The Role of Brand Image Mediate the Influence of Price Fairness on Purchase Decisions for Local Fashion Brand Products

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ABSTRACT

This study aims to explain the role of brand image in mediating the effect of price fairness on purchasing decisions of Indonesia Local Fashion Brand named JOGER. This research was conducted in Denpasar with 120 respondents. Path analysis and Sobel test with SPSS for windows program are used. The results indicate that price fairness has positive and significant effect on purchasing decisions. Price fairness has positive and significant effect on brand image. Brand image has positive and significant influence on purchasing decisions. Price fairness has positive and significant effect on purchasing decisions on JOGER products with brand image mediation. This study provide evidence on the development of marketing management science and consumer behavior science, Consumer Behavior is a process that is closely related to the existence of a buying process, at that time consumers carry out activities such as searching, researching, and evaluating products and services in particular. regarding brand image, price fairness and purchasing decisions.

Keywords: Brand Image, Price Fairness, Purchase Decision.

I. INTRODUCTION AND LITERATURE REVIEW

Today's economic development is increasingly leading to intense competition, especially for entrepreneurs. They are required to have a uniqueness that can attract consumers in order to maintain or seize the existing market share. Maintaining or seizing existing market share requires a brand to differentiate goods or services produced or manufactured by other similar companies. Brand image can also be interpreted as consumers’ thoughts and feelings about the brand (Fan et al., 2018)

Ahmed (2016), “Brands must have distinctive characteristics and it is this characteristic that distinguishes one product from another even though it is similar, the conditions of increasingly fierce business competition today, companies need to utilize their resources optimally, including trying to create or carry out engineering that can affect consumer perceptions, for example through brand image.” Sulhaini et al. (2020), “The choice of products that are increasingly making many consumers can determine their choice of a product in this case is clothing that has a good brand image in the community itself and makes these consumers buy and loyal to the product.”

This research will be conducted in Denpasar on Jogor's business venture, which is a business that was established on January 19, 1981 where Joger sells products in the form of Balinese souvenirs and t-shirts containing unique words that are different from other t-shirts. In Bali, there are many t-shirt manufacturers, one of which is Jogor. Jogor has a characteristic with a unique set of words.

The data on domestic tourists visiting Jogor was highest in 2018 and 2019. Currently, Jogor has experienced a decline in the number of tourist visits due to the Covid-19 pandemic. Based on the results of a pre-survey that has been conducted previously to 12 respondents, it is found that the price of Jogor’s products is reasonable with the brand image they have compared to competitors. The majority of consumers agree that brand image, fairness of price affect them in making purchasing decisions. Similar businesses that are mushrooming today must have a clear strategy to be able to obtain optimal profits while surviving amid intense competition like now which leads to purchase decisions and creates customer satisfaction. Buying behavior is a form of a decision process and the actions of an individual involved in the use and purchase of a product (Ramadhan & Santosa, 2017). Consumer behavior as actions taken by individuals who are carried out directly in an effort to obtain and use goods or services and are included in decision making (Kurniati, 2016).

The purchase decision is a stage of the decision process in which consumers actually make a purchase of the product. The purchase decision is a decision as a choice in taking an action from two or more alternative choices. Quoted from Achidah et al. (2016), “The demand for an increasingly quality product makes companies engaged in various business fields competing to improve the quality of their products in order to maintain their brand image”. Ali et al. (2018), “Brand image is an identity in product differentiation with other companies. Consumers will tend to make a brand image as a basis or reference before making the purchase.
process for a product or service”. Hanaysha (2018) found, “Building a strong brand reputation supported by a positive brand image, without the support of a good and positive brand image in the company, will not be able to get most of the market share”. However, there is a research gap, Nurhayati (2017) get different results, “brand image has no influence on purchasing decisions”.

Vasić et al. (2019) states, “the importance of price for consumers is expressed in the following three levels, intensity of seeking information about prices and price dimensions, price accuracy, price interest or accuracy dimensions. Consumers will decide to buy according to their abilities. The price set on the product will have an impact on the extent to which consumers see the company’s products and determine the next decision. There is a research gap, Wahyu & Ginting (2017) stated, “price does not have a significant effect on consumer purchasing decisions.”

**II. METHODOLOGY**

This study uses an associative approach because this study aims to reveal the relationship between two or more variables through hypothesis testing, namely the influence between brand image and purchasing decisions, the effect of price fairness on purchasing decisions. The type of research used is causal research with a questionnaire tool given to respondents to obtain the required data. Causal research shows a causal relationship between one of the independent variables affects the dependent variable.

The population in this study is consumers of Joger products. The sample in this study were Joger consumers who have shopped in the last 1 year who had bought Joger products in Bali. The technique chosen in this research is the purposive sampling technique. The sample in this study is Joger consumers who have shopped in the last 1 year and have a minimum educational background of high school with a total of 120 respondents.

This study uses a questionnaire as a data collection tool, so it is necessary to test the validity and reliability so that the questionnaire is feasible to use. The questionnaire is a data collection technique that is done by giving several questions or statements to respondents. Data were collected with research instruments in the form of questionnaires distributed online using Google forms which were distributed through social media to respondents. The questionnaire will be measured using a Likert scale. This scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. The data obtained during data collection in the field were analyzed using descriptive statistics in the form of frequency distribution used to present the characteristics of respondents, path analysis techniques in the form of expansion of multiple linear regression analysis with development in the form of the application of mediating variables and Sobel tests were used to test the formulated hypotheses.

**III. RESULTS**

Based on the results of research conducted on consumers in Joger products, it can be seen that the characteristics of the respondents include gender, age, and occupation. Consumers in the Joger product sampled as many as 120 people. Male respondents dominate in this study with a percentage of 55.8 percent. Respondents older than 17-21 years dominated with a percentage of 60.8 percent. Students dominate the survey with a percentage of 57.5 percent.

| Model       | Unstandardized Coefficients | Standardized Coefficients | t    | Sig. |
|-------------|----------------------------|----------------------------|------|------|
| Structure I |                            |                            |      |      |
| (Constant)  | 1.104                      | 0.224                      | 4.930| 0.000|
| Price Fairness| 0.653                      | 0.062                      | 0.697| 0.000|
| Structure II|                            |                            |      |      |
| (Constant)  | 0.554                      | 0.189                      | 2.927| 0.004|
| Price Fairness| 0.310                      | 0.066                      | 0.324| 0.000|
| Brand image | 0.596                      | 0.071                      | 0.584| 0.000|

Source: Processed Data, 2021.

In structure 1, the price fairness variable has a coefficient of 0.697 which means that price fairness has a positive influence on brand image, this means that if price fairness increases, brand image will increase by 0.697.

In structure 2, the price fairness variable has a coefficient of 0.324 which means that price fairness has a positive influence on purchasing decisions, this means that if price fairness increases, purchasing decisions will increase by 0.324. Brand image variable has a coefficient of 0.584 meaning brand image has a positive influence on purchasing decisions. This means that if the brand image increases, the purchasing decision will increase by 0.584. The effect of price fairness on brand image is 0.697. The effect of price fairness on purchasing decisions is 0.324. The influence of brand image on purchasing decisions is 0.584. The indirect effect occurs if there are other variables that mediate the relationship between the two variables. The influence of price fairness on purchasing decisions with brand image mediation is $0.697 \times 0.584 = 0.407$. To understand the total effect, it can be done by adding the
direct effect of price fairness on purchasing decisions of 0.324 and the indirect effect of price fairness on purchasing decisions through brand image of 0.407, then the results obtained are 0.324 + 0.407 = 0.731

The following is the result of calculating the value of the error variable for each structure.

\[ e_1 = \sqrt{1 - R^2_1} = \sqrt{1 - 0.486} = 0.717 \]

\[ e_2 = \sqrt{1 - R^2_2} = \sqrt{1 - 0.710} = 0.539 \]

In calculating the effect of error (e), the results obtained, for the effect of structural error 1 (e1) of 0.717 and the effect of structural error 2 (e2) of 0.539:

\[ R^2_m = 1 - (e_1^2)(e_2^2) = 1 - (0.717)^2(0.539)^2 = 1 - (0.514)(0.290) = 0.851 \]

In the calculation of the total coefficient of determination obtained at 0.851, the conclusion is 85.1% of the variables. Purchase decisions on Joger products are influenced by price fairness, and brand image, while the remaining 14.9% is influenced by other factors not included in the research model.

A. Sobel Test

\[ Z = \frac{0.697 - 0.584}{\sqrt{(0.584^20.071^2) + (0.697^20.062^2) + (0.062^20.071^2)}} \]

\[ Z = \frac{0.407}{0.061} \]

\[ Z = 6.621 \]

Based on the results of the Sobel test, \( Z = 6.621 > 1.96 \) which means that the price fairness variable has a positive and significant effect on purchasing decisions on Joger products with brand image mediation, so that brand image acts as a mediating variable in the influence of price fairness on purchasing decisions on Joger products, so the fourth hypothesis is accepted.

The VAF value obtained is, "0.557 or 55.7 percent, the VAF value is 20 percent to 80 percent, then it can be categorized as partial mediation, it can be concluded that the resulting mediation effect for brand image mediates the effect of price fairness on purchase decision is to partially mediate

B. Price Fairness Has a Significant Positive Effect on Purchasing Decisions

The fairness of the price has a Beta value of 0.324 and a Sig value. of 0.000, it can be said that the hypothesis is accepted because the value of Sig. 0.000 < 0.05. The conclusion is that price fairness has a positive and significant effect on purchasing decisions. In other words, the higher the fairness of the price, the purchasing decisions on Joger products will increase. So the first hypothesis is accepted. Priilaid & Hall (2016), “Price is an important component of a product, because it will affect producer profits. Price is a determinant of the success of a company obtained from product sales”, Albari & Safitri (2018), Taiwo et al. (2017) show that “price has a positive and significant influence on purchasing decisions”.

C. Price Fairness Has a Significant Positive Effect on Brand Image

The fairness of the price has a Beta value of 0.697 and a Sig value of 0.000, it can be said that the hypothesis is accepted because the value of Sig. 0.000 < 0.05. The conclusion is that price fairness has a positive and significant effect on brand image, in other words, the higher the price fairness for Joger products, the greater the brand image for Joger products. So the second hypothesis is accepted. Kareem Abdul (2017), Nurul (2017), Chao & Liao (2016) who get the result, "price have a significant effect on brand image.

D. Brand Image Has a Significant Positive Effect on Purchasing Decisions

The brand image has a Beta value of 0.584 and a Sig value of 0.000, it can be said that the hypothesis is accepted because the value of Sig. 0.000 < 0.05. The conclusion is that brand image has a positive and significant influence on purchasing decisions, in other words, if brand image increases, purchasing decisions on Joger products will increase. So the third hypothesis is accepted. Basso et al. (2019), “The reason a brand is needed by a product is because the brand has a strong value, the benefits of a person's brand are adjusted to its characteristics and then a purchase decision is made”. The process of being interested in a product or service will be experienced by consumers before making a purchase decision.

E. Price Fairness Has a Significant Positive Effect on Purchasing Decisions on Joger Products with Brand Image Mediation

Based on the results of the Sobel test, \( Z = 6.621 > 1.96 \) which means that the price fairness variable has a positive and significant effect on purchasing decisions on Joger products with brand image mediation, so that brand image is a mediating variable the influence of price fairness on purchasing decisions on Joger products, so the fourth hypothesis is accepted. Lingga (2016), “Consumers will tend to make a brand image as a basis or reference before making the purchase process for a product or service. A brand that has a positive image in the community will have an appropriate price”.

F. Limitation

Based on the research that has been done there are several limitations that exist in this study. Limitations in the scope of the research, which are limited to consumers from the Joger Company only, so this research cannot be generalized to consumers of other similar companies. The limitations of the factors that influence the purchasing decision variables in this study are only limited to price reasonableness and brand image, while there are still many other factors that can influence repurchase decisions, for example such as customer satisfaction, shopping experience, customer loyalty, service quality and other factors.

IV. Conclusion

Based on the research results obtained, several conclusions can be drawn. Price fairness has a positive and significant effect on purchasing decisions on Joger products, so that hypothesis 1 is accepted. Price fairness has a positive and
significant effect on brand image on Joger products, so hypothesis 2 is accepted. Brand image has a positive and significant effect on purchasing decisions on Joger products, so that hypothesis 3 is accepted. Brand image is a variable that can mediate the influence of price fairness on purchasing decisions on Joger products, where the brand image variable can be expressed as a partial mediation variable.

Based on the results obtained, price fairness and brand image have a positive and significant positive influence on purchasing decisions on Joger products, this shows that the increasing fairness of prices and increasing brand image will be able to improve purchasing decisions on Joger products. Joger parties must continue to pay attention to the reasonableness of consumer prices in order to feel motivated, so that it will improve purchasing decisions on Joger products. In terms of fairness, what Joger has to do is evaluate the price suitability of existing products based on the benefits felt by consumers, by adjusting prices to the age/occupation of Joger consumers. In terms of image, what the company must do is improve the brand image owned by joger by intensifying the promotion of Joger products both through advertisements and social media, due to the state of Bali tourism which has just opened due to the Covid-19 pandemic.

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