

EFFECT OF PRODUCT QUALITY BRAND IMAGE TOWARDS PURCHASING DECISION WITH TRUST AS AN INTERVENING VARIABLE

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Abstract

This paper proposes a research to analyze empirical effect of the quality of product and brand image towards purchasing decision with trust as an intervening variable. This research is conducted in Jakarta involving 160 users of Lazada, this study uses purposive sampling, as the sampling method. The data is analyzed using smartPLS, SEM based analysis tool. The result shows that partially product quality has no significant effect towards purchasing decision and so does trust, however brand image has significant effect towards purchasing decision. Subsequently, product quality affects trust, brand image doesn't. Both of product quality and brand image has no significant impact towards purchasing decision though trust. This happened because most online shoppers are stimulated by the brand image not trust. Brand identity, brand ambassadors, and engaging advertising are the advantages which Lazada lack of that competitors have. This study prompts to put additional effort to convince consumers, in this case users of Lazada, through defining image of the brand by utilizing fanbase and entertainment approach to marketing.

Keywords: Product Quality; Brand Image; Purchasing Decision and Trust.

Introduction

In the era of globalization, the internet has grown rapidly and progressively developed into something so indispensable regarding with our lives. This technology has helped so many with loads of benefits particularly in the scope of social, economic, and culture. Back there, the internet was used just to search for information, thus nowadays the internet is used on many things, such as to run business online (Sudjarmika, 2017).

The advancement of technology and information has created a strong competition and made many people to race not to miss the opportunity. Especially, if they want their business to last and survive. By using the internet running business has never been easier. The internet connects millions or even billions of users worldwide. Alongside functions as media for information and communication, the internet has been birthing new marketplace with immense and limitless network.

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One of the most popular marketplace in Indonesia is Lazada. Lazada is an international e-commerce company from Singapore and one of the largest in Southeast Asia. Lazada features a platform with zero-cost transaction for both seller and buyer. Lazada also features a secure joint account system.

Table 1. Top 10 eCommerce in Indonesia Q4 2021

No	E-commerce Brand	Total Monthly Visitor
1	Tokopedia	157 million
2	Shopee	139 million
3	Lazada	28 million
4	Bukalapak	26 million
5	Orami	17 million
6	Blibli	16 million
7	Ralali	6 million
8	Zalora	3 million
9	JD ID	3 million
10	Sociolla	2 million

Source: Goodstats, 2022

From the table above, Lazada is in the third position in the terms of traffic. Even though Lazada is nearly at the top, but the different in numbers is actually pretty huge. Tokopedia and Shopee is close to each other. Traffic in marketplace may indicate the number of sales. In this study the point of interest is the purchasing decision. What are the main reasons why people choose Shopee instead of Lazada, which factors cause it.

This creates the idea of this study which is a question of what really affects someone in their mind to finally decide to buy something. There are a lot of factors which determine the decision of a purchase. Management and business owner must understand and plan a strategy to win the consumers over.

One of the main factors is trust. Trust comes from reliability, truth of something that someone believe to be. Trust needs to be involved between buyer and seller or else no purchase is going to happen. If trust is already there, it's crucial for the company to preserve it. From (Herwin & Abadi, 2018) point of view, consumer's trust arises from a constant perception from the consumer all over again. Consumer's trust is so predominant because it would influence dan compel the consumer to eventually purchase the product. Consumer's trust may emerge from several aspects, such as the quality of the products sold and the brand image displayed in the mind of people.

Product quality has become the main interest and attention in the process of creating product. Consumer surely to aim higher quality product when shopping. Company or business owner has to be able to maintain that quality or even enhance its quality. In this study, the higher quality product means the marketplace itself. The feature, the accessibility of an e-commerce would surely attract more users, to spend their cash on. With higher quality product, company may have more chance to dominate the market share (Abi, 2020). The better the quality of a product sold the better the chance the consumers are going to purchase.

The next factor is brand image. Brand image is what consumer thinks and feels when hearing or seeing the name of certain brand (Nabila, 2020). Brand with positive image, would attract more consumers, and ensure more purchase from the consumers (Saputro, 2021) explained that the stronger a brand image in the back of consumer's mind the stronger consumer's confidence to decide a purchase product from that brand.

This research emerges because there are conflicting results between the studies so far showed that product quality has a positive impact towards purchasing decision. Meanwhile, according to (Nabila, 2020) product quality doesn't significantly affect purchasing decision. Therefore, contrasting from (Budiyanto, 2016) which showed that product quality doesn't affect to purchasing decision. Said that brand image negatively and insignificantly affecting purchasing decision. So does who mentioned that brand image doesn't affect significantly towards purchasing decision. Research by (Saputro, 2021) proposed the idea that brand image has a positive and significant effect with purchasing decision. Research of had proven that bahwa trust could mediate between product quality and purchasing decision. Research from (Nabila, 2020) stated that trust could mediate brand image towards purchasing decision.

Continuing from the results above this study aim to test the effect of quality product and brand image through trust as an intervening variable towards purchasing decision (empirical study of Lazada).

Research Method

Explanatory research is the one used for this study, which is to explore why something occurs, in addition to understand the pattern of a causal relationship between variables (Rusnaeni et al., 2023). This research population is all Lazada's user. The sample is 160 respondents of Lazada's user. The following is a list of variables and indicators for this study:

Table 2. Operational Variables

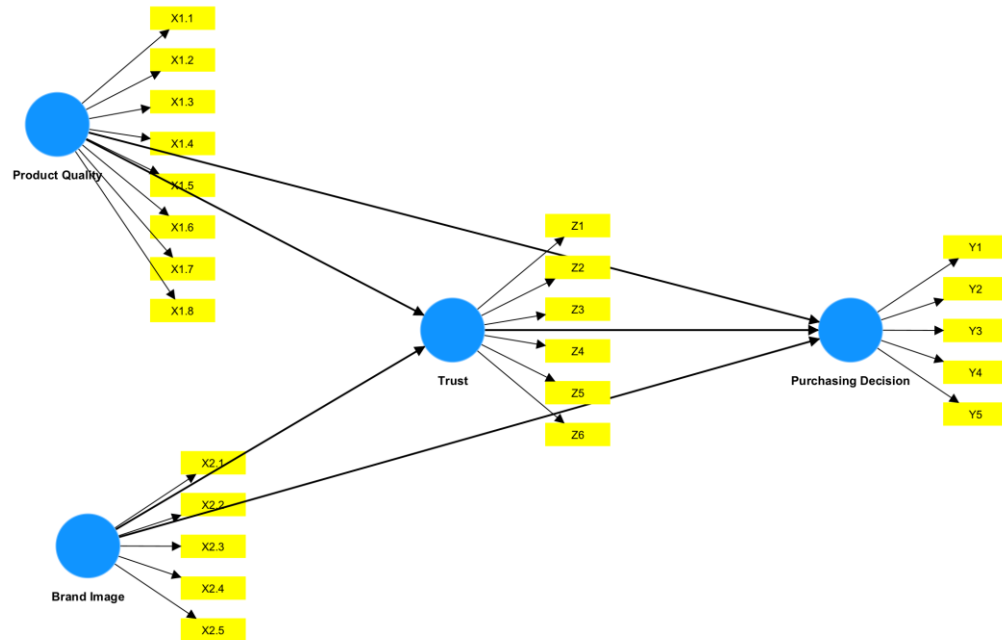
Variable	Question of Indicator	Source
Product Quality (X1)	1. Lazada has a good performance	Tjiptono (2019:76 77)
	2. Features in Lazada are helpful	
	3. Products sold in Lazada is high quality	
	4. Product description helps me understand the product	

	5. Products sold in Lazada has a good endurance	
	6. Warranty system in Lazada is working as expected	
	7. Photo of the product uploaded is corresponding with the real product	
	8. Product's review is consistent with the result	
Brand Image (X2)	1. I want to shop in Lazada because it's an international brand	(CENDANA, 2017)
	2. The advertisements of Lazada sticks in my mind	
	3. Lazada is known to have a good fashion goods	
	4. Lazada's logo is memorable	
	5. Lazada is a competent brand	
Trust (Z)	1. I trust Lazada is secure	Kotler & Keller (2016) and
	2. I trust Lazada sells excellent product	(Oliveira et al., 2017)
	3. I trust Lazada's information is accountable	
	4. I trust Lazada is honest with their customer	
	5. I trust my information in Lazada won't be exploited	
	6. I trust shopping in Lazada will not disappoint me	
Purchasing Decision (Y)	1. I have high intention shopping in Lazada	(Dastane, 2020)
	2. Someone recommends me to shop in Lazada	
	3. I will recommend Lazada to my friends	
	4. I will purchase in Lazada in the future	
	5. I intend to purchase in Lazada more than other brands	

Source: Previous research

Data analysis method used in this research is quantitative with primary data. Data is spread in the form of questionnaire. The data collected is translated in likert scale 1-5, which ranges from highly agree to highly disagree. Tests used in this research are validity and reliability test applied using Stuctural Equation Modeling (SEM) on SmartPLS (version 3.2.7. PLS). Figure below is the equation model presented using PLS:

Effect of Product Quality Brand Image Towards Purchasing Decision With Trust as an Intervening Variable



$$PD = \beta_0 + \beta_1 PQ + \beta_2 BI + \epsilon$$

$$PD = \beta_0 + \beta_3 PQ + \beta_4 BI + \beta_5 T + \beta_6 PQ * T + \beta_7 BI * T + \epsilon$$

Where:

- PD = Purchasing Decision
- PQ = Product Quality
- BI = Brand Image
- T = Trust
- β_0 = Constant
- β_{1-7} = Beta Coefficient
- ϵ = Error (10%)

Results And Discussion

A. Validity Test

Convergent validity refers to how closely the new scale is related to other variables and other measures of the same construct. To fulfill the convergent validity, the loading factor of indicators must be greater than 0,7. Here is the result of outer loading for each variable's indicators on PLS:

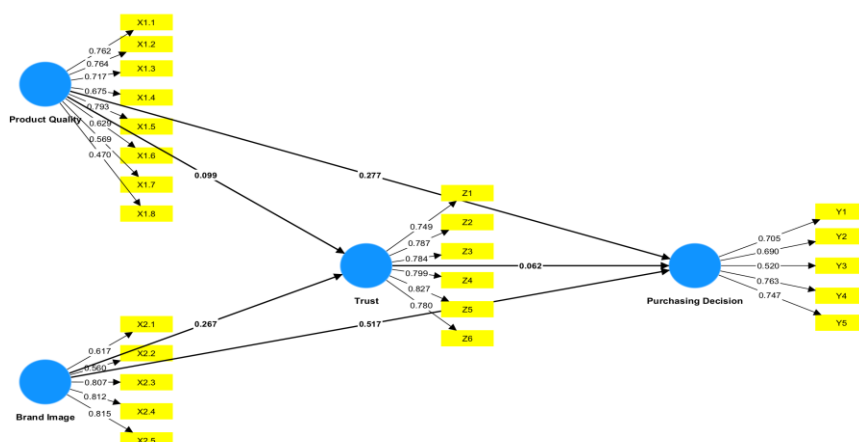


Figure 3. Indicator's Outer Loading

Source : Smart PLS

Based on the figure above, there are some indicators with value outer loading factor under 0,7. To summarize, check table below:

Table 2. Outer Loading Tables

Variables	Indicator	Loading Factor	Description
Product Quality (X1)	X1.1	0,762	Valid
	X1.2	0,764	Valid
	X1.3	0,717	Valid
	X1.4	0,675	Invalid
	X1.5	0,793	Valid
	X1.6	0,629	Invalid
	X1.7	0,569	Invalid
	X1.8	0,470	Invalid
Brand Image (X2)	X2.1	0,617	Invalid
	X2.2	0,560	Invalid
	X2.3	0,807	Valid
	X2.4	0,812	Valid
	X2.5	0,815	Valid
Purchasing Decision (Y)	Y1	0,705	Valid
	Y2	0,690	Invalid
	Y3	0,520	Invalid
	Y4	0,763	Valid
	Y5	0,747	Valid
Trust (Z)	Z1	0,749	Valid
	Z2	0,787	Valid
	Z3	0,784	Valid

Effect of Product Quality Brand Image Towards Purchasing Decision With Trust as an Intervening Variable

Z4	0,799	Valid
Z5	0,827	Valid
Z6	0,780	Valid

Source: SmartPLS

Due to convergent validity, thus all the indicators with loading factor under 0,7 must be omitted. This include X1.4, X1.6, X1.7, X1.8, X2.1, X2.2, Y2, and Y3. After omitting these indicators, the calculation must be run once more. Here is the result:

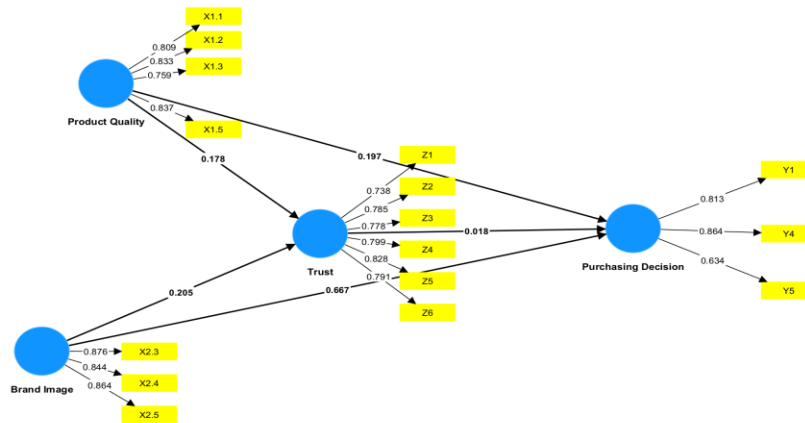


Figure 4. Indicator's Outer Loading after Omission

Source: SmartPLS

Concerning to convergent validity, there's still one indicator is invalid; thus, Y5 must be omitted. After the second omission here is the result:

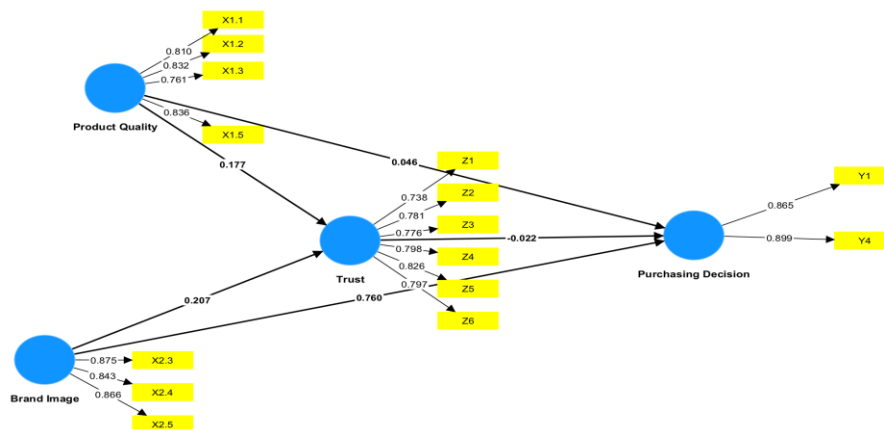


Figure 5. Indicator's Outer Loading after Second Omission

Source: SmartPLS

Acquired from the figure above, the outer loadings of the indicators in the third run have been qualified the convergent validity whereas all the value is greater than 0,7.

B. Reliability Test

Reliability refers to how dependably or consistently a test measures a characteristic. In research, a variable could be assumed as reliable if the composite reliability is greater than 0,7. Subsequently, this is the result table of the reliability test for each variable:

Table 3. Reliability Test

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average Variance Extracted (AVE)
Product Quality (X1)	0,827	0,837	0,896	0,742
Brand Image (X2)	0,825	0,827	0,884	0,656
Purchasing Decision (Y)	0,717	0,726	0,876	0,779
Trust(Z)	0,879	0,909	0,907	0,619

Source: SmartPLS

Going from the result above, it could be presumed that composite reliability score of each variable is greater than 0.7. Thus, the indicators for each variable used in this research are reliable.

C. Inner Model

R-square is a coefficient of determination, which means a proportion of the variation in the dependent variable that is predictable from the independent variable. Here is the table of R-square analyzed by SmartPLS:

Table 4. R Square

Variable	R-square	R-square adjusted
Purchasing Decision (Y)	0,605	0,598
Trust (Z)	0,112	0,101

Source: SmartPLS

Regarding to the table above, R-square for purchasing decision is 0,605, denoting that 60,5% of the decision in purchasing could be explained by the quality product, brand image and trust, however the rest of the portion, which is 39,5% of the decision could

not be found in this research. Meanwhile the R-Square for trust is 0,112, which implies 11,2% of consumer's trust could be explained by the quality product and brand image. Consequently, this model is tolerable to determine the purchase decision, but inadequate to determine the trust.

D. Hypothesis Testing

Table 5. Hypothesis Testing

Hypothesis	Variables	Path coefficient	T- statistic	P value	Description
H1	Product Quality -> Purchasing Decision	0,046	0,785	0,216	Not Significant
H2	Brand Image -> Purchasing Decision	0,760	16,142	0,000	Significant**
H3	Trust -> Purchasing Decision	-0,022	0,365	0,358	Not Significant
H4	Product Quality -> Trust	0,177	1,516	0,065	Significant*
H5	Brand Image -> Trust	0,207	2,256	0,012	Significant**
H6	Product Quality -> Trust -> Purchasing Decision	-0,004	0,310	0,378	Not Significant
H7	Brand image -> Trust -> Purchasing Decision	-0,005	0,302	0,381	Not Significant

Hypothesis testing is used to assess the plausibility of a hypothesis. In this research, by using P-value with significance level of 0,05. Here is the figure and the table:

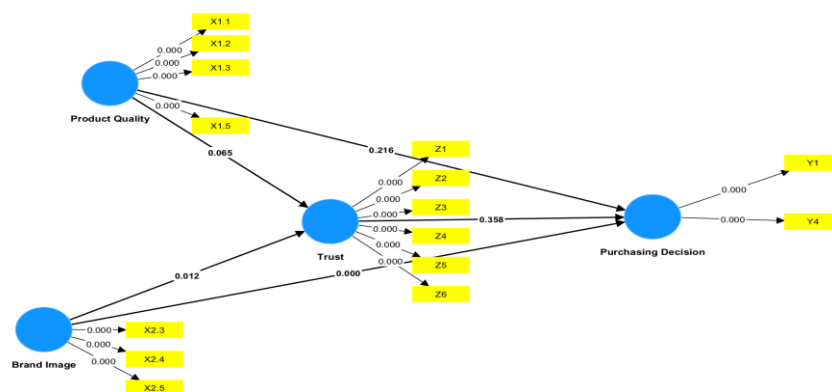


Figure 5. Coefficients and P-Values

Source: SmartPLS

Table 5. Path Coefficients (Mean, STDEV, P-Values)

**Significant at level 5%, * Significant at level 10%

Source: SmartPLS

1. The Effect of Product Quality towards Purchasing Decision

In accordance with tables above, product quality is not significant towards purchasing decision. It was explained by 0,216 p value, which is greater than 0,05 significant value. The path coefficient value of product quality is 0,046, indicating that when the product quality increases by 1, the purchasing decision would increase as much 0,046. This study conflicts with other studies which implied that product quality has significant impact towards purchasing decision. This research has a conflicting result with (Farizki, 2020).

The Effect of Brand Image towards Purchasing Decision

In accordance with tables above, brand image is significant towards purchasing decision. It was explained by 0,000 p value, which smaller than 0,05 significant value. The path coefficient value of brand image is 0,760, indicating that when the product brand image increases by 1, the purchasing decision would increase as much 0,760. This study matches with other studies which implied that brand image has significant impact towards purchasing decision. This research is corresponding with (Purba & Limakrisna, 2017).

2. The Effect of Trust towards Purchasing Decision

In accordance with tables above, trust is not significant towards purchasing decision. It was explained by 0,358 p value, which greater than 0,05 significant value. The path coefficient value of trust is -0,022, indicating that when the trust increases by 1, the purchasing decision would decrease as much 0,022. This study

conflicts with other studies which implied that trust has significant impact towards purchasing decision. This research has a conflicting result with (Tümer et al., 2019). The Effect of Product Quality towards Trust In accordance with tables above, product quality is moderately significant towards trust. It was explained by 0,065 p value, which smaller than 0,1 significant value. The path coefficient value of brand image is 0,177, indicating that when the product brand image increases by 1, the purchasing decision would increase as much 0,177.

3. The Effect of Brand Image towards Trust

In accordance with tables above, brand image is significant towards trust. It was explained by 0,012 p value, which smaller than 0,05 significant value. The path coefficient value of brand image is 0,207, indicating that when the product brand image increases by 1, the purchasing decision would increase as much 0,207.

The Effect of Product Quality towards Purchasing Decision through Trust

In accordance with tables above, product quality has no significant impact towards purchasing decision through trust. It was explained by 0,378 p value, which is greater than 0,05 significant value. The path coefficient value of product quality is -0,004, indicating that when the product quality increases by 1, the purchasing decision would decrease as much 0,004. This study conflicts with other studies which implied that product quality has significant impact towards purchasing decision through trust. This research has a conflicting result with (Celeste, 2017)

The Effect of Brand Image towards Purchasing Decision through Trust

In accordance with tables above, brand image has no significant impact towards purchasing decision through trust. It was explained by 0,381 p value, which is greater than 0,05 significant value. The path coefficient value of product quality is -0,005, indicating that when the product quality increases by 1, the purchasing decision would decrease as much 0,005.

Conclusion

Following to the results and discussion through perceived and empirical analysis of the effect of product quality, brand image through trust towards purchasing decision. First of all, product quality doesn't affect purchasing decision but it does with trust. The problem here trust doesn't affect purchasing decision. Regardless, whether the quality and brand wouldn't affect purchasing decision through trust. It seems like trust alone wouldn't help in deciding whether you would buy a product from Lazada or not. Interestingly, brand image does affect substantially towards purchasing decision. Brand image is the main goal here. That's why most competitors would spend their budgets for brand ambassador such as BTS for Tokopedia and Blackpink for Shopee. Currently Lazada has none, nowadays brand image is controlled by illusion of prestige and power of fanbase. Apparently, not some but many

are attracted by it. I think Lazada suffers from the lack of identity itself, lack of engaging advertising.

If I could mention the what else could be studied for further research in term of what affects the purchasing decision, I think it's price since Indonesian shoppers are price sensitive, and the second is remarketing, in the matter of how repeated advertisement slowly infecting your mind to finally decide to purchase.

The limitation on this study is comes from the data collection method. Questionnaire may not give the best result. There is an assumption that the respondent could be biased, perhaps indifferent and not in line with goal of this research.

In conclusion, there is a suggestion for e-commerce, in this case it's Lazada or other online businesses owners. From this study, brand image is the most important determining factor of deciding whether to purchase. Remind the shoppers what is your identity, what is your specialization. If it is fashion, go make a stunning fashion ad, with distinguished ambassadors such as idols, models, influencers, etc. People these days, don't really trust any brand they just go with it. The more hyped the better, the more popular the better, everything changes so fast and trust is too perpetual.

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