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# The Effect of Customers' Price Perception, Perceived Quality and Brand Image Toward Purchasing Intention in Bandung Local Shoe Brand

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## Abstract

Despite the contribution of shoe industry for Indonesia economic growth most of the entrepreneur has a problem to scale up their business. Intense competition becomes one of the reasons. In order to capture the current market, a company should concern to determine consumer purchase intention. However, customers purchase intention is a complex process. It is known that customers' perceived quality, price perception, and brand image are factors that influence the purchasing intention of the product. The absence of owner knowledge in customer perception toward the brand indicates to cause the low of customer intention to buy the product. For this reason, the researcher interest to do research about the relationship between customer perception and purchasing intention. This study aims to discuss the effects of customers' perceived quality, price perception, and brand image on purchase intentions toward shoe brand in Bandung, Jakarta, and Yogyakarta. This research using descriptive analytics and multiple linear regression to analyze the data collected. The research using non-probability sampling data collection technique with female respondents domiciled in Bandung, Jakarta, and Yogyakarta. The results of this study show that customers' perceived quality, price perception, and brand image has a significant result on purchase intentions in the shoe brand. Furthermore, based on the results of this paper the researcher gives advice for the reference of future studies.

**Keywords:** purchasing intention, perceived quality, price perception, brand image, perception.

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# 1. Introduction

## 1.1. Background

Most of Indonesia shoe products are exported with another brand name the number of local shoe brand in Indonesia is still low. However, currently, there are 18,687 units business in footwear industries in Indonesia. In 2018 Indonesia managed to produce

1.4 billion pairs of shoes, which contributes to 4.6% of the total shoe production in the world which also absorbed 795,000 workers and contribute to increasing employment rate. There are 18,687 units business in footwear industries in Indonesia (Antara News, 07/04/19). Despite the number of Indonesia's Footwear Industry to Indonesia economic, it cannot be denied that the competition also increased from local and global market (Kementrian Perdagangan, 2009).

As competition became much intensive and abandoned growth of population it will swaying the business to enter into new markets and induce the new customers. The high competition in industry creating high barrier to entry which means there is a low chance for a new business to survive in the industry (Porter, 1998). Approximately 19% of a business fail because they got outcompeted. That is why it is important for the Entrepreneur to concerning in innovation to create a product that is suitable with the market to create customer intention to buy (Forbes, 2019). On the other hand, according to the Asia Pacific Foundation of Canada Publication (2018) 46% of Entrepreneur said that marketing become significant barrier for their growth. It is known that one of the factors that affect the success of marketing is customer purchasing intention (Kotler and Keller, 2012). However, customers purchase intention is a complex process. Purchase intention usually is related to the behavior, perceptions, and attitudes of consumers. Purchase behavior is a key point for consumers to access and evaluate the specific product (Wu et al., 2011). Ghosh (1990) states that purchase intention is an effective tool to predict the buying process.

Purchase intention may be changed under the influence of price, brand image, perceived quality or value. In addition, consumers are affected by internal or external motivations during the buying process (Gogoi, 2013). Most companies today tried to use purchase intention by increasing the profit level by continuously growing, expanding the long-term relationship with customers (Giovanis et al, 2013).

One of the influential factors that affect customer purchasing intention is customer perceived quality (Tsiotsou, 2006). Perceived quality is customer perception of the quality of a product, which represent customers' overall judgement of the product (Zithaml, 1998). However, the quality of the perception is depending on how the researcher analyze and explain the stimulan or information.

Another factors that affect customer purchase intention is customer perception. Price is also one of the cues used by consumers in the perception process, where prices will influence consumer judgment about a product (Ridgway &amp; Netemeyer, 1993). Price perception is related to how price information is fully understood and gives deep meaning to consumers. Price perception becomes one of the consumer assessments

to compare the amount of sacrifice of what will be obtained from products and services (Zeithaml,1988).

Brand image also has an important role in the consumer decision-making process in purchasing a product. It is very important for companies to understand the consumer decision-making process and identify conditions in the process of purchase a product (Cravens & Nigel, 2003). Brand is not only a symbol, but the brand can also mean that the product has a certain value or quality (Pepadri, 2002).

It is known that customer purchase intention in purchasing is one of the crucial problems that beginner entrepreneur struggled with. The low of customer purchase intention can be characterized by the low number of profits obtained in the future, the low level of purchase intention could hamper the business from growing. One of the causes of low purchase intention because there is a difference in buyers' perceptions of goods to be purchased with the actual goods they sell. This study will explain the relationship of customer perceived quality, price perceptions, and brand image toward footwear brand.

# 2. Conceptual Framework

## 2.1. Customer Perception

The decision and act of a person is influenced by his/her own perception of the situation (Kotler & Armstrong, 2012). According to Johns and Saks (1983), Perception is a process to provide order and meaning for the environment by interpreting the messages of their (a person) senses. Meanwhile, Strydom (2005) refer perception as an entire process of an individual to become more conscious about their environment and interprets it so that it could fit into his/her own frame of reference. It means every individual interprets their environment into different meaning according to their own opinions. According to Kotler & Armstrong (2012) Perception is a process of selecting, organizing, and interpreting information in order to form a meaningful picture of the world. People could perceive things by learning from the flow of information through our five senses: hearing, smell, sight, taste and touch.

## 2.2. Price Perception

Price perception is a customer perception about what a customer should sacrifice in order to obtain products or services. It means that no matter how expensive or cheap

of the products or services price as long as it can give benefit to the customer, then the customer will sacrifice their money to purchase the products or services (Zeithaml, 1988). Price perception could also define as a codified price by the customer. Generally, a customer tends to interpret a price based on their subjective perceptions and transfer them as a concept of expensive or cheap on their memory. However, price perception is not the products or services the real monetary price (Kashyap & Bojanic, 2000).

## 2.3. Perceived Quality

According to (Aaker, 1991) Perceived quality is a customer perception towards a products or services' brilliance and quality compare with their competitors offer. Perceived quality is an intangible, it showed the customer feeling toward a product of a brand (Levy Guterman, 2012). The product quality is different from products perceived quality since its the customer or buyer's subjective appraisal of products or services. Basically, it is the thought of a buyer about a particular brand. (Zeithaml, 1988).

## 2.4. Brand Image

Brand image refers as customer's perception presented by the fact which would be more important than the fact itself (Wu and Fu, 2009). Moreover, a brand image also includes customer responses to the brand name, sign, or impression and representative symbol of the quality of the product. A brand image also considered a set of assets and liabilities that relate with the brand name and sign which could increase or decrease the value of a business (Magid, 2006). According to (Arnould, 2005) there is an attribute that creates a brand image consist of objective or intrinsic attributes such as basic benefit offered, as well as the beliefs, feelings and associations related with the brand of a business. The brand image represents the important thing of all impression toward the brand's impression in the customer's head. The brand is a very important tool for a business to create a positive image in the customer that aims to create a loyal customer and retaining companies' market share. A brand loyal customer, do purchase and recommend the brand to the other potential customer (Erciş, 2012).
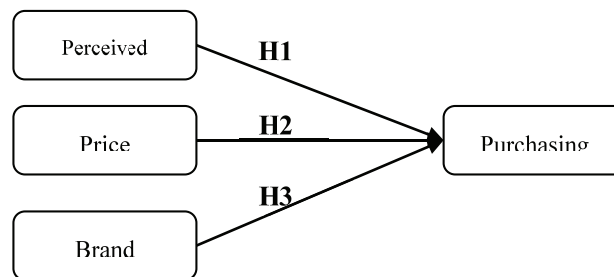
## 2.5. Purchasing Intention

According to Swastha in *Manajemen Pemasaran Analisis Perilaku Konsumen* purchasing intention is an approach of solving a problem in human activity to buy products or

services in order to fulfil their wants and needs (Swastha, 2008). According to (Porter, 1974) purchasing Intention is defined as a decision-making process of a customer to buy a particular brand or products. According to (Kotler and Armstrong, 2012) customer's purchasing Intention is formed in the fourth stage of the buyer decision process, the evaluation process. The stage when the customer decide whether they should or should not purchase products or services.

# 3. Hypothesis Development

**H1:** Perceived Quality has a significant influence on purchasing intention

According to (Paramasiwi, 2010) stated that there is a positive relationship between perceived quality and purchasing intention. As the increase of customer's perceived quality, it will generate better customer purchase intention.



**H2:** Price Perception perception has significant to purchasing intention

According to (Rifai, 2015) Price perception has a positive relationship with purchasing intention. The more positive customer price perception it will increase the customer purchasing intention

**H3:** Brand Image has a significant influence on Purchasing Intention

According to Che-Hui et.al (2015) Brand image has a positive influence on purchasing intention. A well-managed brand association such as increasing customer functional benefit, symbolic, and experience will generate a good brand image which created a good purchasing intention. Also building a specific brand image which connected to the customer will create a positive influence on the purchasing intention (Wu, 2015).

# 4. Methodology

Data collection for this research using secondary and primary data. Secondary data for this research gathered from published journal to support this research theoretical foundation. Meanwhile, the primary data gathered by using non-probability sampling

data collection technique using Slovin formula with error 10% Targeted respondent are college students age 18-25 years, domiciled in Bandung and Yogyakarta. Researcher using a survey with 34 questions designed to use a five-point likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to gather the data. Pilot tests are distributed to ensure all the questions are valid. In order to assess the reliability of the respondent Researcher using reliability and test measured through Cronbach's alpha method. To process the collected raw data for the research, Researcher uses Multi Linear Regression theory. Which has to pass several regression assumptions: Normality, Homoscedasticity, Linearity, and multicollinearity.

# 5. Findings/ Discussion

Data collected from 153 respondents from women ages 18-25 which mostly lived in Bandung, Jakarta, and Yogyakarta. 38% of respondents usually purchase a shoe with price higher than Rp400.000. 26% purchase a show with price range Rp 301.000 - Rp400.000. Another 26% of the respondents usually purchase a shoe with price range Rp201.000 - Rp 300.000. Meanwhile, only 10% of respondents purchase a shoe with price less than Rp200.000.

42% of the respondents searching information to purchase a shoe more than five times a year. 19% of the respondents looking for information for 3-5 times a year. Meanwhile, 28 % of the respondents looking for the information of the shoe for 2-3 times a year and only 11% of the respondents searching a shoe for at least one time a year.

Researcher explores the data collected using descriptive analysis. Therefore, variable that used in this research is x1 in this research represent customer perceived quality, x2 represent customer price perception, x3 represent brand image, and Y represent purchasing intention. Refers to chapter 4 the researcher using Likert scale method in collecting the data the data. The questioner of this research using five Likert scale. Below is the range of percentage at each level of agreement:

1. 101- 180 or 21-36% = strongly disagree
2. 181- 260 or 37-42% = disagree
3. 261- 340 or 53-68% = doubt
4. 341- 420 or 69-84% = agree
5. 421- 500 or 85-100% = strongly agree
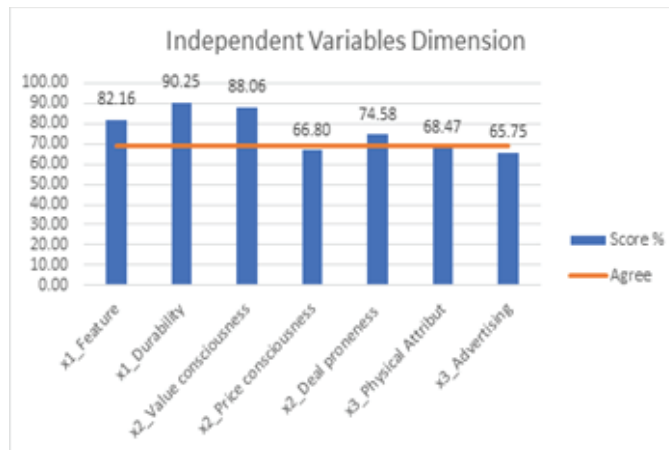
## 5.1. Independent Variable Dimension



**Figure** 1: Independent Variables Dimension

This Research consists of three independent variables perceived quality, price perception, and brand image. From those variables, the researcher uses two dimensions from a perceived quality, three dimensions from price perception, and two dimensions from brand image. All those dimensions generate 31 questions. The score of each dimension used in this research could be seen on Graph 1 Independent Variables Dimension. The graph shows that there are respondents agree with five dimension and doubts with two dimensions used in this research.

A perceived quality variable consists of feature and durability dimensions. Based on the Graph 1 Independent Variables Dimension, we could know that the respondents strongly agree that feature and durability influence their purchasing intention toward shoes. Proven by the score of feature dimension toward purchasing intention is 82.16% and the score of durability dimensions toward purchasing intention is 90.25% Since both values are higher than 85% it could be said that the respondents strongly agree that feature and durability influences their purchasing intention toward shoes.

Price perception variable consists of value consciousness (choose quality over price), price consciousness (choose price over quality) and deal proneness behavior (their behavior toward brand promotion/deal). Graph 1 Independent Variables Dimension show that respondents strongly agree that value consciousness has an influence toward purchasing intention since the score of value consciousness is 88.06%, which is higher than 85%. Meanwhile, the score of price consciousness is 66.80%, which is less than 69%. So, the dimension categorized as doubt. Graph 1 Independent Variables Dimension also show that the score of deal proneness behavior is 74.58%, which greater than

69%. It means that the respondents agree that deal proneness influences purchasing intention.

Brand image variable in this research consists of physical attribute and advertising. Graph 1 Independent Variables Dimension show that the score of respondent physical attribute score toward purchasing intention is 68.47%, and the score respondent brand advertisement perception toward purchasing intention is 65.75% both scores is less than 69%. So, it means that the respondent doubts that their perception of product physical attributes and product advertisement influences their purchasing intention to purchase a shoe.

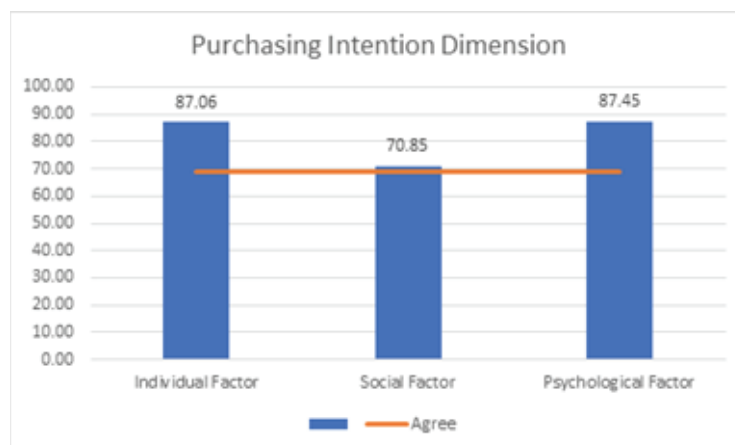## 5.2. Dependent variable dimension Analysis



**Figure** 2: Purchasing Intention Dimension

The dependent variable of this research is purchasing intention, which consists of three-dimension individual factors, social factors, and psychological factors. Based on the Graph 2 Purchasing Intention Dimension the score of individual factors is 87.06% it means that the respondents strongly agree that the Individual factor such as behavior in searching information has influence in purchasing intention to purchase a shoe. Meanwhile, the score of social factors is 70.85% it means that the respondents agree that social factors such as recommendation has influence in their purchasing intention to purchase a shoe. The Graph 2 Purchasing Intention Dimension also show that the score of psychological factors is 87.45% it means that the respondents are strongly agree that the psychological factor such as information obtained by the experience has influence in purchasing intention.

## 5.3. Multiple Linear Regression Analysis

TABLE 1: ANOVA Table

| ANOVA | | | | | |
|---|---|---|---|---|---|
| Model | Sum of Squares | Df | Mean Square | F | Sig. |
| Regression | 28.019 | 3 | 9.340 | 46.725 | 0.000a |
| Residual | 29.783 | 149 | 0.200 | | |
| Total | 57.803 | 152 | | | |

ANOVA table shows that the value of significant is showing 0,000. It means that the sig. of the data is less than 0, 5. It represents the independent variable can be used to predict the value of purchasing intention. Table 1 ANOVA show that the value of F(obtained) has value 46.725, and the critical F (3,153) is 2.66. It means that the F(obtained)> than F(table) the F means the model is significant at that level. Since the test statistic is larger than the critical value, we should reject the H0: Equal population means and conclude that there is a (statistically) significant difference among the population means. from the table above. The F(obtained) has a value of 29.380, and the value of critical F. Based on the statement we say the regression model is a good fit for the data.

TABLE 2: Model Summary Table

| Model Summary | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | 0.96 | 0.485 | 0.474 | 0.44709 | 2.019 |

Coefficient determination show the proportion of the dependent variable that can be predicted by variable. Table 2 Model Summary show that the coefficient of determination ($R^2$) is 0.485. It means that 48.5% of the dependent variable can be explained by the independent variables while 51.5% could be explained by other factors that this research could not represent.

Meanwhile, the strength of relationship between independent variables and dependent variable that measure how well the model could predict can be represented by the multiple correlation coefficient. Based on Table 2 Model Summary show that the R-value is 0.96. It means that the model has the strength multiple correlation since the perfect value of multiple correlation coefficient is 1.

By looking at the unstandardized coefficients (B) in Table 3 Coefficients we could see that the contribution relationship between each variable in this research. The B constant

TABLE 3: Coefficients Table

| | Coefficients | | | | | | |
|---|---|---|---|---|---|---|---|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | 0.407 | 0.305 | | 1.333 | 0.185 | | |
| Perceived Quality | 0.420 | 0.075 | 0.371 | 5.566 | 0.000 | 0.780 | 1.282 |
| Price Perception | 0.193 | 0.080 | 0.166 | 2.414 | 0.017 | 0.730 | 1.370 |
| Brand Image | 0.385 | 0.072 | 0.355 | 5.360 | 0.000 | 0.790 | 1.266 |

(b0) value represents that the purchasing intention is already existed without perceived quality, price perception, and brand image. In this model the value of B constant (b0) is 0.407. Meanwhile the unstandardized coefficients B of Perceived quality is 0.420, price perception is 0.193, and brand image is 0.385. Thus, generate model:

**Y = b0 + b1 Perceived quality + b2 Price perception + b3 Brand image**

**Y = 0.407 + 0.420 (Perceived quality) + 0.193 (Price perception) + 0.385 (Brand image)**

For the score of B's of each independent variable, indicating the contribution of each independent variable toward purchasing intention. The positive b-values indicating that the independent variables are having a positive relationship with purchasing intention as the dependent variables in this research.
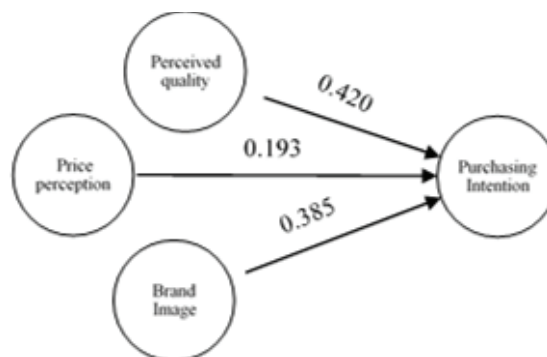


**Figure** 3: Variable Relationship

The value of the unstandardized coefficients B of perceived quality is 0.420 its supported H1 hypothesis (H1: Perceived quality has positive relationship toward purchasing intention), there are positive relationship between perceived quality and purchasing intention. The result also supported by Paramasiwi (2010). As the increase of customer's

perceived quality, it will generate better customer purchase intention.The value of the unstandardized coefficients B of price perception is 0.193 supported H2 hypothesis (H2: Price perception has positive relationship toward purchasing intention). There is positive relationship between customer price perception and purchasing intention. The result of the analysis also supported by Rifai (2015) which stated that as the increase of customer's price perception, it will generate better customer purchase intention The value of the unstandardized coefficients B of brand image is 0.385 supported (H3: Brand image has positive relationship toward purchasing intention). There is positive relationship between brand image and purchasing intention. The result of this research also supported by Wu (2015) research which show as the increase of brand image, it will generate better customer purchase intention. The analysis of the relationship between customer perceived quality, price perception, brand image and purchasing intention could be depicted by the Figure 5.4.3 Variable Relationship. Based on the analysis it is known that perceived quality has the most effect toward purchasing intention with score 0.420.

## 6. Conclusion

According to 198 respondents in this research, customer perceived quality, price perception, and brand image influence customer purchasing intention. From the analysis the researcher also knows that the order of the most influence dimension to the least important is customer perception of products durability, value consciousness, feature, deal proneness behavior, physical attributes, price consciousness, and advertising

Based on the multiple linear regression analysis it is known that h1, h2, and h3 of this research are accepted. As a result, customer perceived quality, price perception, and brand image has positive and significant influence of customer purchasing intention to purchase a shoe. Furthermore, purchasing intention to purchase a shoe is already existed without perceived quality, price perception, and brand image with value 0.407. Meanwhile the score of perceived quality is 0.420, price perception is 0.193, and brand image is 0.385.

Researcher recommendation for this research is to increase customer purchasing by prioritized in planning business strategy that could support customer perceived quality. Since, customer perceived quality contributes the most in customer purchasing intention to purchase a shoe. However, researchers also suggested for Entrepreneur to implement business strategy that could support customer price perception and brand image in order to increase customer purchasing intention. Based on the description analysis,

researcher also suggested for the entrepreneur to sell a shoe with price greater than Rp400.000 since most of the respondents stated that they usually purchase a shoe with price more than Rp400.000

For further research, the researcher recommended for the readers to explore and do the analysis for another customer perception factors other than perceived quality, price perception, and brand image. It is also recommended to do further analysis to know the effect of customer perceived quality, price perception, and brand image toward every buying decision step.

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