

# Product Quality, Brand Image on Purchasing Decisions through Purchase Intention of Private Label Products at Alfamart Outlets in Depok City Area

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## ABSTRACT

This study aims to analyze the relationship between product qualities, brand image on purchasing decisions through buying interest. In order for sales strategies conducted by Alfamart can also increase sales, reinforced with product quality and brand image. The result of the research used primary data in the form of questionnaire to 109 responder which is Alfamart customer who is shopping or have experience to buy private label product Alfamart with Structural Equation Modeling (SEM) method result show that there is no simultaneous relationship between brand image and purchase decision. There is a positive and significant influence between product quality and purchasing decision through buying interest indicating that higher product quality can increase buying interest so that purchasing decision will also increase.

Keywords: Product Quality, Brand Image, Purchase Decision, Buy Interest, Private Label.

## INTRODUCTION

In this era of increasingly tight business competition, companies are required to continue to innovate in order to continue to increase sales so as to gain profits for the company, one of the innovations carried out is the presentation of private label products, private labels are brands or products that are only available at certain retailers and are only sold. at the retailer's outlet. In Indonesia, private labels were introduced by retailer Hero with the Hero Save brand, Superindo with the Superindo brand, Giant with the First Choice brand and Alfamart with the Alfamart brand. This private label product is considered to be able to add alternative products for consumers and increase profits for retail companies. Meeting the needs and desires of consumers, retailers see a variety of consumers, namely consumers who are loyal to certain brands and consumers who are sensitive to the brand image of their products. Currently, private label products on average provide fast moving consumer goods products such as bottled water, tissue, cotton, rice, sugar and others.

Almost every retailer releases private label products to gain profits, one of which is Alfamart, Alfamart with its vision of becoming a retail distribution network a leading company owned by the wider community, oriented towards empowering small entrepreneurs, fulfilling consumer needs and expectations, and able to compete globally

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(alfamartku.com) presents Alfamart brand private label products with the A logo, the logo is clearly red. Of the many products owned by Alfamart, the following is sales data for April, May, June and July 2017. It was found that the number of private label sales was lower than the original brand.

## RESEARCH METHOD

This research uses quantitative research methods. The data collection technique in this research is by questionnaire. The population in this study were Alfamart customers who had purchased private label products. The sample in this study was 109 respondents who were located around the Alfamart area of Depok City. The sampling method uses non-probability sampling. The analysis technique used in this research is the Structural Equation Model (SEM) which is operated through the AMOS 21.0 program. The reason for using SEM is because SEM is a set of statistical techniques that allow measuring a relatively complex series of relationships simultaneously.

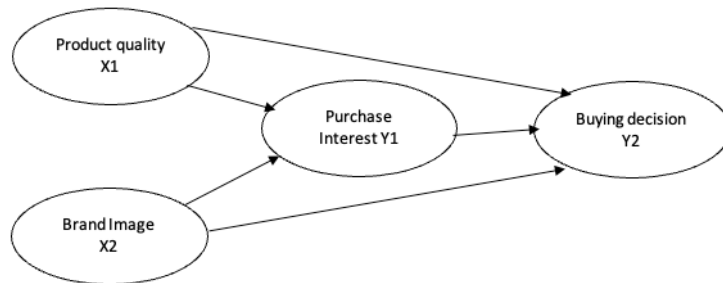


Figure 1. Theoretical Thinking Framework

## RESULTS AND DISCUSSION

### Test the Measurement Model

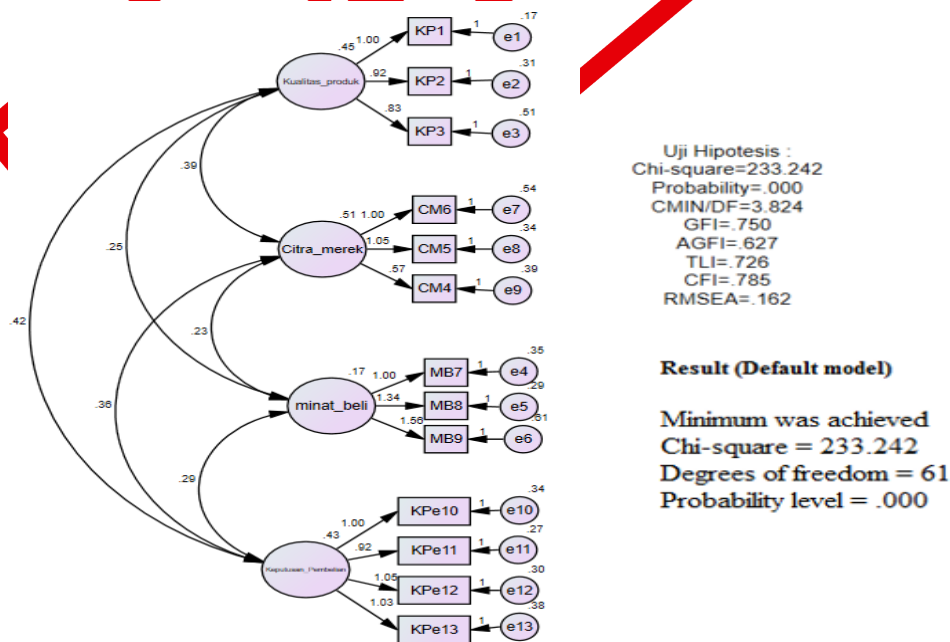


Figure 2. Test the Measurement Model

Testing the measurement model test, it can be confirmed if the data is declared normal, the data meets multivariate and the data is marginally fit. Figure 2 shows that this model is in accordance with the data or fits the data used in this research. Even though the Chi-Square value is quite large, namely 233.242, the Chi-Square value is affected by the degree of freedom value, which is 113. If the degree of freedom value is smaller, the Chi-Square value will decrease.

### Goodness-of-fit-Model Test Results

The goodness-of-fit criteria were previously proposed by Haryono et al (2012). Analysis of the results of data processing at the full SEM model stage was carried out by carrying out suitability tests and statistical tests. The goodness-of-fit model test results are explained in the table below:

**Table 2. Goodness of Fit Index**

Goodness of Fit Indeks	Cut-off Value	Nilai Model	Ket
Chi-Square (X2)	Semakin kecil semakin baik	233,242	
Probability	> 0.05	0,000	Poor fit
RMSEA	< 0.08	0,162	Poor fit
GFI	> 0.90	0,750	Marginal
AGFI	> 0.90	0,782	Marginal
CMIN/DF	< 2,00	3,824	Marginal
TLI	> 0.95	0,785	Marginal
CFI	> 0.95	0,725	Marginal

### Discriminant Validity & Reliability Test

To test the validity of SEM, it is known through the "Estimate" value. What is matched is the value of the variable to the indicator. Ghazali (2013) explains that the indicator of a variable is called valid if the "Estimate" value is > 0.05. Based on this information, it can be interpreted that all indicators are valid.

Standardized Regression Weights: (Group number 1 - Default model)

		Estimate
KP1	<--- Kualitas_produk	.853
KP2	<--- Kualitas_produk	.738
KP3	<--- Kualitas_produk	.613
MB7	<--- Minat_beli	.576
MB8	<--- Minat_beli	.716
MB9	<--- Minat_beli	.637
CM6	<--- Citra_merek	.694
CM5	<--- Citra_merek	.789
CM4	<--- Citra_merek	.542
KPe10	<--- Keputusan_Pembelian	.749
KPe11	<--- Keputusan_Pembelian	.761
KPe12	<--- Keputusan_Pembelian	.782
KPe13	<--- Keputusan_Pembelian	.738

Figure 3. Discriminant Validity & Reliability Test

### Structural Model Evaluation Testing

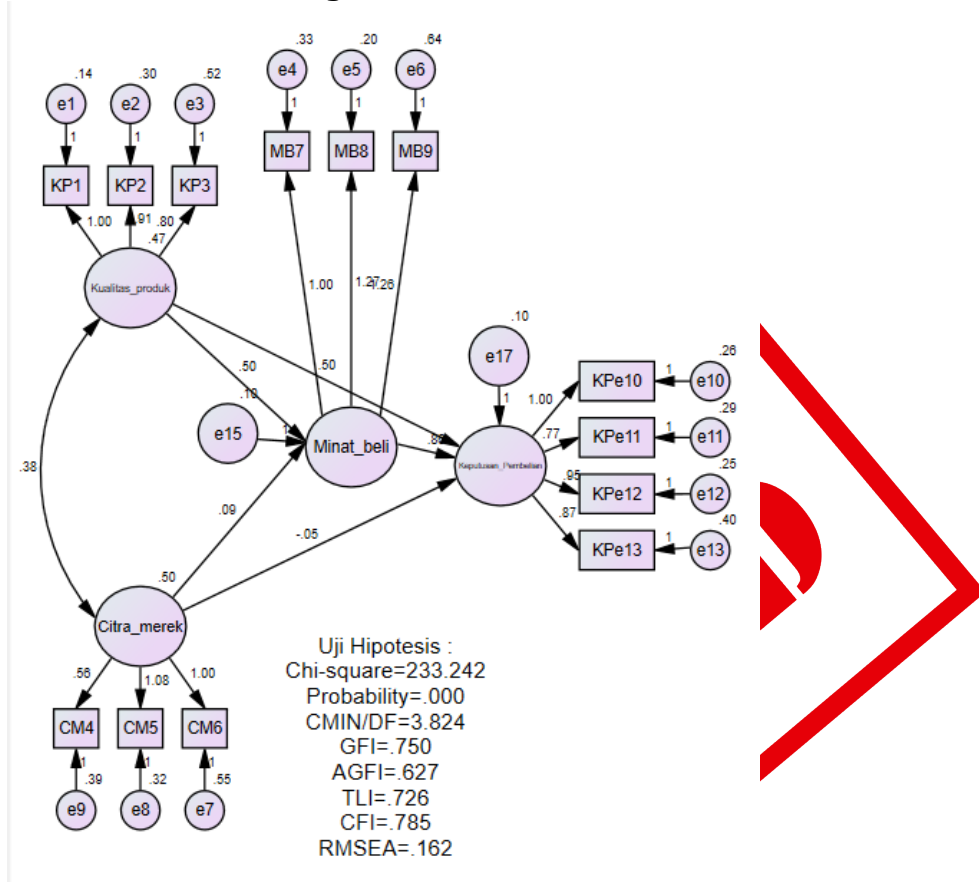


Figure 4. Structural Model Evaluation Testing

The structural model above shows a chi-square of 233.242 and a degree of freedom of 61. This shows that the CMIN/Df, RMSEA and TLI values are in accordance with the criteria. The CFI, GFI, and AGFI values are close to the recommended values, so the model is still worth continuing.

### Hypothesis Testing

Hypothesis testing in this research is based on the Critical Ratio (CR) value of a causal relationship which is as follows:

**Regression Weights: (Group number 1 - Default model)**

		Estimate	S.E.	C.R.	P	Label
Minat_beli	<--- Kualitas_produk	.496	.165	3.001	.003	par_10
Minat_beli	<--- Citra_merek	.091	.149	.609	.542	par_11
Keputusan_Pembelian	<--- Minat_beli	.861	.218	3.955	***	par_12
Keputusan_Pembelian	<--- Kualitas_produk	.502	.203	2.472	.013	par_13
Keputusan_Pembelian	<--- Citra_merek	-.049	.157	-.314	.753	par_14

Figure 5. Hypothesis Testing

#### 1. The Influence of Product Quality on Purchasing Decisions

Based on the research results, it is known that the influence of product quality on purchasing decisions has a CR value of 2.472 ( $p=0.013 > 0.005$ ). So  $H_0$  is rejected and  $H_a$  is accepted. This means that there is a positive influence between product

quality and purchasing interest. H1 There is an influence of purchasing interest on purchasing decisions

2. The Influence of Brand Image on Purchasing Decisions

Based on the research results, it is known that the influence of product quality on purchasing decisions has a CR value of 2.472 ( $p=0.013 > 0.005$ ). So  $H_0$  is accepted and  $H_a$  is rejected, meaning that there is an insignificant value between product qualities and purchasing decisions. H2 The influence of brand image on purchasing decisions is rejected.

3. The influence of product quality on purchase intention

Based on the research results, it is known that the influence of product quality on purchase interest has a CR value of 3.001 ( $p=0.003 < 0.005$ ). So  $H_0$  is rejected and  $H_a$  is accepted. This means that there is a positive influence between product quality and purchasing interest. H3, There is an influence of purchase interest on the quality of the product received.

4. Influence of Brand Image on Purchase Intention

Based on the research results, it is known that the influence of brand image on buying interest has a CR value of 0.609 ( $p=0.542 > 0.005$ ). So  $H_0$  is accepted and  $H_a$  is rejected, meaning that there is an insignificant value between brand image and buying interest. H4 There is an influence of brand image on purchase intention and is rejected.

5. Influence of Purchase Interest on Purchase Decisions

Based on the research results, it is known that the influence of buying interest on purchasing decisions has a CR value of 3.955 ( $p=0.000 > 0.005$ ). So  $H_0$  is rejected and  $H_a$  is accepted, meaning that there is a positive influence between buying interest and purchasing decisions. H5 There is an influence of Purchase Interest on Purchase Decisions accepted

6. The influence of product quality on purchasing decisions through purchase intention

To answer this hypothesis, it can be seen from the mediation test. Based on the research results, it is known that the influence of product quality with a value of 0.9 has a significant effect on purchasing decisions, as well as purchasing interest and influence on purchasing decisions. In the mediation test, it was proven that the value of product quality on purchasing decisions was 0.9 and the value of product quality on purchase intention decreased by 0.5 and was significant, so that the purchase interest variable qualified as an intermediary variable. H6 The influence of product quality on purchasing decisions through purchasing interest is accepted.

7. The influence of brand image on purchasing decisions through purchase intention

Based on the results of simultaneous indirect effect estimation, research shows that the influence of brand image on purchase intention is not significant. The coefficient value of the brand image variable is -0.05, so H7 The influence of brand image on purchasing decisions through purchase intention is rejected.

## CONCLUSION

Based on the research conducted, it can be concluded that product quality has a positive and significant effect on purchasing decisions. This means that if the product quality is better, purchasing decisions will also increase. Apart from that, Brand Image has a negative effect on Purchasing Decisions. In this case, the brand image of Alfamart's private label products does not have much influence on purchasing decisions. The results of this study are not in accordance with the hypothesis proposed in this study. Then,

product quality has a positive and significant effect on purchasing interest. Good product quality can increase customer buying interest in purchasing Alfamart private label products. Apart from that, Brand Image has a negative effect on Purchase Intention. This means that brand image has less influence on purchasing decisions and interest in purchasing Alfamart private label products. The results of this study are not in accordance with the hypothesis proposed in this study. Then, Purchase Interest has a positive and significant effect on Purchase Decisions. If purchasing interest is high, the quicker customers will decide to purchase Alfamart private label products. This research also found that product quality has a positive and significant effect on purchasing decisions through purchase intention. It has been mentioned previously that product quality also has a positive and significant influence on purchasing decisions, but it also influences purchasing interest. It was proven after carrying out the mediating variable testing procedure, purchasing interest was a partial mediating variable on product quality and purchasing decisions. The higher the quality of the product will influence the increase in buying interest, so it will also influence the increase in purchasing decisions. Other research also shows that brand image has a significant negative effect on purchasing decisions through purchase intention. As previously explained, brand image has no significant effect on purchasing interest and purchasing decisions. It can be interpreted that brand image does not contribute much to the variables of buying interest and purchasing decisions (contribution value is negative).

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