

# Analysis of the Effect of Product Quality, Price, Promotion and Brand Image on Purchase Decisions on Wuling Automotive Brand with Mediation of Buying Interest

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**Abstract:-** This research aims to determine the effect of product quality, price, promotion, and brand image on making purchase decisions for the Wuling car brand by adjusting purchase preferences. The research method used in this research is a quantitative descriptive research method in which survey questions are used on 155 users or car owners of the Wuling brand. The data analysis technique was carried out using SEM-PLS. Research results show that product quality has significant effect on purchase intention, Price has significant effect on purchase intention, product quality has significant effect on making purchase decisions, the price has significant effect on making purchase decisions, purchase intentions have significant effect on purchase decision making, Purchase intention can mediate the relationship between product quality and purchase decision making, purchase intention can mediate the relationship between price and purchase decision making.

**Keywords:-** Product Quality, Promotion, Brand Image, OTR, Buying Intention

## I. INTRODUCTION

The fast growth of the automotive industry in Indonesia has made competition even more fierce, especially in the automotive industry. Car manufacturers continue to innovate in their products. This is evident from the increasing number of vehicle brands and models in Indonesia. That is why customers must be more observant when choosing products to buy. The thing that customers consider when choosing a product is the value or utility that the customer will receive from a product. In addition, the customer also takes into account the cost of getting the product. The number of products with comparable shapes, applications, and other characteristics makes it difficult for customers to differentiate between products. Car manufacturers continue to encourage product innovation to attract customers' attention and get customers to buy the products they make. Japan is the home country for brands that dominate the competition for car manufacturers in the car market in Indonesia. One of the new

brands from China, namely the Wuling brand, took the 10th position in 2017 with a market share of only 0.5%, but could take the 7th position with a market share of 2.9% in 2021. This shows that Wuling Motors as a newcomer is able to compete in the Indonesian car market. On the other hand, the automotive industry in Indonesia experienced negative growth in the 2018-2020 period.

## II. LITERATURE REVIEW

### ➤ Marketing Management

The definition of marketing is more determined by the process of presenting a product or service to potential customers. In accordance with Kotler and Armstrong (201: 27), marketing is a series in which companies create goods that provide value to customers and create ongoing relationships with customers to record customer value, an effective way to return customer value. Kotler and Keller (2016: 27) add that marketing is something that is done to meet every customer need in a way that is profitable for all parties.

### ➤ Product quality

Quality or quality is an important factor in making decisions by consumers, so that consumers will compare alternative quality with price (Jin and Yong, 2005). According to Kotler and Armstrong (200) "the quality of goods in terms of usability and results that can meet customer needs and expectations". Perceptions of the quality of an item are directly related to the reputation of the company that produces the goods, customers often judge the quality of goods or services based on various information they associate with the goods, while other information is external (Davis et al., 2003). According to David Garvin (2010), the quality of goods is based on eight dimensions: performance, functionality, reliability, suitability, sustainability, maintenance, aesthetics, and observed quality. Other definitions of quality have evolved into five different approaches: transcendental, goods-based, user-based, production-based and value-based (Rose Sebastianelli, 2002).

➤ *Price*

Price is one of the factors that influence the decision making of a person's purchase. Consumers will buy products based on their choice. David and Simonetto (2005) explain that innovation and positive movement of price strategies and their implementation, seen by positive long-term gains in sales, are always invisible to traders. Fighter company, Donald (200) said that in the environmental marketing elements of the pricing strategy is difficult, complex and must show the relationship between supply and demand. The available strategies used in pricing offer a more convenient basis for achieving company objectives, market share, and profitability statistics. Natal (2006) also reveals that quality-based pricing is a one-way pricing strategy for market segmentation that identifies a group of customers and focuses on a group of customers who want quality and a particular company that adapts to higher prices than competitors.

➤ *Promotion*

According to Stanton (2006), promotion is the fourth most important component of the total marketing mix. Promotion informs callers and influences society, sales promotion is also an important element of discount competition and an important part of modern marketing.

➤ *Brand image*

Brand image is the customer's insights and beliefs about a particular item (Lau and Pau, 2007; Rubio et al., 201). This is related to customer memory and will be seen in customer buying behavior (Diallo et al., 2013). Dialo et al (2013) define brand image as customer understanding based on certain types of brands. Because the more embedded in the customer's memory, a brand is getting closer to the customer's choice. That is why a good brand image must be continuously introduced to customers to form loyal memories for them (Lau and Pau, 2007). The brand impression that appears in the customer's memory increases as more customers experience the brand (Rubio et al., 201). In addition, when brand associations are closely related, the brand image formed also becomes stronger (Lau and Pau, 2007). According to Kotler and Keller (2016), brand image must be able to do three things for a product, namely: send unique information that strengthens the position and value of goods, and transfer information through unique ways and transfer emotional power to arouse buyers.

➤ *Buying interest*

Interest in buying comes from a series of learning and thinking that creates awareness. This buying preference

creates a driving force that is constantly recorded in his mind and a very strong desire becomes that when customers have to fulfill their needs, they are aware of what they want in their mind. According to Keller (2009), customer concern is the possibility that they will buy a brand or the ability to switch from one brand to another. Schiffman and Kanuk (2010) add interest is a psychological aspect that has a significant impact on customer attitudes and behavior. The evaluation of a product by customers depends on their knowledge of information about the actual function of the product, so that customers are interested in buying the product which is influenced by the observed information.

➤ *Purchasing decision making*

Purchase decision making is the choice of two or more options to buy (Chang and Wang, 2011). Making purchase decisions becomes important when there are various options with the same function and use for goods and services (Monroe, 2002). Decision making of customer purchases is based on certain motives and impulses. Companies must be able to absorb and make decisions on customer impulses to buy (Diallo et al., 2013; Monroe, 2002). Producers must also be able to produce goods that can meet the desires and decisions of customers to buy these goods. Manufacturers must be able to position their goods to meet customer preferences when making purchasing decisions (Dowling, 1986). Making products that customers always have a lot of demand for is not easy for manufacturers. However, this is in principle possible if manufacturers record customer behavior in their choices (Monroe, 2002). Consumer behavior includes the behavior of individuals or groups of consumers when evaluating goods to be purchased (Pavlou et al., 2007). Consumer behavior is influenced by various factors, such as education level, age, income level and others. In the decision-making process, consumers tend to buy behavior for a particular product when needs and preferences for that product arise (Karatzoglou et al. 2011). Lee and Olafsson (2009) define purchase preference as a consumer's willingness to buy a certain product, and the higher the consumer's purchase preference, the higher the purchasing power. For Jamieson and Bass (1989) and Schiffman and Kanuk (2009), the value and product recommendations that consumers can derive from advertising or other users have a major impact on their decision making to purchase a product. Mirabi et al (2015) consider buying as a complex process in which consumer behavior, perceptions and attitudes are involved, which is an effective tool for predicting the buying process.

➤ *Theoretical Framework and Hypotheses*

Based on the basics, objectives, and theoretical studies, the theoretical framework is shown in Figure 1.

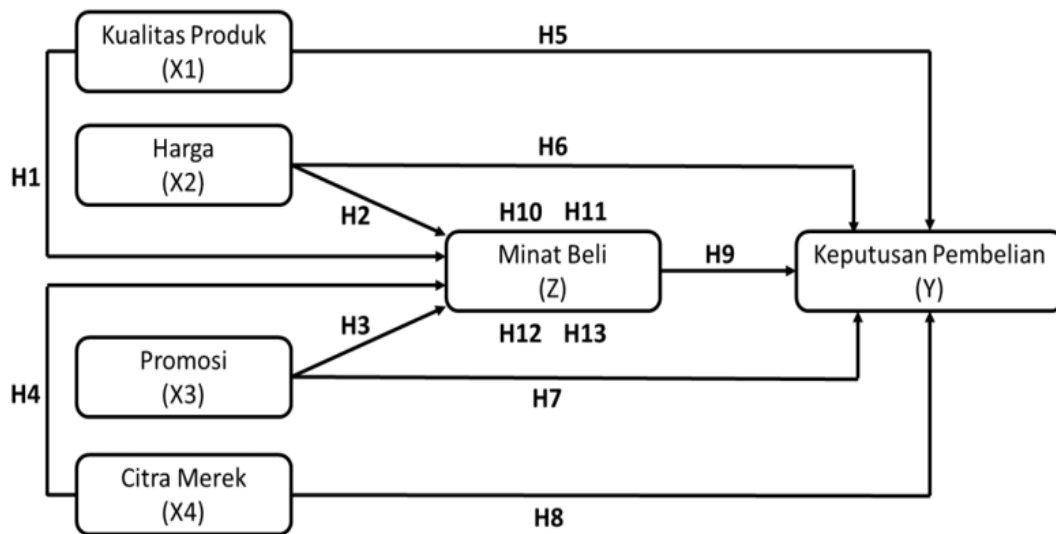


Fig 1:- Theoretical framework

- H1: Product quality has a strong influence on purchase intention
- H2: Price has a strong influence on purchase intention
- H3: Promotion has a strong effect on purchase intention
- H4: Brand Image has a strong effect on purchase intention
- H5: Product quality has a strong effect on purchasing decision making
- H6: Price has a strong effect on purchase decision making
- H7: Promotion has a strong effect on purchase decision making
- H8: The -imago brand has a strong effect on purchasing decision making
- H9: Purchase intention has a strong effect on purchase decision making
- H10: Purchase intention mediates the relationship between product quality and purchase decisionmaking
- H11: Purchase intention mediates the relationship between price and purchase decision making
- H12: Purchase intention mediates the relationship between promotion and purchase decisionmaking

H13: Purchase intention mediates the relationship between brand image and purchase decisionmaking

**III. RESEARCH METHOD**

The research method applied in this research is a quantitative research method with a descriptive approach. The dependent variable that will be applied to this research is making purchase decisions, the independent variable that will be applied to this research is product quality, price, promotion and brand image and the intervention variable in this research is customer interest. The sample is a sample that is limited to certain types of people who meet the requirements set by the researcher. The criteria for respondents in this research are adults, living in Jakarta, cars from the Wuling brand or car users from the Wuling brand with a total population of 155 people. Data collection techniques included questionnaires and document assessment. The method of data analysis was carried out using a structural comparison modeling approach (SEM) based on partial least squares (PLS) to analyze the research hypothesis.

**IV. RESULT AND DISCUSSION**

➤ *Characteristics of Respondents*

The characteristics of the respondents, including gender and age, are shown in Table 1.

No	Category	Respondent	Total	Percentage
1	Gender	Man	111	71.6%
		Woman	44	28.4%
2	Age	20 - 25	7	4.5%
		26 - 30	29	18.7%
		31 - 35	29	18.7%
		36 - 40	44	28.4%
		> 40	46	29.7%

Table 1:- Characteristics of Respondents

Based on research data, the majority of male respondents are more than 111 (71.6%) while female respondents are 44. Total (28.4%), although based on age, the difference in age > 40 years is more than 46 respondents (29.7%). 36-40 years old not less than 44 respondents (28.4%), age 31-35 years 26 -30 years each totaling 29 respondents (18.7%), for age 20-25 years not less than 7 respondents ( 4.5 %).

➤ *Measurement Model Evaluation*

The reliability test was carried out by calculating the composite confidence value which was the index reliability value for the variable test. Whether the reliability test can be increased by using Cronbach's alpha value. A variable is said to bear composite reliability if the composite confidence value is > 0.6 and that it passes Cronbach's alpha when Cronbach's alpha is > 0.7.

Variable	Composite Reliability	Cronbach's Alpha	Information
Product Quality	0.926	0.900	Reliable
Price	0.936	0.911	Reliable
Promotion	0.927	0.843	Reliable
Brand Image	0.896	0.828	Reliable
Purchasing decisionmaking	0.920	0.897	Reliable
Buying Interest	0.901	0.853	Reliable

Table 2:- Reliability Test (Reliability)

In the table above, it can be seen that the combined reliability value for all research fields > 0.6 is with a value of 0.896 to 0.936 and Cronbach's alpha is a value of > 0.7 with a value of 0.828 to 0.911. These results prove that all variables meet the criteria, so it can be concluded that all

variables have a good level of reliability. In addition, the mean value of extract variance (AVE) was also used for each variable where the AVE value should be > 0.5 for a good model.

Variable	AVE	Information
Product Quality	0.714	Reliable
Price	0.786	Reliable
Promotion	0.864	Reliable
Brand Image	0.743	Reliable
Purchasing decisionmaking	0.621	Reliable
Buying Interest	0.695	Reliable

Table 3:- Average Variance Extracted (AVE) value

In the table above, the AVE value for all known variables is > 0.5 with values ranging from 0.621 to 0.86. That is why it can be said that each variable has a good convergence value.

➤ *Structural Model Evaluation*

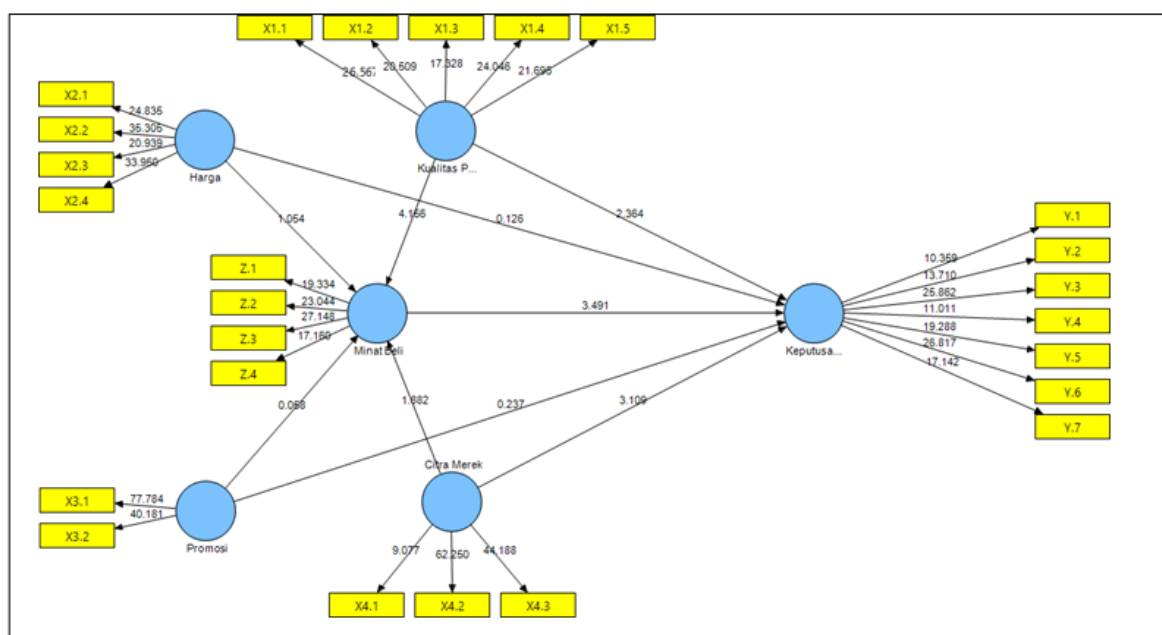


Fig 2:- Path Coefficient Measurement Model

Evaluation of the determination coefficient (R<sup>2</sup>) is used to show the influence of the independent variable on the dependent variable.

Variable	R Square
Purchasing decision making (Y)	0.708
Buying Interest (Z)	0.521

Table 4:- Evaluation of the Inner Model/Coefficient of Determination (R<sup>2</sup>)

Based on the table, it can be seen that the rsquare value in the response variable is:

- The rsquare value is 0.521 in the purchase intention variable. This explains that the high share of predictive variables, namely product quality, price, promotion and brand image, can explain the purchase intention of 52.1%. The remaining 7.9% (100% 52.1% = 7.9%) is influenced by factors other than the research model between product quality, price, promotion and brand image regarding purchase intentions.
- In the response variable for making purchase decisions, the RSquare value is 0.708. This explains that the high share of predictive variables, namely product quality,

price, promotion, brand image and purchasing preferences, can explain the decision making of purchasing for 70.8%. While the remaining 29.2% (100% 70.8% = 29.2%) is influenced by factors other than the research model between product quality, price, promotion, image, the influence of brand image and purchasing preferences in making purchase decisions.

Based on the data processing carried out, the results can be used to answer the research hypothesis. Hypothesis testing in this research is made by testing the statistical TS value, where the research hypothesis can be explained as the T-Statist value.

Hypothesis :

H0: There is no effect between the independent variable and the dependent variable

H1: There is a partial effect between the independent variable and the dependent variable

➤ *Decision making criteria:*

T-statistic < Table and p-value > 0.05, then H0 is accepted.

T-statistics > T-table and P value < 0.05, then H1 is accepted.

T-Table(T(0.05, 153)) is 1.976

Path	Path Coefficient	T Statistics	P value	Information
Product Quality → Buying Interest	0.5233	4.1562	0.001	Influential
Purchase Interest Price →	0.3166	2.0538	0.029	Influential
Buying Interest Promotion →	0.0090	0.0577	0.954	No effect
Brand Image → Buying Interest	0.0073	0.8815	0.032	No effect
Product Quality → Purchasing decision making	0.3164	2.3640	0.019	Influential
Purchase decision making price →	0.3095	2.1263	0.038	Influential
Promotion → Pick-up Purchase	0.0229	0.2365	0.813	No effect
Brand Image → Purchasing Decision Making	0.0392	0.2086	0.028	No effect
Buying Interest → Taking Purchase Decisions	0.3172	3.4914	0.001	Influential

Table 5:- Hypothesis Test

Indirect influence is a condition in which the independent variable affects the dependent variable through an intermediary variable. This effect can be determined by the Sobel test, namely by calculating the standard regulation coefficient and the standard error of the independent variable (x) on the intervention variable (z) and the intervention variable (z) on the dependent variable (y).

Hypothesis :

H0: The intervention variable cannot mediate the independent variable on the dependent variable  
 H1: The intervention variable can mediate the independent variable on the independent variable

➤ *Decision making criteria:*

Sobel test value (z) < t-table, then h0 is accepted. Sobel test value (z) > t-table, then H1 is accepted. The value of t-table (t(0.05, 153)) is 1.976



Path	Sobel Test (z)	T Statistics	Information
Product Quality → Purchasing Decision Making Purchase → Interest	2,674	1976	Significant
Price → Decision Making Purchase → Interest Buy	2.009	1976	Significant
Promotion → Decision Making Purchase → Interest Buy	0.057	1976	Not significant
Brand Image → Decision Making Purchase Purchase → Interest	0.657	1976	Not significant

Table 6:- Mediation Test

**V. CONCLUSION AND SUGGESTION**

*A. Conclusion*

- Product quality has a strong effect on purchase intention
- Price has a strong effect on purchase intention
- Promotion does not have a strong effect on purchase intention
- Brand image does not have a strong effect on purchase intention
- Product quality has a strong effect on purchase decision making
- Price has a strong effect on making purchase decisions
- Promotion does not have a strong effect on making purchase decisions
- image does not have a strong effect on purchase decision making
- Purchase intention has a strong effect on making purchase decisions
- Purchase intention can mediate the relationship between product quality and purchase decisionmaking
- Purchase intention can mediate the relationship between price and purchase decision making
- Purchase intention cannot mediate the relationship between promotion and purchase decisionmaking
- Purchase intention cannot mediate the relationship between brand image and purchase decisionmaking

*B. Suggestion*

- On the quality variable, based on the indicator with the highest average value, namely "Wuling cars have good safety features", then Wuling motorbikes must maintain good safety features at this time. The safety features and technology available at Wuling are anti-block brakes. System (ABS), Electronic Braking Power Distribution (EBD), Brake Assist (BA), Electronic Stability Control (ESC), Traction Control System, Tire Pressure Control System, 4 Airbags (Two Front, Two On Side), Seat Belt, Discal and station signal. This is the advantage of Wuling because it offers more benefits and safety for the wearer. Based on the indicator with the lowest average score, it can be found that: " Wuling auto parts are easy to get". Most consumers still think that Wuling- auto spare parts are still not easy to get, this is because Wuling still relies on some imported parts from the Wuling factory in China. To fix this, Wuling Motor must increase the local content of Wuling products and increase spare parts so that the availability of spare parts can be guaranteed, so that

consumers can easily get spare parts.

- On the price variable, based on the indicator with the highest average value, namely "the price of Wuling cars is cheaper than those of its competitors ", Wuling Motor must maintain a more competitive selling price that is lower than competitors from competitors, especially from Japanese manufacturers. Wuling Motors can implement strategies for production cost efficiency in order to create products with competitive selling prices. Based on the indicator with the lowest average value, which is included in the statement, "the price of a Wuling car is in accordance with the materials used". Most consumers still think that Wuling cars are cheap because they use cheap materials. To fix this, Wuling Motor dares to offer a longer or longer warranty on the vehicle than others, this guarantee can be the most important motor component, the most important bodywork, the most important component of the transmission, the most important component of the chassis, electrical components and most important body accessory.
- In the promotion variable, based on the indicator with the highest average value, namely "Wuling Ads invite curiosity", Product Advertising must be maintained by strengthening the technological innovation section and affordable prices. Based on the indicator with the lowest average score in "conducted media promotion". Wuling Motor must increase promotions by sponsoring large events, so that Wuling cars are increasingly recognized by the wider community.
- In the brand image variable, based on the indicator with the highest average value, namely "Wuling's name is easy to remember by consumers". Wuling has the meaning to contribute to a better life, so Wuling Motors can take advantage of the benefits of its memorable brand for consumers to increase sales by promoting its products with high specific functions and technology, but at an affordable price it offers benefits according to consumer needs. Based on the index with the lowest average, which is included in " Wuling cars have a good reputation". As a newcomer to Wuling in Indonesia, it makes sense that consumers' doubts about Wuling's reputation are the same as other Chinese brands . Wuling Motor must be able to meet consumer expectations or even exceed them and to guarantee the quality of all its products, as well as to expand sales, repair, and spare parts network in various regions in Indonesia.

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