

The Role Of Brand Image In The Relationship Of Product Quality And Price Perceived On Purchasing Decisions For Oppo Smartphone Consumers

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Abstract

The purpose of this study is to determine the mediating role of brand image in the relationship between product quality and price perceived of Oppo smartphone purchasing decisions. This research uses quantitative methods, where 110 samples were taken randomly from Oppo smartphone buyers at Lab Persada Lumajang City. Analysis was carried out with Path analysis. As the result, this research can be concluded that 1) the quality of the product has a positive and significant effects on the brand image 2) Prices perceived by consumers do not affect the smartphone purchase decision. 3) There are positive and significant effects of each brand image, product quality, and price perceived on purchasing decisions.

Keywords: brand image, price perceived, product quality, and purchasing decisions.

1. Introduction

Smartphone industry has growth very rapidly for the last few periods. Competition among producers occurs to create products that attract the attention of consumers. Oppo is a smartphone brand with a very attractive marketing strategy in the smartphone market in Indonesia, both marketing through television media marketing, billboards, and strategies to attract the attention of consumers by cooperating with several top artists to market their products. Oppo's various marketing strategies have brought the brand to the top 4 with the highest market share for smartphone products in Indonesia, under Samsung, Xiaomi and Apple (IDC Quarterly Mobile Phone Tracker, April 30, 2019).

The marketing strategy, competitive pricing, and the best product quality by Oppo Smartphone has brought the brand to have a good brand image in the minds of consumers. Smart companies will try to fully understand the process of decision making by consumers, all their experiences in learning and selection on a product (Kotler & Keller, 2016). Marketers must understand every side of behavior by consumers in the direction of a purchasing decision (Shukla, 2009).

Purchasing decision is a process in a real purchase, whether consumers buy a product or not (Kotler & Keller, 2016). Product quality, price, and brand image are factors that can influence and are often evaluated by consumers before making a purchase decision for a product (Nguyen & Meng, 2016). Consumers will always consider product quality, price, and products that are widely known to the public. This product which is widely known by the public is caused by a well-formed brand image in the minds of consumers (Buehler & Halbherr, 2017).

Consumers will continue to encounter a series of decisions that must be made regarding the type of product, brand, seller, quantity, time of purchase and method of payment. Therefore, companies must be able to make a consumer to simplify decision making based on these considerations. (Chang & Wang, 2011; Amron & Mahmud, 2017).

2. Literature Review

Price is the attribute of a product that is most often used by some consumers to evaluate a product. Price is the main factor that is always considered in a product review and purchase decision (Faith & Agwu, 2014).

Product quality is a characteristic of a product related to its ability to satisfy the expressed or implied needs of consumers (Kotler & Amstrong, 2014). The ability of product quality to perform various functions including durability, reliability, accuracy and easiness (Kotler & Keller, 2016).

Brand image is a description, impressions, and beliefs that a person has towards an product. The image of the brand has a relationship with attitudes in the form of beliefs and preferences towards a brand that makes consumers will evaluate the consumer's purchasing decision process (Kotler & Amstrong, 2014).

Purchasing decisions are activities that consist of selecting, considering, and evaluating various alternative products based on consumer preferences (Rositter, 2003). Marketing implemented by the company is the main stimulus that influences the decision making process carried out by consumers (Kotler & Amstrong, 2014).

3. Hypotheses

This study aims to analyze the effect of price, quality, and brand image on purchasing decisions. The conceptual framework of the study is described as in the following diagram:

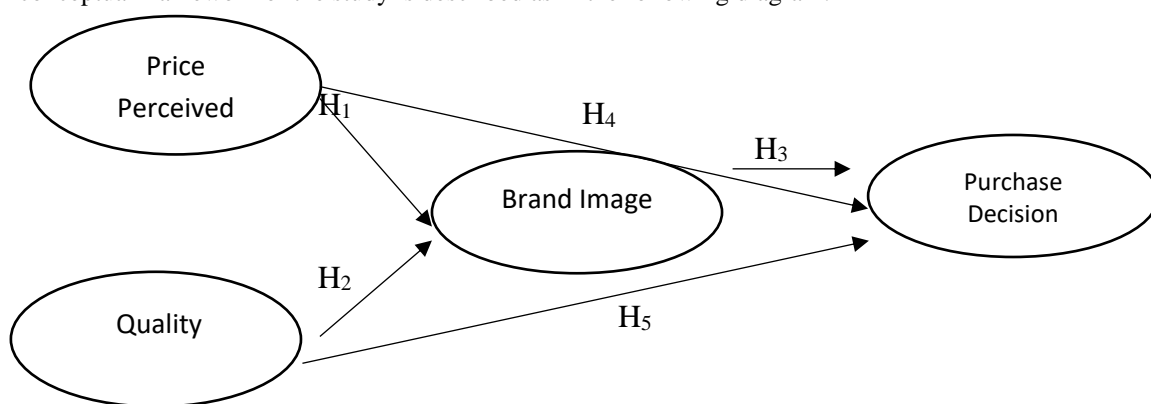


Figure 1. Research Conceptual Framework

Referring to the research background, literature review, and research framework, the hypotheses to be tested in this study are as follows:

- H1 : Oppo Smartphone perceived to have good prices and will indicate a good brand image by consumers.
- H2 : Oppo smartphone product quality will have positive effect on brand image by consumers.
- H3 : brand image will have significant effect of Oppo Smartphone purchasing decision
- H4 : Products that are perceived to have good prices by consumers will influence Oppo smartphone purchasing decisions.
- H5 : product quality is positively related to purchase decision towards the Oppo smartphone.

4. Research Method

Respondents in this study was carry out by non-probability sampling techniques with accidental sampling, is a sampling technique based on spontaneous / accidental factors. Respondents taken were consumers who bought Oppo smartphones at “LAB Persada” smartphone shop Lumajang City on July 2019 with total sample are 110 respondents. The collection method is carried out a survey using a questionnaire where each question is measured by a likert scale

The variables to be analyzed in this study are price and product quality as exogenous variables, while as endogenous variables are brand image and purchasing decisions.

5. Demographic Of Respondents

Amount of 110 respondents has been taken in an incidental study which is a consumer who purchases an Oppo smartphone at the “LAB Persada” smartphone sales booth in the Lumajang City. The majority of respondents are female, while in terms of age the majority of respondents are aged between 21-30 years. Table 1 presented the demographic of respondents of this study.

Table 1. Demographic of Respondents

Demographic		Freq	Percent
Gender			
1.	Male	46	41.8%
2.	Female	64	58.2%
Total		110	100%
Age			
1.	Less than 20 year	38	34.5%
2.	21 – 20 yar	67	60.9%
3.	More than 30 year	5	4.5%
Total		110	100%

6. Hypotheses Testing Result

In this research, the hypothesis testing was conducted with t-test on direct impact of each variable. The following diagram shows the result of the hypothesis testing on direct path:

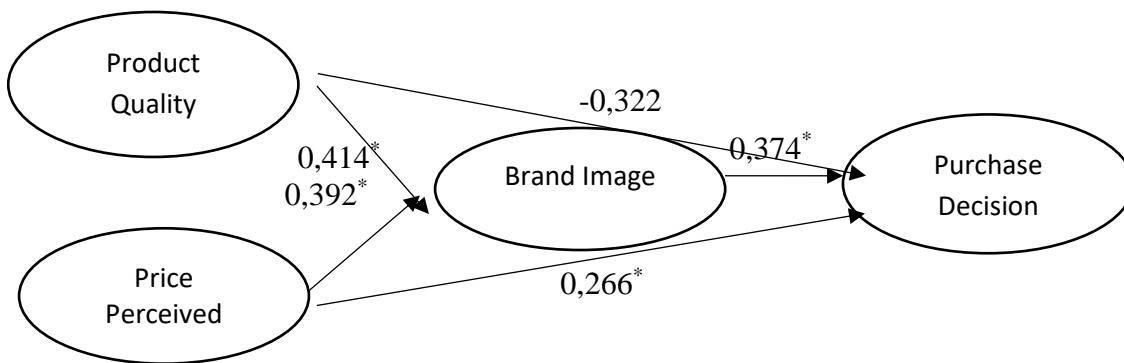


Figure 2. Hypothesis Testing Result

The results of testing with path analysis found that the price has a significant effect on Brand Image on consumers of Oppo smartphone products Oppo with 0,144 coefficient. This results of this study are in accordance with the results of the study Dahmiri (2009); Noerchoidah (2013). Which shows that price perceived has a positive and significant effect on brand image.

Hypothesis testing the effect of Product Quality on the Oppo Brand Image smartphone obtained a coefficient of 0,392 with an significant value. This result means that the higher the quality of Oppo smartphone products, the brand image will increase, and vice-versa.

The influence of brand image on the Oppo smartphone purchase decision obtained a significant coefficient of 0,374. That can be concluded brand image is able to influence consumer confidence in a product and of course drive the amount of demand for these products. Consumers who have a positive image of a brand will be more likely to make a purchase on the smartphone products (Buchari, 2004). This supports on previous research by Watson et al (2015), Ager (2011), and Amron (2018) which states that brand image has a positive effect on purchasing decisions.

The effect of prices on purchasing decisions, based on the results of the analysis obtained a coefficient value of 0.322 with insignificant values, price perceived does not affect consumers in purchasing Oppo smartphones. This result is support on previous research by Akkucuk & Ismaeli (2016) which states that prices do not have a significant influence on purchasing decisions. This contrasts with other studies Kwon et al (2008), Beneke et al (2013) and Amron (2018) which state that prices perceived influence purchasing decisions.

Product quality has a significant effect on purchasing decisions with a coefficient value of 0.266. These results support previous research by Chen (2002), Wu (2007) and Judith and Richard (2002) which states that product quality has a positive influence on purchasing decisions. Good product quality will increase consumer purchasing power and vice-versa.

7. Discussion

The aims of this study is to examine purchasing decisions on Oppo smartphones, using price and product quality as exogenous variables, and brand image and purchasing decisions as endogenous variables.

The results of the analysis indicate that price and product quality have a significant influence on brand image, product quality and brand image have a significant influence on purchasing decisions for Oppo smartphone products, and price does not have a significant influence on purchasing decisions for Oppo smartphone products.

The price perceived on this study does not significantly influence the purchase decision because the presence of product quality and brand image owned by Oppo smartphones makes consumers no longer think about the price, expensive even if the quality obtained accordingly will still make a purchase. Moreover, the Oppo smartphone brand image is well known to Indonesian consumers especially in the city of Lumajang. Judging from the description of the average respondent who makes a purchase is a productive age who loves smart and sophisticated smartphones like Oppo.

Based on the conclusion that price and product quality have a significant effect on brand image, it can be suggested to management companies to be consistent in offering products at affordable prices but the quality provided is good. With a good brand image, it will certainly affect consumers in their smartphone purchasing decisions.

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