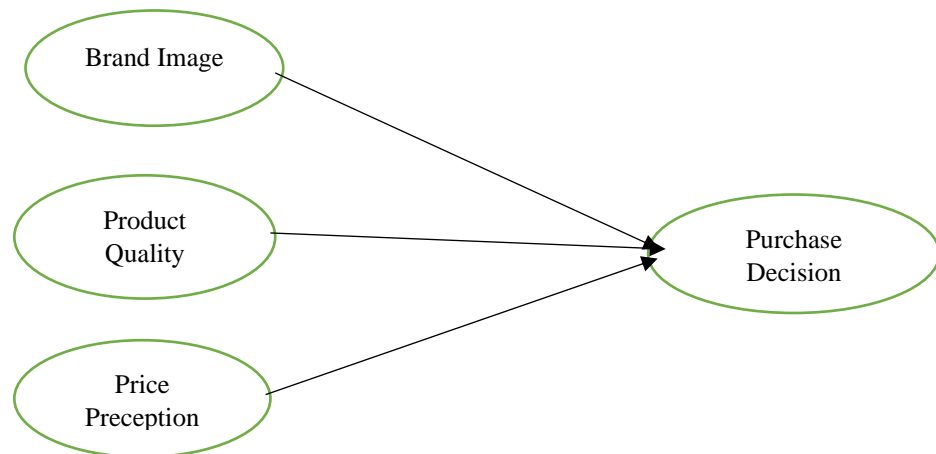


Figure 2.1 Research Model  
 Source: Satriani (2019)

## RESEARCH METHOD

The respondents selected in this study are those who reside in West Halmahera and have used Hondamatic. The data is collected using an online questionnaire distributed via email or social media private message. The online questionnaire is designed to collect large-scale quantitative data (Sekaran & Bougie, 2016). This study uses a 5-point Likert Scale with 5 denoting absolutely agree and 1 denoting absolutely disagree. The aim of using the Likert scale is to enable respondents to express their degree of agreement for each item in the questionnaire. In addition, a questionnaire with a Likert Scale is user-friendly to complete (Sugiyono, 2019). Data is processed using *SmartPls 3.0*. The sample collected for this study amounted to 160 respondents.

### Outer Model (Validity and Reliability Tests)

To test indicator validity, *indicator loadings* should be above 0.70. Table 1 shows that all indicators have met the requirement. The result of the reliability test ranges from 0.844 to 0.919 > 0.70.

Table 1. Evaluation of the Measurement Model

Construct items	Outer Loading
<b>Brand Image or Citra Merk/CM (CR=0.920, AVE=0.741)</b>	
CM1 Motor metic Honda memiliki citra yang bagus sebagai kendaraan motor yang terkenal	0.847
CM2 Saya menggunakan Motor metic Honda karena merek yang berkualitas	0.874
CM3 Saya menggunakan Motor metic Honda untuk kegiatan transportasi	0.844
CM4 Motor metic Honda adalah kendaraan bermotor yang mereknya bagus	0.878
<b>Product Quality of Kualitas Produk/KP (CR=0.929, AVE=0.814)</b>	
KP2 Desain Motor metic Honda lebih menarik dibanding motor matic lainnya	0.891
KP3 Motor metic Honda selalu mengikuti desain anak muda.	0.903
KP4 Desain Motor metic Honda cocok dipakai untuk berkendara	0.912
<b>Price Perception or Presepsi Harga /PH (CR=0.934, AVE=0.825)</b>	
PH1 Harga Motor metic Honda lebih efisien dibanding motor matic sejenis lainnya	0.871
PH2 Harga Motor metic Honda sesuai dengan harga pasaran	0.934
PH3 Harga Motor metic Honda memenuhi kualitas produk	0.919
<b>Purchase Decision or Keputusan Pembelian /KPP (CR=0.949, AVE=0.822)</b>	
KPP1 Saya membeli motor matic Honda untuk menunjang kegiatan saya sehari-hari	0.902
KPP2 Saya percaya kepada metic Honda sebagai kendaraan sehari-hari saya	0.909
KPP3 Saya membeli motor matic Honda karena harganya yang terjangkau	0.905

KPP4 Saya puas dengan pembelian motor Honda matic

0.910

Information: CR= composite reliability; AVE= average variance extracted; \*=significant (one-tailed test,  $p < 0.05$ ).  
 Source: Primary data processing results using SmartPLS 3.0 (2021)

Table 2 shows the results of the calculation of discriminant validity, in which all research variables are valid because they have a value of  $>0.7$  and the value of the latent variable is higher than other variables (Ghozali & Latan, 2015).

Table 2. Discriminant Validity Test Results

Variable	Brand Image	Product Quality	Price Preception	Purchase Decision
Brand Image	0,861			
Product Quality	0,774	0,902		
Price Preception	0,755	0,786	0,813	
Purchase Decision	0,781	0,759	0,906	0,908

Source: Primary data processing results using SmartPLS 3.0 (2021)

### Inner Model

The inner model measures collinearity statistics (VIF), coefficient of determination (R-square value), and size and significance of path coefficient (hypothesis test results). According to Ghozali and Latan (2015), VIF testing is carried out with the aim of knowing the absolute formative construct, if the VIF value is  $<5$  then the variable is considered to have no multicollinearity. Table 3 shows that all independent variables have a value below 5, so it can be concluded that there is no multicollinearity in all independent variables in this study.

Table 3. Evaluasi Collinearity

As a Willingness to Pay Predictor	
Construct	VIF
Brand Image	2,902
Product quality	3,263
Price Preception	3,037

Source: Primary data processing results using SmartPLS 3.0 (2021)

The inner model test aims to see the R-square value, in testing the inner model, the R-square value of the dependent variable can be used as a prediction. A value of 0.75 can be considered strong; a value of 0.50 is considered moderate, and a value of 0.25 is considered weak (Ghozali & Latan, 2015). Table 4 shows that the R-square of the purchase decision is 0,730, which means 73,0% can be explained by the variables in this study: brand image, product quality, and price perception. The remaining 27% is explained by other factors not included in this research. R-Square of 0.73 is within the 'strong' category.

Table 4. Coefficient of Determination

Variable	R-Square
Purchase decision	0,730

Source: Primary data processing results using SmartPLS 3.0 (2021)

Table 5 shows that of three hypotheses, two are significant/supported, and one is not significant/not supported. A hypothesis is supported if the following criteria are met:  $t_{count} \pm 1,96$  and  $p\text{-value} \leq 0,05$ .

Table 5. Size and Significance of Path Coefficient

Hypothesis		Standardized Path Coefficient	P-value	Decision
H <sub>1</sub>	Citra merek berpengaruh positif terhadap proses keputusan pembelian	0,322	0,000*	Supported
H <sub>2</sub>	Kualitas produk berpengaruh positif terhadap proses keputusan pembelian	0,160	0,123*	Not Supported
H <sub>3</sub>	Persepsi harga berpengaruh positif terhadap proses keputusan pembelian	0,444	0,000*	Supported

Source: Primary data processing results using SmartPLS 3.0 (2021)

The first hypothesis states that the positive effect of brand image on the purchase decision is 0.322. The first hypothesis has a p-value of 0.000, which means it meets the criteria to be supported. The second hypothesis shows that there is no positive effect of product quality on the purchase decision with a path coefficient of 0.160. The second hypothesis has a T-statistics of 1.159 and a *p-value* of 0.123. This means that the hypothesis is not supported. The third hypothesis shows that there is a positive effect of price perception on the purchase decision with a path coefficient of 0.444. This third hypothesis has a *p-value* of 0.000. Thus, it can be concluded that the third hypothesis is supported.

## RESULTS AND DISCUSSION

This study examined the effect of brand image, product quality, and price perception on the purchase decision of Hondamatic customers. This study was conducted in West Halmahera involving 160 respondents. Based on the hypothesis test results, there are differences with the hypothesis proposed earlier. Below is the discussion of the results of the study.

### H1: There is an effect of brand image on purchase decision

Table 5 shows that P-value is 0.000 which is below the threshold of 0.05, so it reveals a significant result. Thus, it can be concluded that there is a significant direct effect of brand image on the purchase decision and this hypothesis is supported.

### H2: There is no direct effect of product quality on purchase decision

The P-value for the second hypothesis test is 0.123, which is higher than the threshold of 0.05 sehingga dapat dikatakan tidak signifikan. Thus, it can be concluded that there is no significant direct effect of product quality on the purchase decision.

### H3: There is a direct effect of Price Perception on Purchase decision

Finally, the P-value of the third hypothesis is 0.000, which is below 0.05. This indicates significance. Thus, it can be concluded that there is a significant positive effect of price perception on the purchase decision.

## CONCLUSION

Based on the results obtained and discussed previously on analysis of the brand image, product quality, and price perception on purchase decision of Hondamatic customers in West Halmahera, it can be concluded that: Hypothesis 1, brand image has a positive and significant effect on purchase decision of Hondamatic in West Halmahera; Hypothesis 2, product quality has a positive effect but not significant on the purchase decision of Hondamatic customers in

West Halmahera; Hypothesis 3, there is a positive and significant effect of price perception on purchase decisions of Hondamatic customers in West Halmahera.

### **Managerial Implications**

Producer of Hondamatic is recommended to pay close attention to the product quality of Hondamatic highlighting the features of the motorcycle. The producer is also recommended to maintain the positive brand image of the motorcycle, which has been well-known in society. It is even better for the producer to continue increasing the interest of the target market by organizing events in West Halmahera to attract more people to know about the product. In terms of price perception, the Hondamatic producer should conduct price comparisons with the price of products offered by competitors to encourage more people to make a purchase decision to buy Hondamatic.

### **Limitations and Recommendations**

There are a number of limitations of this study:

1. This study only examined a limited number of variables: brand image, product quality, and price perception. There are still other factors that have not been included in this study and that may affect the purchase decision.
2. This research was conducted in West Halmahera, while the distribution of Honda Matic is spread-out all-over Indonesia.
3. The number of respondents is limited to 160 respondents.
4. This study was conducted during the Covid-19 pandemic.
5. Some respondents in West Halmahera were not familiar with completing an electronic questionnaire.

Directions for future research:

1. Future researchers can include other variables that are not included in this study, but which may have an influence on the purchase decision.
2. Future researchers are recommended to get a bigger number of respondents to get a better research result.

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