# EFFECT OF BRAND IMAGE AND PRICE TOWARDS PURCHASE INTENTION IN BEEF-JERKY COMPANY

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## ABSTRACT

Royale Meat is a beef-jerkycompany established in March 2013. Recently the company has encountered problem related with the decline of sales transaction, hence this study will address this particular problem by analyzing the influence of brand image and pricing strategy towards purchasing intention. Sample for this research is Royale Meat customer, 67 questionnaires were distributed using both online and offline questionnaires. Regression Analysis was used to analyze the effect. Result findings from this research show that brand image and price both have significant effects on purchase intention. Correlation CoefficientR value shows strong relation of 0.85and Coefficient of determination shows 0.722 describing the ability to explain factors influencing purchase intention is 72.2%. This study has confirmed that both independent variables are strong predictors for purchase intention.

**Keyword**s: *brand image, pricing strategy, purchasing intention*

## Introduction

Food is a daily necessity of human needs. Both men and women need healthy food to fulfill their daily need and desires. Although food is a necessity, each person has their own appetite; some may like sweet while other may like sour. People easily get bored with food so that has become one reason why there are increasing numbers of food and beverages business. Based on this fact there is an opportunity for a young entrepreneur to run their own food and beverages business.

Royale Meat is a Food and Beverage Company that sells beef jerky, beef jerky is a dried meat made of beef as the main ingredients.

Beef jerky can be consumed with rice, bread, noodle and other variant. Beef jerky is the first in Surabaya and also the first in Indonesia. The uniqueness of the product is mainly due to the freshness of raw material with spices as a complement and the packaging come with practical size which can be enjoyed without having to cook. Royale Meat sells three sizes of Beef Jerky(big, small and sachet). Based on the sales data, sizewith bestselling record was the small size.

Royale Meat sales achievement is muchfluctuated. Several attempts have been made to increase the sales of Royale meat, like participating in big and well-known bazaar like London Out Loud and *Conquro*. Although these

effortshave made increment number in sales,it was not stable and tends to fluctuate when there is no bazaar. This condition urges management of Royale Meat to identify the factors that influence customer to buy the product. Based on preliminary data, this study found out that most people buy goods because of the quality and brand of the product.

Previous studyis done by Rizwan*et al*. (2014) on the impact of product brand on consumer purchase intentions; he findsthat brand trust, brand satisfaction and brand attachment influence the ecological cost of consumer purchase intention. Among all of those factors, this study highlights the importanceof brand for customer purchase intention.

Another research is done by Hsu *et al*. (2015) on the effects of reference pricing tocustomer purchasing intention, the article attempts to investigate the effectiveness of pricing on consumer purchasing intentions. The result from this research is that effective pricinghas significant effects on the purchasing intention.

Hosseinzadeh*et al*.(2014) survey the effect of brand experience on consumer purchase experiences with the case study of food industry, the survey resultspresent an empirical investigation to learn more about the relationship between brand experiences on consumer purchase experiences. This research grounds the relevance of brand experience theory towards consumer purchasing intention.

### Literature Review

Brand is an asset that needs to be developed and managed perfectly because to create a strong brand we need strong brand awareness (Wheeler, 2013). Based on Haryono*et* 

*al*. (2015) brand image has several indicators which are (1) Brand Symbols, those are symbols or logos to make easy to remember; (2) Recognition which is popular in reality or famous, and; (3) Brand Trust which is the degree ofcustomer's trust towards brand quality. Subsequently, Kotler and Armstrong(2010:76) state that price is defined as the money customer must pay to obtain the product. The literature also explains that price is the only element in the marketing mix that produces revenue while all other elements represent cost.There are several indicators which are related to price as follows: (1) The affordability of the product or service, (2) Conformity with the price of the product or service quality, and (3) Price compatibility with the benefits of the product or service(Pham, 2015;Selang, 2013).

The definition of purchase intention according to Kotler & Armstrong (2010:161) is defined as"Choice of two or more alternatives choices in purchasing decision". There are stages in consumer purchasing decisions, the stages are (1) Problem Recognition stage. At this stage consumer recognize a need, which is triggered by internal or external stimuli, (2) Information Search stage. At this stage, consumers who have needs will then be compelled to search for information that is more about the needs and the products or services that can meet their needs, (3) Evaluation of Alternative stage. At this stage, after collecting information, consumers will be evaluating and making final preparations before choosing alternative products, (4) Purchasing decision stage. At this stage, after the consumer evaluate the alternatives, consumers determine which products are most preferred and lead to a purchase decision, and finally (5) Post purchase behavior stage. At this stage, the consumer will

show a pattern of behavior whether they are satisfied or not satisfied with the product or service that has been consumed.

## Research Method

### Population and Sample

The population in this study is that consumers of Royale Meat was 80 customers who have made purchases of Royale Meat. Minimum sample was determined to be 67 to adequately measure the cause and effect model.

The type of this research was quantitative data, where the data were sorted by categories that have been prepared according to size with the source of the data taken by questionnaire that were given to the customer of Royale Meat, and have been associated with brand image, price, and the purchase intention variable of Royale Meat product.

In this research, the researcher used non-probability purposive (judgmental) sampling. Based on Sekaran&Bougie (2009:280) judgment sampling is when the subjects selected on the basis of their expertise in the subject investigated, as for this research the expertises who are needed are for the consumer who has already purchased Royale Meat.

Validity of the measuring instrument was tested using Pearson correlation between each indicator and the total sum of indicators, a measurement of $\leq 0.05$ shows significance. Subsequently, reliability measurement was done using Cronbach alpha coefficient, a measurement of 0.7 or above show a good reliability (Sekaran&Bougie, 2009).

Multiple Regression Analysis was used to analyze the effect of both Brand Image (X1) and Price (X2) towards Purchase Intention. The

Multiple linear regression equation in this study are written as follows:

$Y=\alpha+\beta 1X1+\beta 2X2+\epsilon$

| Symbols | Description | Symbols | Description |
|---------|-------------|---------|-------------|
| Y | Purchase | X1 | Brand |
| α | Intention | X2 | Image |
| β1, β2 | Constant | ε | Price |
| | Regression | | Residual |
| | Coefficient | | |

Correlation coefficient (R) is the level of the relationship between independent variables with the dependent variable. The value of R lies between -1 to 1. The closer the R to 1 then it means it has a very close positive relationship and vice versa (Santoso, 2014; Sujarweni, 2014).

Coefficient of determination ($R^2$) was used to measure the proportion of the variance in the dependent variable that is predictable from the independent variable. It values between 0-1. According to Kuncoro (2013:247) the coefficient of determination shows how big the percentage have on the impact of independent variables towards the dependent variable.

### Classical Assumption test

1. Normality Test

   The test was done by using Kolmogorov-Smirnov method and if the significant value is $>0.05$ then the residual has a normal distribution.

2. Multi-collinearity Test

   According to Sumanto (2014:165) if the value of VIF (Variance Inflation Factor) is $<10$ then there is no multi-collinearity but if it is $>10$ then there is a multi-collinearity.

3. Heteroscedasticity Test

This test used the Glejser test and if the significant value is >0.05 then it could be said that there is no heteroscedasticity occurred.

4. Autocorrelation Test

The calculation was done using the Durbin Watson method and there is no autocorrelation occurred if d values is located between dU and (4-dU).

5. Linearity Test

if the significant value on linearity is < 0,05 then the linearity connection between the independent variable with the dependent variable does not exist.

### Data Analysis

Sample of respondents were collected using both paper and online survey form with final sample of from Descriptive analysis was performed to know the mean value of the answer of each research variables. In this research the variables are Brand Image (X1), Price (X2) and Purchase Intention (Y).

*Brand Image (X1)*

Variable brand image has the average mean on 3.85 so it is understandable that consumers agree with the statement in the variable brand image

*Price (X2)*

The mean of price variables is 3.80 so this can be understood that the average consumer agrees with variable prices.

*Purchase Intention (Y)*

The mean of variable Y, which is Purchase Intention, is 3.92 so this can be understood that the average consumer agrees with

variable. Table 1 below shows the summary of validity and reliability tests. It can be seen from the table 1 above that all indicators for Brand Image, Price, and Purchase Intention were valid. Successively, all variables were showing excellent Cronbach alpha coefficients.

Next step is the summary of model measurement which shows the correlation coefficient (R) of 0.85 which indicates a strong positive correlation and the R square value of 0.722, that explains 72.2% of the variations in real life and so the model is a good model. The final step is to look into the coefficients table as listed below in Table 2.

The result shown in table 2explains the structure of the model. The Constant is the C, and then X1 is Brand Image and X2 is Price. So we can rewrite the regression equation as follows: $Y = 0.202X1 + 0.806X2 - 0.078$

### Findings and Discussion

In the light of theory and empirical findings it can be seen that Brand Image has a positive relationship towards Purchase Intention and an increase of 1 unit in Brand Image leads to increase of 0.124 in Purchase Intention, accordingly an increase of 1 unit in Price triggers a higher increase of 0.728 in Purchase Intention. Furthermore, if Brand Image and Price were zero, Purchase Intention would be constant at level of -0.078.

### Conclusion and Suggestion

Brand image shows significant positive effect on Purchase Intention with lesser effect compared to Price. While Price has significant positive effect on Purchase Intention which shows the highest effect using the model exercised by Royale Meat, hence about the brand

image, the company could be consistent to provide good quality product so that their brand image could strengthened and focused on the targeted customers.

While for the price, the company could provide a better quantity and quality for the product sold. Focus on the quality of the product; give the customer the best end result so that the customer will remember the good value the company has provided.

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Table 1. Summary of Validity and Reliability tests

| Indicator | Mean | Std Dev | Skewness | Kurtosis | Pearson Corr | Cronbach Alpha |
|-----------|------|---------|----------|----------|--------------|----------------|
| **Brand Image** | | | | | | |
| B1 | 3.80 | 0.745 | -0.191 | -0.208 | 0.823** | 0.813 |
| B2 | 3.88 | 0.739 | -0.547 | 0.473 | 0.879** | |
| B3 | 3.76 | 0.850 | -0.246 | -0.506 | 0.861** | |
| **Price** | | | | | | |
| PR1 | 3.75 | 0.778 | -0.316 | -0.129 | 0.787** | 0.812 |
| PR2 | 3.72 | 0.831 | 0.40 | -0.734 | 0.893** | |
| PR3 | 3.90 | 0.790 | -0.433 | -0.69 | 0.874** | |
| **Purchasing Intention** | | | | | | |
| PI1 | 3.81 | 0.876 | -0.726 | 0.58 | 0.903** | 0.932 |
| PI2 | 3.70 | 0.866 | -0.639 | 0.410 | 0.887** | |
| PI3 | 3.70 | 0.920 | -0.412 | -0.42 | 0.875** | |
| PI4 | 3.88 | 0.875 | -0.544 | 0.298 | 0.819** | |
| PI5 | 3.67 | 0.885 | -0.387 | 0.040 | 0.838** | |
| PI6 | 3.73 | 0.912 | -0.532 | 0.051 | 0.864** | |

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-----|----------|-------------------|----------------------------|
| 1 | .850ᵃ | .722 | .715 | .40990 |

a. Predictors: (Constant), Price, Brand Image

b. Dependent Variable: Purchase Intention

Table 3. Multiple Regression Analysis

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------|-----------|------|--------|------|
| | B | Std. Error | Beta | | |
| 1(Constant) | -.078 | .280 | | -.280 | .781 |
| Brand Image | .202 | .097 | .175 | 2.072 | .041 |
| Price | .806 | .095 | .716 | 8.491 | .000 |

a. Dependent Variable: Purchase Intention