

THE EFFECT OF PRODUCT QUALITY AND PRICE ON PURCHASING DECISIONS FOR MITSUBISHI XPANDER CARS WITH BRAND IMAGE AS AN INTERVENING VARIABLE AT PT. SARDANA INDAH BERLIAN MOTOR MEDAN

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ABSTRACT

Today, rapid developments are taking place in the automotive world where competition between car manufacturers is heating up so that all dealers are competing to market their products as much as possible, including PT. Sardana Indah Berlian Motor which oversees the MITSUBISHI brand. This study aims to determine the effect of product quality and price on purchasing decisions for Mitsubishi Xpander cars with brand image as an intervening variable at PT Sardana Indah Berlian Motor. This study uses a quantitative associative method with a Path Analysis analysis tool. The sampling technique used is employee purposive sampling technique. Respondents selected were customers who were interested in buying products or had knowledge of these products at PT Sardana Indah Berlian Motor, totaling 91 people. The instrument used was a questionnaire to collect data from the variables of product quality, price, brand image and purchasing decisions. The results of descriptive analysis for Product Quality, Price, Brand Image and Purchasing Decisions at PT Sardana Indah Berlian Motor are in the good category. Based on Path analysis, product quality and price have a positive influence on Purchasing Decisions through Brand Image at PT. Sardana Indah Berlian Motor. The contribution of the product quality, price and brand image variables explains the purchase decision variable by 85.0%, while the remaining 15% is explained by other variables not included in this study.

Keyword: *Product Quality, Price, Brand Image and Purchasing Decisions*

INTRODUCTION

The automotive industry is one of the industries that is growing rapidly due to the need for transportation facilities, whose development is supported by the increase in road facilities and the increase in people's income. This understanding puts cars no longer a necessity for the upper middle class, but also as one of the main needs. This is an opportunity utilized by car manufacturers by issuing various types and brands in Indonesia.

Currently, there are many car brands on offer, some brands that are well known by many people and have flooded the market in Indonesia are Toyota, Daihatsu, Honda, Suzuki and Mitsubishi. This research was conducted at PT Sardana Indah Berlian Motor, better known as "Sardana Berlian", which is a MITSUBISHI brand car dealer in Medan City, North Sumatra. In order to continue to compete with other companies and increase sales, PT Sardana Indah Berlian Motor Medan must demonstrate its ability to meet market demands. Of the several types of cars produced by the MITSUBISHI Brand, the author focuses on the MITSUBISHI Xpander car.

The following is the sales data of the MITSUBISHI Xpander model car unit from PT. Sardana Indah Berlian Motor Medan in 2022.

Table 1.1

Mitsubishi Xpander Car Sales Data in 2022

Month	Car Sales Target (unit)	Sales Realization (unit)
January	120	133
February	120	98
March	110	85
April	100	81
May	100	75
June	120	93
July	110	90
August	100	65
September	90	55
October	90	60
November	110	81
December	120	95

Source: PT Sardana Indah Berlian Motor Medan

Table 1.1 shows data on sales of Mitsubishi Xpander brand cars at PT. Sardana Indah Berlian Motor Medan in January managed to meet the sales target of 120 units with sales realization of 133 units, due to a big discount promo (warehouse wash promo) to spend the remaining stock units in 2021. But unfortunately in the next month until December no one managed to meet the sales target. Seeing this condition, it can be concluded that PT Sardana Indah Berlian Motor Medan is having difficulty selling Mitsubishi Xpander brand cars.

Purchasing decision is an action taken by consumers to buy a product. Actually, there are many factors that influence purchasing decisions, but in today's car sales competition, the Mitsubishi brand tends not to be excellent, presumably because consumers do not understand the product quality of the brand of goods to be purchased.

Basically, product quality is one of the important factors in running a business. Product quality is a physical condition, properties and functions of a product, be it a product of goods or a service product, based on a quality level that is adjusted to durability, reliability, and ease of use, suitability, repair and other components made to meet customer satisfaction and needs. Every company must innovate to be able to continue to improve the quality of its products in developing products offered to consumers and continue to update the technology used by the company. Companies are expected to be able to create products that have quality according to market needs.

According to the opinions of customers, there are several shortcomings regarding the quality of Mitsubishi Xpander car products, the most frequent of which are the headlights of the car are less bright, the suspension leaks, the engine RPM goes up and down, the front wheels feel swaying, the steering wheel and pedals vibrate at high speed, etc.

To support the sale of Mitsubishi Xpander Cars, pricing activities are carried out to introduce Mitsubishi Xpander products to potential buyers. Of course, the price carried out is in accordance with the budget at the Mitsubishi dealer. The sales team regularly holds prices in the form of advertisements, both in print and electronic media. Through optimal pricing, consumers can be more familiar and interested in business products. In this activity, the company must be able to change consumer perceptions to be positive about the business. To do so, there are many pricing techniques both manually through face to face promotion to online pricing which is now growing rapidly. This price is done to communicate information about their products and influence consumers to buy them. Price as an effort to introduce products and services so that they can be recognized and accepted by the public. There are several types of prices, namely: advertising, personal selling, sales prices, publicity, and direct marketing. Several types of prices are an inseparable part of marketing itself, so that without their existence marketing cannot run at all. But in reality, the price carried out by the Medan branch of the Mitsubishi car dealer is unable to drive sales.

Factors that influence sales are Brand Image, Image is the public's perception of the company or its products. A

good image of the product will benefit the company, because consumers will unconsciously recommend the product to others. Conversely, a bad image about the product will make consumers spread the bad information to others. However, in reality, low prices can backfire on Mitsubishi brand owners, where potential customers assume that a low price means that the quality is not good.

Based on the background described above, the researcher is interested in conducting research with the title "The Effect of Product Quality and Price on Purchasing Decisions for Mitsubishi Xpander Cars with Brand Image as an Intervening variable at PT. Sardana Indah Berlian Motor Medan."

MATERIALS & METHODS

Testing the Coefficient of Determination (R2)

Testing the Coefficient of Determination (R2), used to measure how far the model's ability to explain variations in the dependent variable. The coefficient of determination ranges from zero to one. A smaller R2 value close to zero indicates that the ability of the independent variables to explain the dependent variable is very limited, if R2 gets bigger close to 1, it indicates that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

RESULT

Descriptive Statistical Analysis

Table 1.2 Descriptive Statistical

PRODUK QUALITIES
PRICE
BRAND IMAGE
BUYING DECISION
VALID N

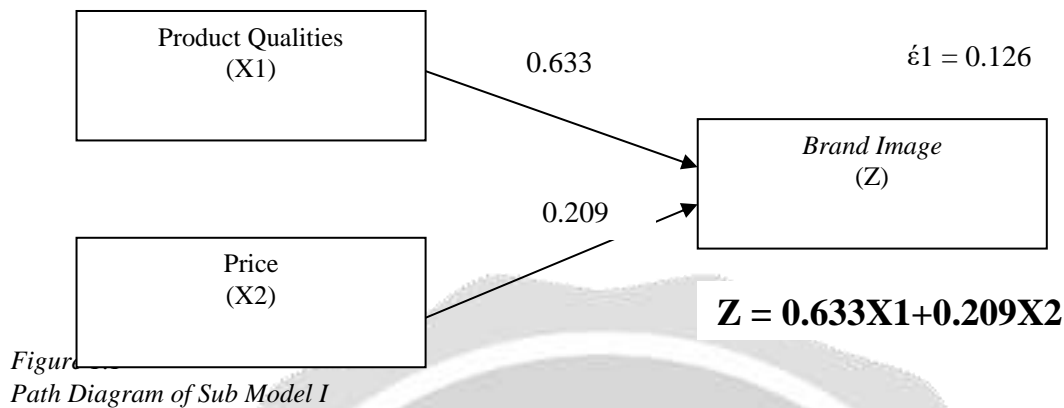
Source: SPSS data, 2023

1. Product Quality Variable (X1), from the data it can be described that the minimum value is 15 while the maximum value is 30 and the average Product Quality is 22.4066. The Standard Deviation of Product Quality data is 3.49914.
2. Price Variable (Y), from these data it can be described that the minimum value is 14 while the maximum value is 29 and the average Product Quality is 22.1978. The Standard Deviation of Price data is 3.51574.
3. Brand Image (Z) variable, from these data it can be described that the minimum value is 18 while the maximum value is 34 and the average Product Quality is 25.8132. The Standard Deviation of Brand Image data is 3.58054.
4. Purchasing Decision Variable (Y), from these data it can be described that the minimum value is 15 while the maximum value is 30 and the average Product Quality is 22.3407. Standard Deviation of Purchasing Decision data is 3.58149.

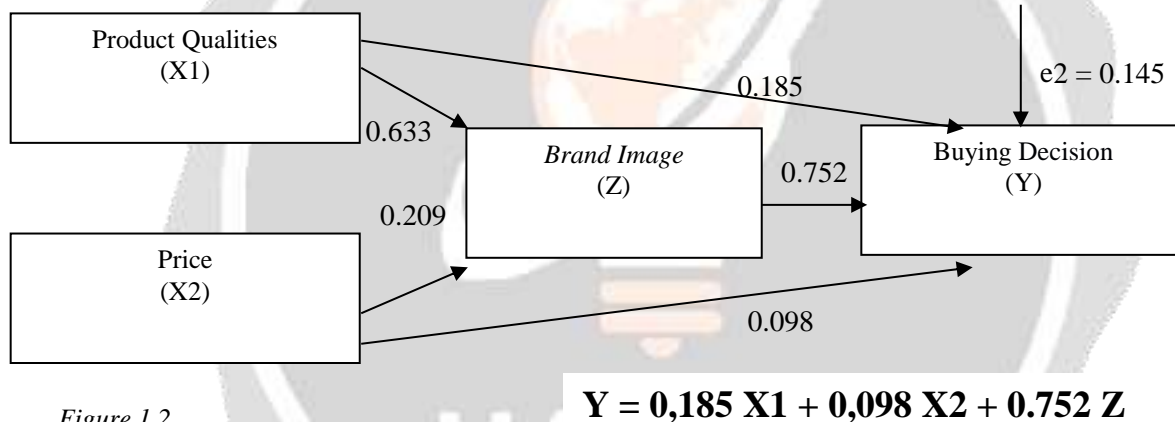
Results of Path Analysis Sub Model I

Referring to the regression output of Sub Model I, it can be seen that the significance value of the two variables, namely Product Quality (X1) = 0.000 and Price (X2) = 0.004. These results provide the conclusion that the Sub Model I regression, namely the Product Quality variable (X1) has a significant effect on Brand Image (Z), and the Price variable (X2) has a significant effect on Brand Image (Z). The amount of R2 or R Square value contained in the table. Model Summary is 0.874. This shows that the contribution or contribution of the influence of the Product Quality (X1)

and Price (X2) variables to the Brand Image (Z) variable is 87.4%, while the remaining 12.6% is the contribution of other variables not included in the study. Meanwhile, the value of e1 can be found using the formula $e1 = (1-0.874) = 0.126$. Thus the structure model I path diagram is obtained as follows:



Results of Path Analysis of Sub Model II



The results of the analysis show that the direct effect given by Product Quality (X1) on Purchasing Decisions (Y) is 0.185. Meanwhile, the indirect effect of product quality (X1) on Purchasing Decisions (Y) through brand image (Z) is $0.633 \times 0.752 = 0.476$. So the total effect given by the Product Quality variable (X1) on Purchasing Decisions (Y) is the direct effect plus the indirect effect, namely $0.185 + 0.476 = 0.661$. Based on the results of the above calculations, it can be seen that the direct effect value is 0.185 and the indirect effect is 0.476, which means that the direct effect value is smaller than the indirect effect. These results indicate that indirectly the Product Quality variable (X1) through Brand Image (Z) has a significant influence on Purchasing Decisions (Y).

Table 1.3
Total Influence Value

Numbers	Effect	Direct Effect	Indirect Effect	Total Effect
1.	X1→Y	0,185	$0,633 \times 0,752 = 0,476$	0,661
2.	X2→Y	0,098	$0,209 \times 0,752 = 0,157$	0,255

The results of the analysis show that the direct effect given by the Price variable (X2) on Purchasing Decisions (Y) is 0.098. While the indirect effect of the Price variable (X2) on Purchasing Decisions (Y) through Brand Image (Z) is $0.209 \times 0.752 = 0.157$. So the total effect given by the Price variable (X2) on Purchasing Decisions (Y) is the direct effect plus the indirect effect, namely $0.098 + 0.157 = 0.255$. Based on the results of the above calculations, it can be seen that the direct effect value is 0.098 and the indirect effect is 0.157, which means that the direct effect value is

smaller than the indirect effect. These results indicate that indirectly the Price variable (X2) through Brand Image (Z) has a significant effect on Purchasing Decisions (Y).

Hypothesis Test of Sub Model I

Table 1.4
Hypothesis Test Results Sub Model I

Model		Coefficients ^a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	8.435	1.676		5.033	.000
	Product Qualities	.571	.064	.633	8.909	.000
	Price	.216	.073	.209	2.942	.004

a. Dependent Variable: Brand Image

Source: SPSS data, 2023

In table 1.4, the t statistical test is obtained, as follows:

1. Product Quality Variable (X1) with a probability level of 0.000. Thus it can be concluded that $P = 0.000 < \alpha = 0.05$, accept the hypothesis that the Product Quality variable has a significant effect on the Brand Image variable.
2. Price variable (X2) with a probability level of 0.004. Thus it can be concluded that $P = 0.004 < \alpha = 0.05$, accept the hypothesis that the Price variable has a significant effect on the Brand Image variable.

Thus the path analysis equation can be arranged as follows:

$$Z = 0,633 X1 + 0.209 X2$$

The analysis equation model is meaningful:

- 1) Product Quality Variable (X1) = 0.633. The positive Product Quality variable means that it has a unidirectional effect, which means that each addition or increase in the value of one unit of Product Quality score will increase the value of the Brand Image variable by 0.633 per one unit score.
- 2) Price Variable (X2) = 0.209. The price variable with a positive sign means that it has a unidirectional effect, which means that each addition or increase in the value of one unit score of the Price variable will increase the value of the Brand Image variable by 0.633 per one unit score.

Table 1.5
Determination Coefficient Test Results (R2) Sub Model I

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935 ^a	.874	.872	1.28317

a. Predictors: (Constant), price, product qualities

Source: SPSS data, 2023

The result of the calculation of the R Square value is 0.874. This means that 87.4% of Brand Image can be explained by the two independent variables above, while the remaining 12.6% is explained by other variables not included in this study.

Hypothesis Test of Sub Model II

Table 1.6
Hypothesis Test Results Sub Model II

Model		Coefficients ^a		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients	Std. Error			
21469						

		B	Std. Error	Beta		
1	(Constant)	-2.248	.891		2.524	.013
	Product Qualities	.162	.040	.185	4.014	.000
	Price	.098	.036	.098	2.693	.008
	Brand Image	.733	.046	.752	15.859	.000

A. Dependent Variable: Buying Decision

Source: SPSS data, 2023

In the table, the t statistical test is obtained as follows:

- 1) Product Quality Variable (X1) with a probability level of 0.000. Thus it can be concluded that $P = 0.000 < \alpha = 0.05$, accept the hypothesis that the Product Quality variable has a significant effect on purchasing decisions.
- 2) Price variable (X2) with a probability level of 0.000. Thus it can be concluded that $P = 0.008 < \alpha = 0.05$, accept the hypothesis that the Price variable has a significant effect on the purchasing decision variable.
- 3) Brand Image variable (Z) with a probability level of 0.000. Thus it can be concluded that $P = 0.000 < \alpha = 0.05$, accept the hypothesis that the Brand Image variable has a significant effect on the purchasing decision variable.

Thus, the path analysis equation can be arranged as follows:

$$Y = 0,185 X1 + 0,098 X2 + 0,752 Z$$

The analysis equation model is meaningful:

- 1) Product Quality Variable (X1) = 0.185. The product quality variable with a positive sign means that it has a unidirectional effect, which means that each addition or increase in the value of one unit score of the product quality variable will increase the value of the Purchasing Decision variable by 0.185 per one unit score.
- 2) Price Variable (X2) = 0.098. The price variable with a positive sign means that it has a unidirectional influence, which means that each addition or increase in the value of one unit score of the Price variable will increase the value of the Purchasing Decision variable by 0.098 per one unit score.
- 3) Brand Image Variable (Z) = 0.752. The positive Brand image variable means that it has a unidirectional influence, which means that each addition or increase in the value of one unit score of the Brand image variable will increase the value of the Purchasing Decision by 0.752 per one unit score.

Table 1.7
Determination Coefficient Test Results (R2) Sub Model II

R Square	0.850
Adjusted R Square	0.150

Brand Image, Price, Product Qualities

The result of the calculation of the R Square value is 0.850. This means that 85% of purchasing decisions can be explained by the three independent variables above, while the remaining 15% is explained by other variables not included in this study.

DISCUSSION

Effect of Product Quality on Brand Image

The product quality variable has a positive and significant effect on brand image at PT Sardana Indah Berlian Motor. The product quality variable has a regression coefficient value of 0.633, which has a unidirectional effect,

which means that each addition or increase in the value of one unit score of the product quality variable will increase the brand image value of PT. Sardana Indah Berlian Motor products by 0.633 per one unit score.

Based on the results of testing the first hypothesis, it is known that product quality has a significant effect on the product brand image of PT Sardana Indah Berlian Motor. This means that product quality is one of the important factors that can affect Brand Image. High product quality will have a better Brand Image. The results of this study are in accordance with research conducted by Haizer & Render (2010), Kristianto (2011), Elang Satriaputra Purnama (2021), and Cindy Oktavia Cahayani (2020) which state that product quality has a positive and significant effect on Brand Image.

Effect of Price on Brand Image

The price variable has a positive effect on Brand Image at PT Sardana Indah Berlian Motor. The price variable has a regression coefficient value of 0.209 has a unidirectional effect, which means that each addition or increase in the value of one unit score of the price variable will increase the value of the product Brand Image of PT. Sardana Indah Berlian Motor by 0.209 per one unit score.

Based on the results of testing the second hypothesis, it is known that price has an influence on the Brand Image of PT Sardana Indah Berlian Motor. The results of this study are in line with research conducted by Kotler (2010) and Setiadi (2003) which states that the price variable has a positive and significant effect on Brand Image.

Effect of Product Quality on Purchasing Decisions

The product quality variable has a positive effect on purchasing decisions at PT Sardana Indah Berlian Motor. The product quality variable has a regression coefficient value of 0.185 has a unidirectional effect, which means that each addition or increase in the value of one unit score of the product quality variable will increase the value of PT. Sardana Indah Berlian Motor products by 0.185 per one unit score.

Based on the results of testing the third hypothesis, it is known that product quality has an influence on product purchasing decisions from PT Sardana Indah Berlian Motor. The results of this study are in line with research conducted by Wayan Adi Virawan (2013), Alma (2011), and Wahyudi (2012) which shows that product quality has a positive effect on purchasing decisions.

Price Effect on Purchasing Decisions

The price variable has a positive effect on purchasing decisions at PT Sardana Indah Berlian Motor. The price variable has a regression coefficient value of 0.098 has a unidirectional effect, which means that each addition or increase in the value of one unit score of the price variable will increase the value of the product purchase decision of PT. Sardana Indah Berlian Motor by 0.098 per one unit score.

Based on the results of testing the fourth hypothesis, it is known that price has an influence on the product purchasing decision of PT Sardana Indah Berlian Motor. The results of this study are in line with research conducted by Kotler (2012: 10), Afif Zamroni (2016), and Agus Susanto (2013) which states that the price variable has a positive and significant effect on purchasing decisions.

The Effect of Brand Image on Purchasing Decisions

Brand Image variable has a positive and significant effect on purchasing decisions at PT Sardana Indah Berlian Motor. The Brand Image variable has a regression coefficient value of 0.752 has a unidirectional effect, which means that each addition or increase in the value of one unit score of the Brand Image variable will increase the value of the product purchase decision of PT. Sardana Indah Berlian Motor by 0.752 per one unit score.

Based on the results of testing the fifth hypothesis, it is known that Brand Image has a significant influence on the product purchasing decision of PT Sardana Indah Berlian Motor. This means that Brand Image is one of the important factors that can influence purchasing decisions. The results of this study are in accordance with research conducted by Tingkir (2014), Kotler (2008), and Dedhy Pradana (2017) which state that Brand Image has a positive and significant effect on purchasing decisions.

The Effect of Product Quality on Purchasing Decisions through Brand Image

Based on the results of the sobel test calculation above, the t value is 7.775, so that the t value is $7.775 > t$ table 1.988, it can be concluded that the Brand Image variable is able to mediate the relationship between the effect of product quality on purchasing decisions. And based on path analysis, it is known that the effect of product quality (X1) on purchasing decisions (Y) of PT. Sardana Indah Berlian Motor is 66.1%, which consists of direct influence. by 18.5% and the indirect effect of product quality (X1) on purchasing decisions (Y) through Brand Image (Z) by 47.6%. The results of this calculation show that the indirect effect of product quality (X1) on purchasing decisions (Y) through Brand Image (Z) is greater than the direct effect. In other words, Brand Image acts as pure mediation or is able to mediate between product quality and purchasing decisions. The results of this study are in accordance with Amalia's

research (2019) which states that product quality through Brand Image has a positive and significant effect on purchasing decisions.

The Effect of Price on Purchasing Decisions through Brand Image

Based on the results of the sobel test calculation above, the t value is 2.909, so that the calculated t value is $2.909 > t \text{ table } 1.988$, it can be concluded that the Brand Image variable is able to mediate the relationship between the effect of price on purchasing decisions. And based on path analysis, it is known that the effect of price (X2) on purchasing decisions (Y) of PT Sardana Indah Berlian Motor is 25.5%, which consists of a direct effect of 9.8% and an indirect effect of price (X2) on purchasing decisions (Y) through Brand Image (Z) of 15.7%. The results of this calculation show that the indirect effect of price (X2) on purchasing decisions (Y) through Brand Image (Z) is greater than the direct effect. In other words, Brand Image acts as pure mediation or is able to mediate between price and purchasing decisions. The results of this study are in accordance with the research of Kotler & Armstrong (2011) which states that Price through Brand Image has a positive and significant effect on purchasing decisions.

CONCLUSION

Based on the results of the research and discussion described in the previous chapter, the following conclusions can be drawn: Product quality has a positive and significant effect on the Brand Image of PT Sardana Indah Berlian Motor. This means that the better the product quality will increase Brand Image. Product price has a positive and significant effect on the Brand Image of PT Sardana Indah Berlian Motor. This means that the more economical the price will increase Brand Image. Product quality has a positive and significant effect on purchasing decisions of PT. Sardana Indah Berlian Motor. This means that the better the product quality will improve purchasing decisions. Price has a positive and significant effect on the purchasing decision of PT. Sardana Indah Berlian Motor. This means that the more economical the price will increase purchasing decisions. Brand Image has a positive and significant effect on product purchasing decisions of PT. Sardana Indah Berlian Motor. This means that the better the Brand Image will increase purchasing decisions. Product quality has a positive and significant effect on purchasing decisions for PT. Sardana Indah Berlian Motor through Brand Image. Price has a positive and significant effect on the product purchasing decision of PT. Sardana Indah Berlian Motor through Brand Image.

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