

THE INFLUENCE OF BRAND IMAGE AND PRICE PERCEPTION ON PURCHASE DECISIONS

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Abstract: The success of a company is inseparable from the ability of the marketing department to help companies to know the extent to which both the brand and price are well known and perceived by the public. This study aims to examine the influence of brand image and price perception on purchase decisions. The sample size is 87 buyer of motorcycle. Data was analysed by using multiple regression. The result shows that there is an influence of brand image and price perception on the purchase decision.

Keywords: brand image, price perception, purchase decision, entrepreneurial decision process

INTRODUCTION

In modern times, people are required to get along with the current developments in the society. Transportation has undergone rapid development which affects the way people choose the right transportation. What consumers think about makes business actors are racing against each other to produce competitive and relevant products for consumer demands. In Indonesia, the density of roads and traffic flow makes consumers tend to use practical vehicles such as motorbikes. Motorcycles are no longer included in the luxury goods. Almost people in the archipelago both in villages and big cities have used this vehicle.

This condition makes many two-wheeled vehicle companies from foreign countries to establish their companies in Indonesia. Yamaha and Honda dominate the market share of the motorcycle industry. The first position is dominated by motorcycles under the Honda brand. Honda is a motorcycle company which has a

market share of 74.8% and is followed by motorcycles under the Yamaha brand that is equal to 22.6%. In North Sulawesi (SULUT), according to data from the Indonesian Motorcycle Industry Association (AISI), in the period from January to May 2018 the market share in North Sulawesi was dominated by motorcycles under the Yamaha brand that amounted to 64.9%. Honda brand motorcycles occupy the second position at 34.3%. The large market share controlled by the two two-wheeled vehicle companies is influenced by several factors such as economical fuel economy, good motor quality, falling inflation, improved business climate and high competition intensity. The high competition in this industry makes companies strive to reach the position of market leader by creating new product innovations. The company analyses the reasons that explain why consumers are attracted to a product. This is related to the decision to buy a product after the alternative evaluation process. The evaluation process causes alternative choices of con-

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sumers for the products they will buy based on brand and price. In competition, companies must know their position and competitors. Companies must also know the extent to which their products are known by the public. In addition they also need to know the average market price of products that can be reached by consumers. As a result, this strategy can affect the level of product sales of the company.

If the company knows the market conditions, this will be a stepping stone to start marketing a product to consumers. This way they get a positive and competitive response to the market. Purchasing decision is a decision making process where consumers actually buy (Kotler & Keller, 2012). Purchasing decisions from consumers is a matter of support in making the decision to buy a product with a high level of confidence. Consumers can choose products more selectively and carefully (Kotler & Keller, 2012).

Basically, the decision to buy a product is based on an information - processing approach (Pech & Cameron, 2006). An information - processing approach includes a cost - benefit analysis (Pech & Cameron, 2006) that allows consumers to select products more selectively at reasonable prices.

The first factor affecting purchasing decisions is brand image. The results of Octaviona's research (2016) state that brand image has a positive effect on purchasing decisions. The brand is an asset to create value for customers by increasing satisfaction and valuing quality (Kartajaya 2010). Most consumers often compare brands of various motorcycle products. They are more likely to choose to buy based on a brand that they recognize in the market.

Price is another factor that influences purchasing decisions. The results of Hardandy and Sri's (2015) research stated that price percep-

tions influence purchasing decisions. Price is an element of the marketing mix that provides income or income for the company (Tjijtono, 2011). Price is one important consideration in decision making, because consumers will expect the money they spend is proportional to what they get (Tjijtono, 2011). It is very important to set prices according to the value (value) of the product. This is a factor that underlies the consumer to determine a purchase on the product. Often consumers prefer products with prices that are relatively cheap or affordable because the price is in accordance with the income of consumers even though the quality of the product is low and unsatisfactory. But the reverse is also true, consumers are willing to pay relatively high prices to get high product satisfaction. With these conditions the reliability of a company is needed in setting a price on its production goods in order to get more attention from consumers about a product that is satisfying and with a relatively affordable price. Thus the more accurate the company set the price, the more influential on consumer purchasing decisions.

The influence of brand image and price perception on consumer purchasing decisions can also be one of the reasons why Yamaha two-wheeled vehicles can dominate the market share of North Sulawesi including Tomohon City. In general, Yamaha two-wheeled vehicles occupy the second position under Honda in Indonesia. This is in line with the results of research by Iryanita and Sugiyarto (2013) who found that brand image, and price perception influence purchasing decisions. The Yamaha brand may be better known and has a good image among the people of North Sulawesi. This is because the quality of its products is satisfactory and maybe the price of Yamaha two-wheeled vehicles is considered relatively

affordable and in accordance with the quality of the products offered.

The purpose of this study was to determine the effect of brand image and price perception on purchasing decisions.

METHOD

The subjects of this study were 87 motorcycle buyers in Tomohon, North Sulawesi, Indonesia. The independent variable is brand image and price perception. The dependent variable is the purchase decision. The instrument used in this study was a questionnaire that had been tested for validity and reliability. Data were analysed using multiple regression.

RESULTS

Table 1 shows that 44 respondents (50.57%) agreed with the brand image at the Tomohon

branch of Yamaha Dealers. Respondents who strongly agreed were 43 respondents (49.43%). 47 respondents (54.03%) agreed with the perception of prices at the Tomohon branch of Yamaha Dealers. Those who strongly agreed were 23 respondents (26.43%) 17 respondents (19.54%) said they quite agreed. Furthermore, as many as 47 respondents (54.05%) agreed with the purchase decision at the Tomohon branch of Yamaha Dealers, while 26 respondents (29.88%) said strongly agree. Respondents who answered quite agree were 14 respondents (16.07%).

From the results obtained standardized coefficient of brand image of 0.266 and standardized coefficient of price perceptions of 0.607. Both coefficients are significant ($p < 0.01$). The coefficient of determination is 0.676. This shows that the variation in purchase decision explained by brand image and price perception is 67.6 percent.

Table 1 Characteristics of Respondents

Variable	Categories	Frequencies	%
Brand Image	Strongly agree	43	49.43
	Agree	44	50.57
	Moderately agree	0	0
	Disagree	0	0
	Strongly disagree	0	0
	Total		87
Price Perceived	Strongly agree	23	26.43
	Agree	47	54.03
	Moderately agree	17	19.54
	Disagree	0	0
	Strongly disagree	0	0
	Total		87
Purchase decision	Strongly agree	26	29.88
	Agree	47	54.05
	Moderately agree	14	16.07
	Disagree	0	0
	Strongly disagree	0	0
	Total		87

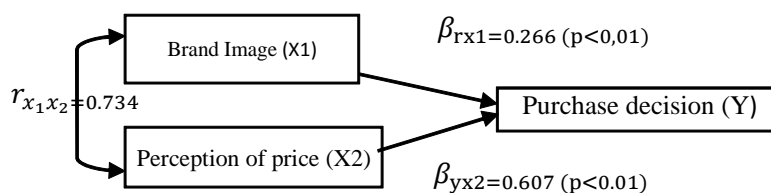


Figure 1 The Result of Multiple Regression Analysis

DISCUSSION

Hypothesis testing results state that the brand image of the product is known to be positive in the eyes of consumers. They have no doubt about the quality of their motorcycle products. This condition can influence consumers to make an assessment. The results of this study are in line with previous studies by Ody (2016) who found that brand image had a positive and significant effect on purchasing decisions. The same thing was stated by Lien et al. (2015) which says that brand image is the main driver that positively influences buying intentions.

Brand image influences purchasing decisions because brand image gives a positive or famous impression, and can be trusted. Thus, consumers who have the trust or confidence in a brand will continue to use the brand.

Price perception has a positive effect on purchasing decisions. This shows that consumers consider the price of the product to be relatively affordable. If the price of a product influences consumer purchasing decisions and if a price is cheaper or relatively affordable, then consumers will consider buying the product. This will have an impact on the income or income of a company. The results of this study are in line with research by Hardandy and Sri (2015). The same thing was stated by Lien et al (2015) who said that the price perceived by the

public was a key factor that positively influenced them to buy. Prices that are acceptable to consumers will increase their intention to buy.

Price perception influences purchasing decisions because the price of the product offered is considered still affordable by consumers with good quality products. Consumers feel confident and satisfied to buy.

The percentage coefficient of determination shows that brand image and price perception provide enough confidence for consumers to buy their products. The brand image that has been known to be positive by the public is paired with prices that are in line with the quality of its products. This can provide satisfaction to consumers after consumers have passed the buying stage.

Thus, if a consumer already believes and believes in the brand image of a product and the appropriate pricing of the company for its product, the consumer's buying decision will be even higher. Brand image positively influences purchase satisfaction, therefore companies must devote efforts to maintain and enhance their brand image. a well-managed brand image including increased functional benefits, and experience will produce a favourable brand image. The company is expected to maintain consistent prices and be able to prevent prices from exceeding the price range acceptable to consumers.

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