

THE INFLUENCE OF PRODUCT QUALITY, BRAND IMAGE AND PRICE TOWARDS INTENTION TO BUY BUTTERSUB

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ABSTRACT

This Research is written to determine the influence of Product Quality, Brand Image dan Price with quantitative method. Research variabel used is Product Quality (X1), Brand Image (X2) dan Price (X3) quality as independent variable, while the dependent variabel is Intention to Buy. Research methods used is non probability sampling with purposive sampling technique. Questionnaire with likert scale is used as the data collection technique. According to the data analysis, variabel Product Quality (X1) and Price (X3) gives positive effects partially towards Intention to Buy on Buttersub, but variabel Brand Image (X2) gives negative effects partially towards Intention to Buy on Buttersub.

Keyword : Product Quality, Brand Image dan Price, Intention to Buy

INTRODUCTION

Only a few industries in Indonesia show as fast as the palm oil industry in the past 15 years. Palm oil is the main raw material of Margarine, so one of indicator of growth can be seen in the demand for palm oil. This growth is evident in the amount of production and exports from Indonesia as well as the growth in the area of oil palm plantations. Driven by growing global demand and good profits, oil palm cultivation has been significantly improved by both small farmers and large entrepreneurs in Indonesia

Table 1. Indonesian Palm Oil Production and Export

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Production (million ton)	19.2	19.4	21.8	23.5	26.5	30.0	31.5	32.5	32.0 ¹
Export (million ton)	15.1	17.1	17.1	17.6	18.2	22.4	21.7	26.4	27.0 ¹
Export (USD)	15.6	10.0	16.4	20.2	21.6	20.6	21.1	18.6	18.6 ¹

Source: Indonesian Palm Oil Producers Association & Indonesian Ministry of Agriculture

The installed capacity to produce Buttersub is 7,200 tons per year, so compared to the total market of production capacity, Buttersub is only 0.02% of the total market of Indonesian production margarine. Margarine has an important role in the quality of production. According to the Center for Agricultural Data and Information Systems in Food Consumption Statistics in 2015, Margarine consumption in Indonesia has increased from 0.417 ounces per capita per year in 2011 to 0.626 ounces per capita per year in 2015. In addition, the average income increase per household plays one factors in the increasing demand for processed products from margarine.

A number of large companies that are in this industry and its products are well known to the public are PT Indofood Sukses Makmur, PT Smart Corporation Tbk, PT Sinar Meadow International, PT Unilever Indonesia Tbk and PT Bina Karya Prima. For more details can be seen in Table 1.2 below.

Table 2. Margarine Manufacturer in Indonesia

Company Brand Holder Manufacturer	Brand
PT Smart Corporation Tbk	Palmboom, Paloma, Delicio Palm Vita
PT Bina Karya Prima	Monita, Forvita, Selecta
PT Unilever Indonesia	Blue Band , Flora
PT Pasific Medan Industries	Avena, Madina, Pamin
PT Landkrone Indo Nutri (anak perusahaan PT Hakiki Donarta)	Buttersub , Marmila, Royalkrone
PT Indofood Sukses Makmur	Amanda, Delima, Malinda, Palmia , Simas Margarin, Simas Special

Processed by various Resources

All of the above margarine producers are brands whose ownership rights are domestic producers. Of the various brands listed in Table 1.2, Buttersub fights head to head with the Blue Band and Palmia brand, in terms of price and quality.

Intention to Buy according to Faryabi (2012) is the tendency of a consumer's behavior because of a sense of interest by a group of specific activities. This interest causes a person to pay attention and seek or try to get an object that suits their interests. In addition, Intention to Buy can also be interpreted as an encouragement that comes from within the individual who is able to make individuals want to take action for purchases, Intention to Buy happens because of personal needs, desires, demands of society, the effects of advertising and thoughts and feelings towards the product is clear Arista and Astuti (2011). Consumer Intention to Buy is strongly influenced by various factors such as product quality, brand image and price. For example, sometimes due to one part of the machine that is damaged but not checked regularly, may affect the quality of the product.

Product Quality according to Kotler and Armstrong (2001: 346) can be defined as anything that can be offered to the market to get attention, bought, used, or consumed that can satisfy wants or needs. For the example, product quality can include whether when using margarin buttersub, can add value to its bakery products? During this Buttersub in position as a substitute Margarit Butter. Thus, Buttersub users should choose to use Buttersub because they want to get the equivalent quality Butter as well as with the equivalent of Margarine

Brand Image is a name that is able to provide an additional dimension that uniquely sets it apart from other products designed to satisfy similar needs. Brand involvement is a seller's promise to consistently provide special privileges, benefits, and services to the buyer.

Price is the perception of an exchange rate for the benefits gained on a good or service for a person or group at a given time and place.

Table 3. Highest Retail Price of Margarine, taken on May 30, 2017

Brand	Price
Buttersub @ 15 kg	Rp. 325,000
Blue Band @ 16 kg	Rp. 315,000
Palmia Supercake@ 15 kg	Rp.285,000
Simas, Avena, Forvita, Palmboom, Amanda, Delima @ 15 kg	Rp 153,000 – Rp 205,000

Source: Authors Data

According to Table 1.3 above, the current brand that can be used as competition in product similarity is the first brand of Blue Band and Palmia Supercake, while other brands are less relevant brands to be considered as a competitor to the brand Buttersub because in terms of price is too much different, of

course there is a difference in quality. The Palmia Supercake brand plays at the middle level, so this product can take market up and down

LITERATURE REVIEW

Product Quality

Definition Product Quality

According to Kotler and Armstrong (2014) product quality is a characteristic of products and services that support its ability to satisfy the needs of consumers cited from the research results Rizan and Handayani (2015). According to Runtunuwu et.al, (2014), product quality is the ability of a product to perform its functions, including durability, reliability, durability, accuracy, ease of operation, and product improvement, as well as other valuable attributes.

Indicators Product Quality

According to Akbar (2012: 6), indicators used to measure product quality include ease of use, durability, clarity of functions and diversity of product size.

Brand Image

Definition Brand Image

Brands are names and symbols. This is a very important tool for creating a positive image in the customer. Brands have a very important role in creating customer loyalty and maintaining the company's market share. Loyal customers are loyal to the brand, buy back and recommend the brand to others, Mirabi (2015)

Indicators Brand Image

Moser (2011: 133), explains that after knowing the definitive range of brands, it can be seen also that a brand has four components. The four components of a brand include core values, brand messages, brand personality and brand icons

Price

Definition Price

Price is defined as money that customers exchange in terms of services or products, or the value they receive (Kotler and Armstrong, 2010) in (Mirabi, et.al, 2015). Berkowitz, Kerin & Rudelius (1986) define prices as money or other considerations exchanged for product purchases.

Indicators Price

Runtunuwu (2014) states that prices are any form of monetary cost sacrificed by consumers to acquire, own, utilize any combination of goods and services of a product. Price measurement indicators consist of affordability, price conformity with quality, price competitiveness and price compliance with benefits.

Intention to Buy

Definition Intention to Buy

Intention To Buy can be defined as an individual's intention to purchase a particular brand that they have chosen for themselves after a specific evaluation (Putro and Haryanto, 2015). Chepchirchir and Leting (2015), defines the buying intent of representing the likelihood that the consumer will plan or be willing to buy certain products or services in the future.

Indicators Intention to Buy

Intention to buy is a form of individual desire for the fulfillment of needs and desires are hidden in the minds of every person. According to Arista and Astuti (2011), there are two factors that can form buying interest of a consumer, namely the attitude of other individuals and situations that are not anticipated.

In addition to the two factors that have been described by Arista and Astuti (2011), there are other factors that can also affect consumer buying interest in a product, including psychological factors, which are the driving factors that come from within the consumer, such as motivation, perception, and attitude. Then there is the social factor, which is a process that can affect consumer behavior, such as the influence of the family and social status. Rizky & Yasin (2014).

Literature And Previous Research

Research by Saleem, et.al (2015) with the research title Product Perceived Quality and Intention to Buy with Consumer Satisfaction. This study aims to measure the impact of product quality perceived by customers on buying intentions that are influenced by the level of customer satisfaction.

Research by Oosthuizen and Spowart (2015). With research titled The Relationship Between Perceived Price and Consumers' Intention to Buys of Private Label Wine Brand. The main purpose of this study is to examine the relationship between price, perceived value and purchase intentions of consumers against private brands of wine labels in the retail sector in Johannesburg.

Anwar (2015) conducted a research entitled Influence of Price and Product Quality to the decision of purchase of cookware in Showroom Maxim Housewares Grand City Mall Surabaya. The population in this study are all consumers who are making purchases in Maxim Housewares Showroom Grand City Mall Surabaya. The sampling technique used is a non-probability sampling technique that is accidental sampling technique of sample selection by chance, ie all members of the population who by chance meet with the researchers can be sampled in the study.

Research by Gianfranco Walsh, Edward Shiu, Louise M Hassan (2012). Under the title Investigating The Drivers of Consumer Intention To Buy Manufacturer Brand. The purpose of this study is to measure that consumers buy a Brand due to expectations of the brand is high compared with un-branded products. In Consumer Behavior's theory, the author aims to know that quality, brand, brand behavior, and other product similarities can influence buying interest.

Research by Cristelle Msaed, Sam O AL-KWIFI, Zafar U. Ahmed, (2017) entitled Building a Comprehensive Model to Investigate Factors Behind Switching Intention of High Technology Products. The purpose of this study is to find out if consumers are faced with some similar items, what factors cause consumers to move to another brand, in this case is a mobile phone product. Surveys are conducted online to Apple and Samsung users.

Hypothesis

Based on the background and formulation of the problems raised in this study and the previous research that has been presented above, the hypothesis proposed in this study are as follows:

H1: Product Quality has significant effect on intention to buy Buttersub

H2: Brand Image has significant effect on intention to buy Buttersub

H3: Price has significant effect on intention to buy Buttersub

RESEARCH METHODS

Population and Sample

The population in this study is 40 from consumers (personal, cake shop, etc) that purchase Buttersub product before. The sample in this research is a few Cake Shop which purchases PT Hakiki Donarta. The total of respondents to be selected is about 40 using non-probability sampling method from PT Hakiki Donarta's customer database which is a Cake Shop or a cake ingredient distributor.

Data Collection Methods

Data collection in this study using questionnaires.

Variables Measurement

Variables Measurement using Likert scale with range between 1-5 from very strongly disagree to strongly agree.

Time and Place

Place used as research location and research data extracting location by spreading questionnaire in google form to customer of PT Hakiki Donarta especially Cake Shop or distributor of cake ingredients spread all over Indonesia.

ANALYSIS DATA

Data Analysis Techniques (Regression)

Data analysis technique used in this research is Multiple Regression analysis.

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + e_i$$

Validity and Realibility Test

Test Validity is tested on all continuous variables of research where by comparing its significance value. The research will be considered valid if the significance value is below 0.05.

The Reliability Test is tested by calculating Cronbach Alpha. A construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.60

Hypothesis Test

t Test

The criteria used in decision making of this hypothesis is to compare the probability value of statistics with a significant level of α (5%). If the statistical probability value is greater than α (5%) then the independent variable has no significant effect on the dependent variable partially, and vice versa if the statistical probability value is smaller than α (5%) then the independent variable significantly influence the partially bound variable (Vijaya, 2012).

F test

F test is used to determine the effect of independent variables on the dependent variable simultaneously. Conditions used: 1) If the significant level F based on the results of data processing greater than 0.05 (5%) then it can be concluded that the independent variable does not significantly affect the dependent variable simultaneously; 2) If the significant level of F based on the results of data processing is smaller than 0.05 (5%) then the independent variables significantly influence simultaneously to the dependent variable.

Coefficient of Determination (R^2)

The coefficient of determination is used to measure the extent of the model's ability to explain the variation of bound variables. The coefficient of determination is between 0 and 1.

RESULTS AND DISCUSSION

Results

The respondents has Woman Majority Gender as much as 20 respondents (54%). Age of Respondents majority aged > 35 as many as 19 respondents (51.35%) year. Type of Industry Respondents are known to work in the cake shop industry as much as 24 respondents (64.9%).

Respondent Frequency Distribution for Product Quality (x1) is known that the highest perception of the respondent's answer lies in the statement "According to customer, Buttersub brand gives tasty food taste. This is because the statement has the highest average value of 4.1081. Respondent Frequency Distribution for Brand Image Variables (x2) note that the highest perception of the respondent's answer lies in the statement "Brand Buttersub is easy to remember". This is because the statement has the highest average value of 4.3514. Respondent Frequency Distribution for Variable Price (x3) is known that the highest perception of respondent's answer lies in statement "According to customer, Buttersub price in accordance with Product Quality" and "Price Buttersub Affordable". This is because both statements have the highest average value of 4.2572. Frequency Distribution of Respondents to Buy Interest Variables (y) it is known that the highest perception of the respondent's answer lies in the statement "My customer is willing to repeat the purchase of Buttersub". This is because the statement has the highest average value of 4.2162

Validity and Realibility Test

Validity Test Result known that all statement on variable x1 (Product Quality), x2 (Brand Image), x3 (Price), and y (intention to buy) show significance value < 0,05. So it can be concluded that all statements that make up the research variables are valid. Reliability Test Results seen in all variables x1 (Product Quality), x2 (Brand Image), x3 (Price), and y (intention to buy) have Cronbach's Alpha > 0.60. In this case it can be concluded that all variables in this study stated reliable.

Table 4. Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.331	.663		.499	.621		
X1	.509	.165	.502	3.078	.004	.508	1.967
x2	.459	.254	.340	1.806	.080	.380	2.629
x3	-.040	.129	-.474	3.865	.000	.782	1.279

Regression equation used in this research are:

$$y = 0,331 + 0,509 x1 + 0.459 x2 - 0,040 x3$$

Interpretation of the above equation based on regression coefficient value analysis are:

1. The constant value of 0.331 is positive, meaning the prediction value y (buying interest) increases when x1 (Product Quality), x2 (Brand Image), and x3 (Price) are zero.
2. The value of coefficient x1 (Product Quality) is positive value of 0,509, meaning that variable x1 (Product Quality) has a unidirectional relationship with y (buying interest) and each increase of one unit x1 will cause the y to rise by 0,509.
3. The coefficient value x2 (Brand Image) has a positive value of 0.459, meaning that the variable x2 (Brand Image) has a unidirectional relationship with y (buying interest) and each increase of one unit x2 will cause the y to rise by 0.459.
4. The coefficient value of x3 (Price) is negative value of 0.040, meaning that the variable x3 (Price) has no direct relationship with y (buying interest) and each increase of one unit of x3 will cause y to decrease by 0,040.

Hypothesis Test

F test

Given the value of F of 13.667 and the value of sig. of 0,000. Because the sig value. <0,05 so it can be concluded that there is significant influence simultaneously between independent variable to dependent variable. In other words the variables x1 (Product Quality), x2 (Brand Image), x3 (Price) simultaneously significantly influence the variable y (intention to buy).

t Test

The value of sig on the variable x1 (Product Quality) and x3 (Price) <0,05, it can be concluded that the variable x1 (Product Quality) has a significant positive effect and x3 (Price) significantly negatively affect the variable y (intention to buy) partially. While the value of sig on variable variable x2 (Brand Image) > 0,05, hence can be concluded that variable x2 (Brand Image) no significant effect to variable y (intention to buy) partially.

Coefficient of Determination

R Square value of 0,554 or 55,4% where it can be concluded that the intention to buy variable which is explained by its free variable (Product Quality, Brand Image, and Price) is 55,4%. While as much as 44.6% explained by other independent variables in addition to Product Quality, Brand Image, and Price.

Discussion

The Effect of Product Quality on Intention to Buy

Based on the result of t test, it is known that Product Quality (X1) variable influences Intention to Buy (Y) variable. Based on test result, t test result show sig value. on Product Quality variable of 0.004 which in accordance with the provisions of significance value <0.05, it can be concluded that Product Quality (X1) variables significantly influence partially to the Intention to Buy (Y) variable. A positive t value indicates that Product Quality variable has direct influence on Intention to Buy variable. Product Quality (X1) variables affecting the Intention to Buy (Y) variable can be proven in this research, the indicator of the statement that get the highest answer value (mean) is the statement "According to customer, Buttersub brand gives tasty food taste" according to respondents, Buttersub has given the taste as expected that is as it should be that butter has a tasty taste. These findings prove

that research conducted by Anwar (2015) and Hassan (2012) who get the results of research that Product Quality variable positively affect the Intention to Buy variables.

The Effect of Brand Image on Intention to Buy

Based on t test results, it is known that Brand Image (X2) variable has no effect on Intention to Buy (Y) variable. Variable Brand Image (X2), based on test results, seen sig value. Brand Image variable is 0.080 which is not in accordance with the provision of significance value <0.05 , it can be concluded that Brand Image (X2) variable has no partial effect on Intention to Buy (Y) variable. A positive t value indicates that product quality variables have a direct influence on Intention to Buy variables. In this study, the indicator of the statement that gets the highest answer (mean) is the statement "Brand Buttersub easy to remember", because according to the respondent, Buttersub is the name of the earcatching and easy to remember. However, this discovery can not prove the result of research conducted by Hassan (2012) who get the results of research that Brand Image positive effect on Intention to Buy consumers because the results obtained differently.

The Effect of Price on Intention to Buy

Based on t test results, it is known that Price variable (X3) has an effect on Intention to Buy (Y) variable. Variable Price (X3), based on test result, seen sig value. Price variable is 0,000 which is in accordance with the provisions of significance value <0.05 , it can be concluded that the variable Price (X3) partially negatively affect the Intention to Buy (Y) variable. A negative t value indicates that the Price variable has the opposite effect on the Intention to Buy variable. Variable Price (X3) effect on Intention to Buy (Y) variable can be proven in this research, the indicator of the question that get the highest value (mean) is in the statement "Price Buttersub Affordable" and "According to customer, Buttersub price in accordance with Product Quality ", because according to the respondents, the price provided Buttersub is appropriate that is not too expensive and not too cheap because it matches the quality provided. These findings prove the results of a study conducted by Spowart (2015) and Anwar (2015) who get the results of research that Price negative effect on Intention to Buy consumers.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the results of statistical and descriptive data analysis, it is concluded that:

1. Product Quality (X1), Brand Image (X2) and Price (X3) have positive and significant influence simultaneously to Intention to Buy variable on Buttersub product
2. Product Quality (X1) variables have positive and significant effect on Intention to Buy on Buttersub product. So the first hypothesis (H1) is accepted because the results obtained in accordance with the hypothesis.
3. Brand Image (X2) variable does not significantly influence Intention to Buy on Buttersub product. So the second hypothesis (H2) is rejected because the results obtained are not in accordance with the hypothesis.
4. Variable Price (X3) has significant effect on Intention to Buy on Buttersub product. So the third hypothesis (H3) is accepted because the results obtained in accordance with the hypothesis

Recommendations

For Buttersub

1. Keep maintaining product quality while maintaining quality control of raw materials, production process and control of good finished goods and according to Standard Operating Procedure.
2. Keeping raw material prices low so that the selling price does not increase because with rising prices, Intention to Buy may decrease

For Future Research

1. Further research can conduct research with the same variables, but can use different methods such as qualitative methods to deepen the results or research findings.
2. Further research can do research by adding unused variables in this study so that the next research is expected to increase Intention to Buy consumers.

Research Limitation

1. Limitations in this study are variables used in the study only Product Quality (X1), Brand Image (X2) and Price (X3) on Intention to Buy on Buttersub products, so it can not discuss more broadly about other variables that are not examined. To improve the accuracy, the

information variables are processed should be more, for example: variable endorsement of celebrities, variable knowledge of the product in question, social economic variables.

2. The research method used in this study using multiple linear regression and data collection methods using quantitative, if the method of data collection using qualitative methods, it can get different data characteristics.
3. Respondents obtained only a few because the population is only 40 and the complete data complete only 37 samples.

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