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Purchasing decision using mediation of trust in product quality and brand image

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Abstract

The aim of the study is to investigate the measurement of purchasing decision using mediation of trust in product quality and brand image. This study uses the method of quantitative approach with survey. As a result, the decision to purchase is affected by product quality and by brand image. Trust in a brand forms when the product quality and the image of the product separately fulfil the needs of the consumer. In conclusion, product quality, brand image, and trust separately influence the decision taken by a consumer at the moment of purchase.

Keyword: Product, quality, brand, image, trust.

Decisión de compra mediante la mediación de la confianza en la calidad del producto y la imagen de marca

Resumen

El objetivo del estudio es investigar la medición de la decisión de compra mediante la mediación de la confianza en la calidad del producto y la imagen de marca. Este estudio utiliza el método de enfoque cuantitativo con encuesta. Como resultado, la decisión de compra se ve afectada por la calidad del producto y por la imagen de la marca. La confianza en una marca se forma cuando la calidad del producto y la imagen del producto cumplen por separado las necesidades del consumidor. En conclusión, la calidad del producto, la imagen de marca y la confianza influyen por separado en la decisión tomada por un consumidor en el momento de la compra.

Palabra clave: Producto, calidad, marca, imagen, confianza.

1. INTRODUCTION

Purchasing decisions taken by consumers depend on product quality, brand image, and trust (Ackaradejruangsri, 2013). The researchers all agree that in intense competition, product quality, brand image, and trust have important roles in marketing, maybe long before a sale. Bei & Chiao (2001) point out also that a company desiring to lead the market must diversify its product in order to maintain its position. Understand consumer behaviour can help the survival of a company. Decisions can follow a long process comparison of different makes of product, or decisions can be quick and emotional related to brand image and trust. Good product quality and brand image have equally important roles. Loyal consumers relate closely to company

profits. Product quality becomes a source of pride to customers who advantageously compare their purchase to similar products owned by friends.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

In this study, we assume that purchasing decisions depend on brand image and product quality, which result in trust. Afsar (2014) says that if product quality, brand image, and the trust of the consumer exist, then sales will increase. Product quality and brand image, by creating trust, help the marketer to keep selling a product to the consumer (Ackaradejruangsri, 2013). Trust is built on product quality and brand image, and eventually, the consumer will purchase. Consumers share their positive experiences with others.

We explain our hypotheses one by one:

H₁. There is a direct and positive effect of product quality on trust.

Good product quality creates positive behavior and makes the consumer willing to pay money to purchase the product. The choice of a company can give added value to its products compared to those of a competitor. Quality products can create trust. Marketing creates a strong brand image. Brand image in the mind of consumers will allow

them to impress their friends. Quality is the ability of a product not only to conduct its function well but also to fulfill the needs of consumers to feel satisfaction and pride in using it. The decision to buy a product is very likely based on trust, already earned beforehand. Quality builds trust because the product meets the needs of the consumers. The most important marketing strategy is maintaining the consumer's trust after the actual consumption of the product. Again,

H₁. There is a direct and positive effect of product quality on trust.

Now we look at branding.

H₂. There is a direct and positive effect of brand image on trust.

Brand image is the entire perception of the brand and is formed through information and instruction about the brand (Afsar, 2014). Brand image is ideally built into consumers subconscious expectations. The trademark – the name of the symbol used by a company to distinguish its product from the competition – contributes to the brand image. The brand image embedded in the mind of the consumer at the point of sale is paramount (Anselmsson et al., 2014). Trust in a brand, although in reality not fully justified, will still trigger good sales. Emotion has a great role in marketing strategy. Trust and belief stem from repetition over a long period of time. Therefore, trust and belief are not easily eliminated. It follows that brand image directly and positively brings about trust. Again,

H₂. There is a direct and positive effect of brand image on trust.

Our third hypothesis is about quality.

H₃. There is a direct and positive effect of product quality on the purchasing decision.

According to Yuen & Chan (2010), the quality of a product its ability to satisfy customer needs. The core of the business activity is to sell the product in order to make a profit (Buntak, 2012). Another argument is that of Jakpar et al. (2012): the quality of a product is characteristics which contribute to the ability to fulfill a specified demand. Quality is what is expected by the consumer. Purchasing decisions follow problem recognition, information search, and alternative evaluation, and precede post-purchase behavior. Positive referrals from others are always beneficial. Desire to buy will be created when consumers get complete information about quality, both from its strengths in function and its advantages in prestige. Again,

H₃. There is a direct and positive effect of product quality on the purchasing decision.

Hypothesis 4 looks at the branding.

H₄. There is a direct and positive effect of brand image on the purchasing decision.

The consumer's perception of the name or trade mark of a product is an emotional condition that affects even controls the decision to buy. Purchasing decisions are made by consumers after searching for information about the product. If the name or symbol of the product is adequately known, consumers will buy. Consumers will not take a risk by buying a product that does not give complete information. Information comes from various sources. Each company tries to show the superiority of its product compared to other products. However, well-formed brand image do not change in the short term because they are formed through a long process in a long period of time. Thus,

H₄. There is a direct and positive effect of brand image on the purchasing decision.

Finally, let us consider trust.

H₅. There is a direct and positive effect of trust on the purchasing decision.

Trust in a commitment of promise can be realized only if someone's expectation fulfilled. According to Zeffane et al. (2011), customer trust is the mental state based on experience sequence of interactions characterized by expectations of satisfaction. Trust is the perception of corporate reliability based on experience (Ackaradejruangsri, 2013). It is an important factor in developing long term relations among companies themselves. Chenet et al., (2010), say

that when consumers trust in a product, they will share personal information that is meaningful to the manufacturer. It follows that

H₅. There is a direct and positive effect of trust on purchasing decision.

3. METHODOLOGY

One hundred and sixty buyers of mobile phones at the Business Centre in the Province of Lampung accept questionnaires and interviews. This study uses the method of quantitative approach with the survey. Four latent variables are product quality as an exogenous variable, brand image as an exogenous variable, trust as an endogenous variable, and purchasing decision as an endogenous variable. The target population is consumers of a single brand of mobile phone. The method is non-probability and accidental sampling, based on the characteristics of certain consumers. The instrument is multiple choice with a five-point Likert scale. The steps of instrument preparation include dimension development, indicator development, validity and reliability testings, instrument revision, finalization, and data collecting.

Following Adams & Wieman (2011) the instrument is valid if the questionnaire measures each manifest variable. We test Product Moment by correlating item scores and total scores. Bajpai & Ram (2014) recommend comparing r value and r table. For each variable, the

instrument is reliable if the value of Cronbach's Alpha > 0.60. Our analysis includes descriptive statistics analysis and inferential statistics. Tests include normality, homogeneity, linearity, and regression significance. Multivariate statistics testing is by analysis of Structural Equation Modeling.

4. RESULT OF STUDY

4.1. Calculation Result of Path Coefficient, t_{value}

After the requirement test of analysis is done, the next step is conducting calculation and testing each path coefficient as shown in the figure below:

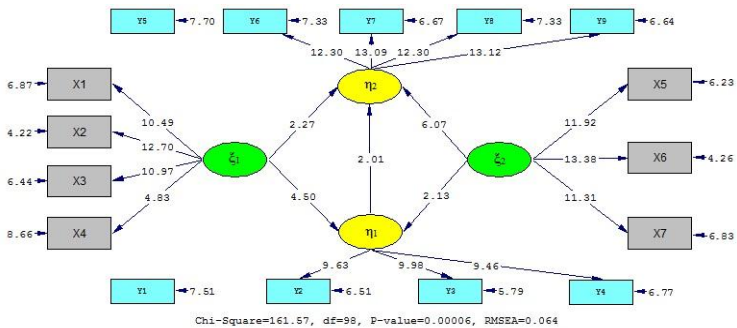


Figure 1: The path coefficient t-value

4.2. Path Coefficient of Sub-Structure 1

The analysis model of path coefficient sub-structure 1 is stated in this equation: $\eta_1 = \gamma_{11}\zeta_1 + \gamma_{12}\zeta_2 + \zeta_1$. This testing will give the purchasing decision of hypotheses 1 and 2 test.

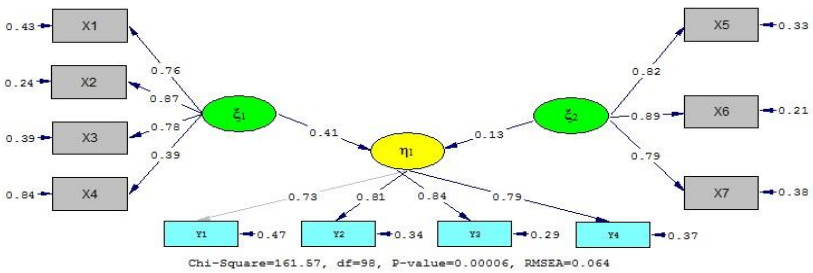


Figure 2: The path coefficient sub-structure 1

Based on the testing of sub-structure 1, path coefficient (γ_{11}) is 0.41 and the value of $t_{value} = 4.50 > t_{table(0.05; 160)} = 1.65$, so H_1 is accepted and path coefficient (γ_{11}) is significant, meaning that product quality directly and positively affects trust. Path coefficient (γ_{12}) is 0.13 and the value of $t_{value} = 1.68 > t_{table(0.05; 160)} = 1.65$, so H_2 is accepted and path coefficient (γ_{12}) is significant, meaning that brand image directly and positively affects trust.

4.3. Path Coefficient of Sub-Structure 2

Analysis model of path coefficient substructure 2 is stated in this equation: $\eta_2 = \gamma_{21}\xi_1 + \gamma_{22}\xi_2 + \beta_{21}\eta_1 + \zeta_2$. This testing will give the purchasing decision of hypotheses 3, 4, and 5 tests.

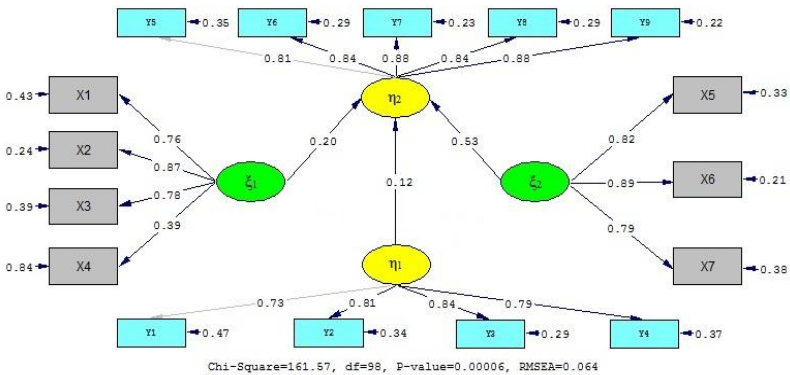


Figure 3: The path coefficient sub-structure 2

Based on the testing of sub-structure 2, it is obtained that path coefficient (γ_{21}) is 0.20 and the value of $t_{value} = 2.27 > t_{table(0.05; 160)} = 1.65$, so H_3 is accepted so that path coefficient (γ_{21}) is significant. It means that product quality directly and positively affects the purchasing decision. Path coefficient (γ_{22}) is 0.53 and the value of $t_{value} = 6.07 > t_{table(0.05; 160)} = 1.65$, so H_4 is accepted so that path coefficient (γ_{22}) is significant, meaning that brand image directly and positively affects purchasing decision. Path coefficient (β_{21}) is 0.12 and the value of $t_{value} = 1.82 > t_{table(0.05; 160)} = 1.65$, so H_5 is accepted so that path coefficient (β_{21}) is significant, meaning that trust directly and

positively affects purchasing decision. Based on the calculation of path coefficient and t-value for determined hypotheses testings, it shows that all path coefficients are < 0.05 or t-value > 1.65 , so Hypotheses is rejected or all path coefficients are significant. The overall path diagram of standardized solutions on each variable through the program of Lisrel 8.80 is illustrated as the following:

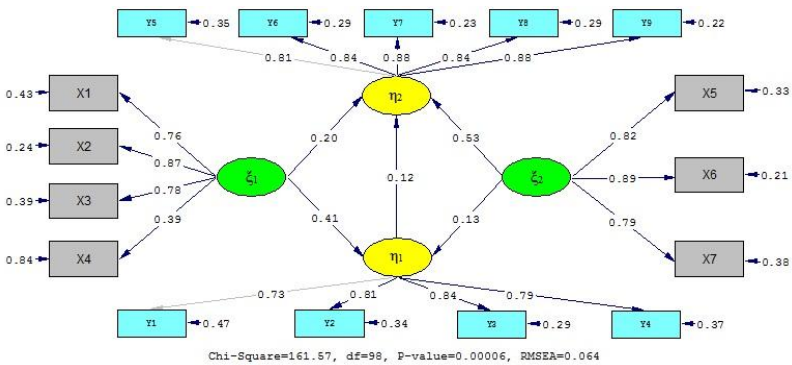


Figure 4: Path diagram standardized solution

Based on Figure 4 above, besides the presence of a direct effect, there are also indirect effects and a total effect on the exogenous variable (ξ) and endogenous variable (η). Based on the standardized total effect, it shows that:

(1) the values of the direct effect of variable product quality (ξ_1), brand image (ξ_2), and trust (η_1) on purchasing decision (η_2) are equal to the value of direct effect of each variable because there are no other mediating variables.

(2) the values of the total effect of variable product value (ξ_1), and trust (η_1) on purchasing decision (η_2) are equal to the total value of the direct effect of each variable because they are mediated by other variables.

(3) the indirect effect of variable product quality (ξ_1) on purchasing decision (η_2) through trust (η_1) is $0.41 \times 0.12 = 0.049$ because of the presence of another mediating variable which is trust (η_1), while its total effect is $0.20 + 0.049 = 0.249$.

(4) the indirect effect of variable brand image (ξ_2) on purchasing decision (η_2) is $0.13 \times 0.12 = 0.016$ because of the mediating variable which is trust, while its total effect is $0.53 + 0.016 = 0.546$.

Based on the Lisrel 8.80 output, the model suitability test (overall) uses the test χ^2 (chi-square) obtained from value weighted least squares chi-square of 161.57 with p-value = $0.000 < 0.05$. So it can be concluded that the results χ^2 overall do not fit (good match). In addition, the ratio of comparison between values χ^2 with degrees of freedom (χ^2/df) is $160.46/98 = 1.64 < 0.05$. So it can be concluded that by controlling the complexity of the model (which is proxied by the number of stresses of freedom), the model actually has a fairly good fit. The next test is RMSEA, CFI, NFI, NNFI, IFI, and RFI, showing the test results are more than 0.90, so it can be concluded that the model has a good fit. The description of the total effect of the exogenous variable (ξ) on the endogenous variable (η) shows that

variables ξ_1 and ξ_2 directly and positively affect η_2 because of the presence of another mediating variable which is η_1 , and it has a greater effect on the variables that are not mediated by other variables. In other words, product quality and brand image positively toward purchasing decision through trust.

5. DISCUSSION

a. There is a Direct and Positive Effect of Product Quality on Trust

Our result shows that product quality directly and positively affects trust. Product quality is the ability to meet the expectation of consumers (Chenet et al., 2010). Jakpar et al. (2012), also concludes that product quality has a positive effect on trust.

b. There is a Direct and Positive Effect of Brand Image of Trust

Brand image is one thing that can increase the trust of consumers. As stated by Zhang (2015), the brand image includes symbols that are easily remembered and trusted. Zhang (2015) agree.

c. There is Direct and Positive Effect of Product Quality on Purchasing Decision

As stated by Suroto et al. (2013), the product that has the best quality is able to fulfill the needs and desires of consumers. Afsar (2014) agree.

d. There is a Direct and Positive Effect of Brand Image on Purchasing Decision

This finding shows that when consumers distinguish one brand from a competitor's product, the perception affects the decision to buy.

e. There is a Direct and Positive Effect of Trust on Purchasing Decision

As stated by Nguyen & LeBlanc (2013) trust is the base long term relations with consumers. Eisingerich & Bell (2008) state also that in the short term purchasing decisions trust is foundational. Purchasing is affected directly by product quality, brand image, and trust. We show again that quality products and a good brand image increase people's trust and trigger decisions to buy.

6. CONCLUSION AND SUGGESTION

Along with the development of sophisticated technology, in the last decades, people's interest in mobile phone purchasing remains high. Moreover, the presence of intense competition among mobile phone producers encourages attract people's interest with good product

quality and branding. This study has a limitation, which is the limitation in the area that it should use larger sample use respondents who buy at least twice.

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