

# The Influence of Product Differentiation, Price Perception, and Brand Image on Wall's Ice Cream Purchasing Decisions at Lotte Mart South Jakarta City in 2020

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## Abstrak

This study aims to analyze the influence of Product Differentiation, Price Perception, and Brand Image on Wall's Ice Cream Purchasing Decisions at Lotte Mart South Jakarta City in 2020. This research data used primary data in the form of questionnaires to 100 consumers of Wall's ice cream at Lotte Mart South Jakarta City. Data analysis techniques using multiple linear regression analysis and using the SPSS program. The results showed an influence between Product Differentiation, on Purchasing Decisions by 0.205 and had an influence of 25.0%. Similarly, the Price Perception variable on Purchasing Decisions is 0.241 and has an influence of 24.1%. Then for the Brand Image variable on Purchase Decisions 0.266 and has an influence of 26.6%. Partially or simutan has a strong influence among the three variables, the most significant of which is the Brand Image variable of 0.266. The results of this study hope that Wall's Ice cream can stabilize the Brand Image that occurs at Lotte Mart in South Jakarta to support Purchasing Decisions.

Keywords: Product differentiation, price perception, brand image, purchasing decision.

## INTRODUCTION

In the era of globalization like today, companies are required to be able to create a product that is able to compete with other products if they want to survive in the flow of business competition. The number of new competitors that emerge with new marketing strategies will also make competition tighter and hotter. A company can be a winner in its business competition if the company is able to capture as many customers as possible. And of course the company can get a big profit as well.

One of the many that people consume is ice cream. The market potential is quite good and will continue to grow because people's desires increase in line with the increasing standard of living and also the influence of the climate that often occurs in Indonesia, namely hot weather.

At first, the ice cream consumed by humans was only in the form of ice milk, but along with the times, the milk underwent updates tailored to market tastes. Starting from types, tastes, functions to various branding. So that in general, ice cream product processing companies create products with brands that have differentiation with other companies as a force in competition to seize the market. So that in consuming a product,

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consumers usually change brands to compare which product really suits their needs both in terms of convenience, availability and price. After the consumer shows a positive attitude towards a brand, he will have a commitment and intend to continue to buy it in the future brand loyalty.

High demand for ice cream in recent years has made ice cream manufacturers compete to boost sales growth, including PT. Unilever Indonesia Tbk. One of the largest and first milk processing companies in Indonesia, PT. Unilever Indonesia Tbk needs to take action that is used as a strategy to maintain national ice cream market share. Here is the market share data of the ice cream industry in Indonesia for 3 years:

**Table 1. Market Share of South Jakarta Ice Cream Industry 2016 - 2018**

No	Brand	2016	2017	2018
1	Wall's	72,1 %	70,7 %	68,0 %
2	Campina	23,0 %	26,31 %	28,4 %
3	Glico Wings	1,7 %	0,9 %	1,0 %

Data Source: PT. Lotte Mart Indonesia

From the data figure 1. we can see in the market share table above. Table Market share for Walls ice cream shows a significant decline, Wall's ice cream products during 2016 to 2018 experienced a very drastic decline. With the problem of declining sales, a way is needed to increase sales of wall's ice cream products. Consumer purchasing decisions to buy Wall's ice cream products can be influenced by several factors, including product differentiation, price perception, and brand image provided by the company.

Based on the background description of the problem above, the author is interested in conducting research entitled **"THE INFLUENCE OF PRODUCT DIFFERENTIATION, PRICE PERCEPTION, AND BRAND IMAGE ON THE PURCHASE DECISION OF WALL'S ICE CREAM AT LOTTE MART SOUTH JAKARTA IN 2020"**

## **RESEARCH METHOD**

### **Object of Research**

In this study, the object of research is the decision to purchase Walls ice cream products at Lotte Mart stores in South Jakarta which is influenced by several independent variables, namely product differentiation, price perception, and brand image.

### **Data Sources and Types**

#### **Data Sources**

Data collection in this study was carried out using questionnaires filled out by respondents. Respondents in this study were consumers who made purchases at Lotte Mart stores in South Jakarta and made their own purchasing decisions.

#### **Data type**

The type of data used in this study is primary data. Primary data is data obtained from surveys collected based on the distribution of questionnaires. In this study, researchers used cross-section data. Cross-section data design is research activities carried out at a certain time. Furthermore, based on these facts, conclusions are made about research

problems that want to be proven or sought for relationships, thus the type of data in this study is "primary data that is cross section".

**Operational Definition and Variable Measurement**

**Table 2. Operational Definition**

<b>Variable</b>	<b>Variable Definition</b>	<b>Indicators</b>
Product Differentiation (X1)	Product Differentiation the creation of a product or product image that is quite different from products that have been circulating with the intention to attract consumers	Advanced Table 3.4 • Feature • Adjustment • Performance Quality • Quality of Conformity • Durability • Reliability ( Reability) • Easy to fix (Repairability) • Style ( style) Source : Sahetapy (2013:411)
Price Perception (X2)	Price perception is the view or perception of price how customers perceive a certain price that has a strong influence on purchase intent and purchase satisfaction.	• Affordability • Price Compliance with Product Quality • Price Match with Benefits Source : Hose (2013:75)
Brand Image (X3)	Brand image is the thoughts and beliefs that sellers want to create to consumers, so that the brand is in the consumer's memory when seeing / remembering the brand.	• Advantages of brand associations • The power of brand association • Peculiarities of brand associations Source: Juliani (2012:4)
Purchase decision (Y)	Purchasing decisions are decisions taken by consumers to buy after potential customers consider factors.	• Stability in a Product • Habits in buying products • Give recommendations to others • Evaluation of Products • Make a repurchase Source : Arsita (2016:4)

**Analysis Methods**

### ***Descriptive Analysis Method***

Descriptive analysis is to provide an empirical picture of the data collected in Ferdinand's research (2013: 72) the data comes from respondents' answers to the items contained in the questionnaire processed by grouping and to discuss then given an explanation.

### **Inferential Analysis Methods**

Inferential analysis is an analytical technique used to analyze data and samples whose results apply to the population (Arifin 2017: 201).

### **Test Instruments**

The validity test is used to measure whether or not a questionnaire is valid Ghozali (2011: 53). According to Ghozali (2011: 47) Reliability test is a tool to measure a questionnaire that has indicators of variables

### **Classical Assumption Test**

This classical assumption test aims to test the accuracy of multiple regression methods. The classical assumption tests used are normality tests, autocorrelation tests, multicollinearity tests, and heteroscedasticity tests.

The normality test aims to find out whether the regression model, bound variable and independent variable have a normal distribution or not because a good regression model has a normal or close to normal data distribution Ghozali (2011: 160).

According to Ghozali (2011: 110) The autocorrelation test aims to test whether in a regression model linear regression model there is a disruptor error in period  $t$  with an error in period  $t-1$  (previous).

According to Ghozali (2011: 139) The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another.

This multicollinearity test aims to test whether the regression model found a correlation between Ghozali's independent variables (2011: 105). A good regression model does not have correlation between independent variables.

According to Imam Ghozali (2013: 96) Regression analysis is used to measure the strength of the relationship between two or more variables, also showing the direction of the relationship between dependent and independent variables. Multiple linear regression analysis is a linear relationship between two or more independent variables (X) with the dependent variable (Y). The regression model used is expressed in the following equation:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Information:

Y = Purchase Decision

a = Constant

$b_1 + b_2 + b_3$  = Multiple Regression Coefficient

X1 = Product Differentiation

X2 = Price Perception

X3 = Brand Image

e = Standard Error

### Model Due Diligence

The F test basically shows whether all the independent variables included in the model have a shared influence on the dependent variable. According to Ghozali (2013), the coefficient of determination (R<sup>2</sup>) is used to measure how far the model is able to explain the variation of independent variables.

The t test is to determine the significance of the influence of the independent variable hypothetically or individually on the dependent variable

## RESULTS AND DISCUSSION

**Table 1. Validity Test Results**

Variable	R Calculate	R Table	Result
<b>Product Differentiation</b>			
Statement 1.1	0,757	0,196	Valid
Statement 1.2	0,774	0,196	Valid
Statement 1.3	0,692	0,196	Valid
Statement 1.4	0,773	0,196	Valid
Statement 1.5	0,739	0,196	Valid
<b>Price Perception</b>			
Statement 2.1	0,720	0,196	Valid
Statement 2.2	0,688	0,196	Valid
Statement 2.2	0,689	0,196	Valid
<b>Brand Image</b>			
Statement 3.1	0,715	0,196	Valid
Statement 3.2	0,720	0,196	Valid
Statement 3.3	0,635	0,196	Valid
<b>Purchasing Decision</b>			
Statement 4.1	0,588	0,196	Valid
Statement 4.2	0,689	0,196	Valid
Statement 4.3	0,596	0,196	Valid
Statement 4.4	0,617	0,196	Valid
Statement 4.5	0,644	0,196	Valid

**Table 2. Reliability Test Results**

Variable	Cronbach's Alpha	Result
Purchase Decision (Y)	0.828	Reliable
Product Differentiation (X1)	0.897	Reliable
Price Perception (X2)	0.835	Reliable
Brand Image (X3)	0.830	Reliable

**Classic Assumption Test****Table 3. Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.96482049
	Most Extreme Differences	
	Absolute	.079
	Positive	.052
	Negative	-.079
Test Statistics		.079
Asymp. Sig. (2-tailed)		.125c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on the results of the normality test in the table above, it is known that the value of Asymp.Sig. (2-tailed) of 0.125 > 0.05 which means that the data is normally distributed and the regression model has met the normality assumption.

**Autocorrelation Test Results**

The results of the Autocorrelation Test are as follows. Based on the research, it is known that the value of Durbin Watson (DW) is 2.103, then we will compare this value with the value of the significance table of 5%, the number of samples is: 100 and the number of independent variables (X) is: 3, then obtained DU of: 1.736. The DW value of 2.103 is greater than the upper limit (DU) which is: 1.736 and less than  $(4 - DU) = 4 - 1.736 = 2.264$  ( $1.736 < 2.103 < 2.264$ ), so it can be concluded that there is no autocorrelation.

**Heteroskedasticity Test Results****Table 4. Glacier test**

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Type		B	Std. Error	Beta		
1	(Constant)	-.582	.611		-.952	.344
	X1	.067	.028	.251	2.102	.118
	X2	.008	.053	.018	.147	.884
	X3	.078	.061	.159	1.284	.202

a. Dependent Variable: Abs\_Res

Table 4. shows that all variables have a significant value greater than 0.05 so that it can be concluded that the regression model in this study did not occur heteroscedasticity.

**Table 5. Multicollinearity Test Results**

**Coefficients<sup>a</sup>**

Type	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Diferensiasi_Produk	.833	1.201
Persepsi_Harga	.587	1.703
Citra_Merek	.598	1.673

a. Dependent Variable: Keputusan\_Pembelian

Source: processed data SPSS 23.0 (2020)

From table 5, it can be seen that all the independent variables above have a tolerance value *greater than 0.1* and a VIF value smaller than 10, so it can be concluded that there is no multicollinearity for all independent variables, namely product differentiation ( $X_1$ ), price perception ( $X_2$ ) and brand image ( $X_3$ ).

**Table 6. F Test Results**

ANOVA						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	185.449	3	61.816	15.527	.000b
	Residuals	382.191	96	3.981		
	Total	567.640	99			

a. Dependent Variable: Keputusan\_Pembelian

b. Predictors: (Constant), Citra\_Merek, Diferensiasi\_Produk, Persepsi\_Harga

Source: processed data SPSS 23.0 (2020)

Based on table 6, it can be known that the F value  $is\ calculated > F_{table}$  or  $15.527 > 2.70$  and a significant value of  $0.000 < 0.05$ , then the variables of product differentiation, price perception and brand image together have a significant effect on the variable of purchasing decisions

**Table 7. Multiple Linear Regression Analysis**

Coefficients <sup>a</sup>	
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	Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.540	1.162		12.511	.000
	X1	.119	.053	.205	2.233	.028
	X2	.221	.100	.241	2.209	.030
	X3	.283	.115	.266	2.452	.016

**Y = 0.205 X1 + 0.241 X2 + 0.266 X3**

Information:

- Y = Purchase Decision
- X1 = Product Differentiation
- X2 = Price Perception
- X3 = Brand Image

Here is the meaning of the data that has been presented in table 7 :

1. Based on standardized coefficients the product differentiation variable is 0.205 and positive. This shows that if the better the product difference about wall's ice cream product differentiation, the faster the customer makes a purchase decision.
2. Based on standardized coefficients of price perception variable of 0.241 and positive. This shows that the better the customer's perception. About the price perception of Wall's ice cream products, the faster customers make purchasing decisions
3. Based on standard coefficients of brand image variables of 0.266 and positive. This shows that the better or better the brand image of Wall's ice cream, the faster customers decide to buy.

**Hypothesis Test (Test t)**

**Table 8. Test Results t**

Coefficientsa						
	Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.540	1.162		12.511	.000
	X1	.119	.053	.205	2.233	.028
	X2	.221	.100	.241	2.209	.030
	X3	.283	.115	.266	2.452	.016

**Product Differentiation Hypothesis Testing**

Based on table 8, it can be seen that the calculated t value is greater than the table t or  $2.233 > 1.984$  and the significance value is below the error rate (*alpha*) of  $0.028 <$

0.05. So it can be concluded that there is a significant influence between product differentiation on purchasing decisions.

#### *Price Perception Hypothesis Testing*

Based on table 4.16, it can be seen that the calculated  $t$  value is greater than the table  $t$  or  $2.209 > 1.984$  and the significance value is below the error rate ( $\alpha$ ) of  $0.030 < 0.05$ . So it can be concluded that there is a significant influence between price perception and purchasing decisions.

#### *Brand Image Hypothesis Testing*

Based on table 4.16, it can be seen that the calculated  $t$  value is greater than the table  $t$  or  $2.452 > 1.984$  and the significance value is below the error rate ( $\alpha$ ) of  $0.016 < 0.05$ . So it can be concluded that there is a significant influence between brand image on purchasing decisions.

### **Discussion**

#### **The Effect of Product Differentiation on Purchasing Decisions**

The results of hypothesis testing, it was found that product differentiation has a positive and significant effect on purchasing decisions. This positive and significant influence indicates that product differentiation for wall's ice cream may influence purchasing decisions. Case and Fair in Permana et al (2013: 442) explained that in order for product differentiation to be successful, consumers must know about product quality and availability. This product differentiation includes all the efforts that companies make to create differentiation between competitors with the aim of providing the best value and satisfaction for consumers. The results of this study are in accordance with research conducted by Saputro (2012) in his research, that product differentiation has an influence on purchasing decisions, if product differentiation is getting better, it will result in consumer willingness to purchase a product.

#### **The Influence of Price Perception on Purchasing Decisions**

Based on the results of hypothesis testing, it was found that price perception has a positive and significant effect on purchasing decisions. A positive and significant influence indicates that an increase in the price perception of wall's ice cream has an effect on improving purchasing decisions. Cockril and Goode (2010: 368) stated that price perception is a psychological factor from various aspects that are important in consumer reactions to prices, that's why price perception is the reason why someone makes a decision to buy. The results of this study are in accordance with Sari's (2018) research, price perception is one of the factors that can influence purchasing decisions. Of course, before buying a product, you will consider the price of the product with the benefits that will be obtained in the future, will benefit or even harm the consumers themselves, then the results of the study price perception has a positive effect on purchasing decisions.

#### **The influence of Brand Image on purchasing decisions**

Based on the results of hypothesis testing, it was found that brand image has a positive and significant effect on purchasing decisions. A positive and significant influence indicates that the improvement of Wall's ice cream brand image has an

influence on purchasing decisions. According to Kotler and Keller (2012: 768) brand image is a set of perceptions and beliefs owned by customers towards a brand which is reflected through associations that exist in customer memory. When a brand image has been able to build product character and provide a *value proposition*, then convey the character of the product to its customers uniquely, it means that the *brand* has provided emotional power more than the rational power possessed by the product. This will make customers associate positive things in their minds when they think of the brand. The results of Dike's research (2016) stated that brand image has an influence on purchasing decisions because the information a product has about the product and service quality already has a good brand image in the minds of consumer

## CONCLUSION

The research findings indicate several significant conclusions regarding the purchasing decisions of Wall's ice cream at Lotte Mart South Jakarta. Firstly, product differentiation demonstrates a positive and notable impact on purchasing decisions, suggesting that maintaining a high level of product differentiation will lead to an increase in ice cream purchases. Secondly, price perception also exhibits a positive and considerable influence on purchasing decisions, implying that enhancing positive price perceptions will contribute to higher purchase decisions. Thirdly, brand image significantly affects purchasing decisions, emphasizing that upholding a favorable corporate image will result in increased purchases of Wall's ice cream at Lotte Mart South Jakarta. Moreover, the study highlights that brand image holds the most substantial contribution in explaining purchase decisions, followed by price perception as the second contributor, and product differentiation as the third contributor in elucidating the purchase decision dynamics of Wall's ice cream at Lotte Mart in South Jakarta.

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