

## **The Influence of Brand Image and Price on Purchase Decision (Study on One E-Commerce)**

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### **ABSTRACT**

*The motivation for this study stems from the intense competition observed among e-commerce platforms during the consumer's purchasing process. One potential approach to tackle this issue is through the proficient execution of a brand image strategy with the aim of augmenting sales. Brand image activities typically center around establishing pricing strategies and facilitating purchasing decisions, which collectively form an integral component of the marketing mix. The employed research methodology is a quantitative approach incorporating descriptive and verificative methods. The study's sample comprises 100 participants who have engaged in shopping activities on an electronic commerce platform. The results of this study suggest that (1) Brand image exerts a favorable and substantial influence on consumer purchasing decisions, and (2) Price exerts a significant and positive effect on consumer purchasing decisions.*

*Keywords: Brand Image, Price, Purchase Decision*

## INTRODUCTION

The rapid and complex progression of technology has profoundly impacted how individuals live their lives. The increasing demands for a higher standard of living have resulted in a proliferation of activities occurring in diverse societal locations. High mobility sometimes leads society to employ technological devices for interpersonal communication. This technological advancement also generates a desire among individuals for pragmatic means of satisfying their needs.

Online trading or e-commerce has emerged as a noteworthy phenomenon within the Indonesian economy. This particular fact is anticipated to yield more favorable outcomes in advancing digital economic equality within the region of Nusantara.

The utilization of technology is expected to optimize the distribution process, facilitating a closer connection between producers and consumers while maintaining a competitive and robust market price. The government posits that the engagement of business operators in rural areas and regional micro, small, and medium enterprises (MSMEs) can be of paramount importance, provided they can establish collaborative relationships with technological advancements. Therefore, it is plausible that local business entities have the potential to enhance their productivity and overall well-being.

E-commerce refers to the transactional process in which information, money, and goods

are exchanged between buyers and sellers using electronic methods, with the Internet as the primary medium.

It has been observed that consumers in Indonesia exhibit a higher propensity to engage with e-commerce platforms through mobile applications regularly. Nevertheless, there has been a significant surge in consumer engagement with e-commerce platforms via internet websites, which is expected to continue until the second quarter of 2022.

Based on the observations conducted by researchers, it is evident that e-commerce platforms in Indonesia engage in intense competition to attract visitors, as evidenced by the average monthly web visitor count recorded in each quarter. Multiple factors converge to shape consumers' trust in shopping destinations. Establishing a positive brand image can be a strategic advantage for companies, enabling them to appeal to consumers effectively. Additionally, the affordability of products can significantly influence consumers' decision-making processes when purchasing. The primary concern lies in establishing robust security measures for e-commerce enterprises to cultivate public confidence. Based on the 2016 data provided by the Association for Internet Service Usage in Indonesia (APJII), it was found that 30% of the 130 million Internet users in Indonesia who engaged in online transactions expressed a lack of confidence in the security of their online

transaction experiences. Consumer rights regulation has been implemented in relation to the utilization of online platforms. Consumer rights can be categorized into two main aspects. The first aspect pertains to the entitlement of consumers to receive the promised performance of goods or services. The second aspect concerns the entitlement of consumers to seek compensation in cases where fraudulent activities are involved in the execution of these transactions.

Below are several strategies that can be employed to achieve success in e-commerce competition. Generate engaging content that captivates consumer purchasing intent.

The objective is to enhance the website's ability to engage with a broader audience of consumers. This statement aims to advocate for the utilization of the e-commerce platform. The objective is to optimize features to enhance mobile accessibility. The primary objective is to guarantee the contentment of consumers. The objective is to establish a secure shopping environment for consumers.

The purchase decision is a cognitive process individual use to acquire a specific product or service to satisfy their desires and needs. (Adi Wibowo et al., 2022; Waluya et al., 2019) The consumer decision-making process encompasses several stages, including the identification and acknowledgment of needs and desires, the active pursuit of relevant information,

the critical assessment of various purchase options, the ultimate selection of a product or service, and the subsequent evaluation of the purchase experience.

A consumer's purchase decision refers to the phase in which the buyer has finalized their selection, completed the product purchase, and subsequently utilized it. The initiation of a consumer's product purchase decision is predicated upon recognizing and acknowledging their individual needs and desires. (Waluya et al., 2019)

The brand identity of a recently developed e-commerce platform, created by Superunion Singapore and its corresponding campaign, was conceptualized and developed by Wunderman Thompson Singapore. According to the source "Retail News 2022," The psychology of consumers is significantly impacted by a robust brand, leading to increased purchase behavior. Nevertheless, the inquiry pertains to the types of brands that consumers place their trust in. Undoubtedly, those that possess a favorable perception would be the ones preferred. The significance of brand image in brand development lies in its influence on a brand's reputation and the establishment of trust, which subsequently serves as a determining factor for consumers in their decision to engage with and utilize a particular product or service. (Juhana et al., 2015; Kurniawan & Sidharta, 2016)

In conjunction with brand image, price influences consumer purchase decisions. A positive correlation exists between brand image and purchasing decisions. (Waluya et al., 2019) This condition implies that the likelihood of purchasing increases as the brand image improves. Conversely, a decline in brand image is associated with a decrease in purchase decisions. (Juhana et al., 2015) Price, also known as price theory, encompasses a theoretical framework that elucidates the mechanisms underlying the formation of market prices for goods. (Rahayu et al., 2023; Zhong & Moon, 2020) In essence, the price of a commodity is contingent upon the magnitude of its demand and supply. (Kusmawati et al., 2022; Rohiman et al., 2022; Wahyuni et al., 2022)

In contrast, a multitude of factors influence the demand and supply of a commodity. Price can also encompass the ability to acquire goods or services to attain satisfaction and gain advantages. The exchange value of a good or service is positively correlated with the perceived benefit that an individual attribute to it. (Guo & Wu, 2018; Nuriadi, 2021; Rohiman et al., 2022)

Price can be defined in a limited scope as the monetary value assigned to a product or service. From a more expansive perspective, the price can be defined as the aggregate of all the values that customers assign to derive advantages from the ownership or utilization of a particular product or service. (Choiriyah et al., 2021; McColl et al.,

2020) According to empirical research, a significant and positive relationship exists between brand image and purchase decisions. This condition implies that as the brand image improves, there is a corresponding increase in purchase decisions. Conversely, a decline in brand image is associated with a decrease in purchase decisions. (Adi Wibowo et al., 2022; Waluya et al., 2019)

Based on the provided contextual information, the author intends to undertake a research study titled "The Impact of Brand Image and Price on Consumer Purchase Decisions: An Investigation within the E-commerce Sector."

## METHOD

This study employs descriptive and empirically verifiable methodologies, entailing the analysis of research findings and conclusions. Utilizing these research methodologies enables the identification of noteworthy associations among the variables under investigation, leading to conclusions that enhance the comprehension of the research subject.

In order to examine the research hypothesis, a sample size of 100 participants was chosen from a population of consumers who have engaged in transactions on an electronic commerce platform.

The independent variables (X) variables in this study encompass brand image and price. The

concept of brand image encompasses a collection of associations or perceptions that reside within the minds of consumers about a particular brand. These associations are typically structured in a manner that conveys specific meanings. The components encompassed within the construct of a brand image consist of brand identity, brand personality, brand associations, brand attitudes and behaviors, and brand competence benefits. The price comprises a hierarchical arrangement of values within a consumer's cognition about a particular brand, which is further categorized and structured according to their respective significances. The components encompassed within the concept of price consist of the price list, discounts, credits, payment periods, and credit terms.

The variable being studied as the outcome or response in this research is the purchase decision, denoted as Y. The purchase decision process pertains to consumer satisfaction regarding their brand preferences within the set of options available to them. The dimensions encompassed within purchase decisions encompass the selection of a specific product, the choice of a particular brand, the determination of an appropriate distribution channel, the determination of the quantity to be purchased, the timing of the purchase, and the selection of an appropriate payment method.

The data analysis methodology constitutes an integral component of the analytical process,

wherein primary or secondary data is gathered, processed, and employed to derive conclusions for decision-making. The utilization of statistical techniques for data processing pertains to quantitative analysis methodology. As per scholarly authorities, the data analysis process presents considerable difficulties due to the demanding nature of the task, necessitating diligent effort, innovative cognitive processes, and profound discernment. The analysis methodologies employed in each study may vary, mainly when the data collection methods differ. The fundamental tenet underlying the data analysis methodology is the effective utilization of procedures and techniques to interpret findings and strategize data collection approaches, thereby enabling streamlined analysis and ensuring precise outcomes. Consequently, we will better understand the distinctions among various data analysis methodologies. The data analysis method employed in this study is quantitative, as indicated in the preceding explanation.

The validity test is a method used to assess the extent to which a research study measures what it claims to measure. A validity test is a method employed to assess the degree of accuracy exhibited by an instrument. An instrument that is deemed appropriate is one that effectively and precisely measures the specific construct it is designed to assess. The instrument's validity is demonstrated by its ability

to accurately measure data while maintaining fidelity to the intended representation of the variable. A factor can be deemed strong or valid if it exhibits a positive correlation with each other factor and the correlation coefficient is equal to or greater than 0.3.

Reliability is a metric utilized to assess the consistency and stability of a questionnaire, functioning as an indicator of the reliability of variables or constructs. The reliability of a questionnaire is determined by the extent to which an individual's responses to the statements remain consistent or stable across different points in time. The reliability of a test is associated with its stability, consistency, predictability, and accuracy. Obtaining measurements that exhibit a high level of reliability can result in the acquisition of dependable data. The Alpha ( $\alpha$ ) formula is employed to assess the reliability of an instrument in this study. In this study, a questionnaire was employed as the primary research instrument, utilizing a scoring system that ranged from 1 to 5.

The questionnaire was subjected to item total testing as part of the data analysis process. Scores of 1 or 0 are not considered reliable in our analysis. An instrument is considered reliable when its alpha coefficient surpasses 0.6 or approaches 1, indicating a substantial level of reliability for the measured items.

Conducting a normality test is a fundamental assumption test that researchers must perform. The objective of this study is to ascertain whether

the dependent and independent variables demonstrate a normal distribution within the context of a regression model. In a linear regression model context, it is essential to satisfy the prerequisite that the data exhibits a normal distribution. A standard distribution test is applied to assess whether the collected data exhibits a normal distribution, thereby establishing its suitability for parametric statistical analysis. A regression model is considered high quality when its variables exhibit a normal distribution. The software package SPSS is commonly employed to calculate the normality of data. If the p-value is greater than or equal to 0.05, it is inferred that the data follows a normal distribution. On the contrary, when the p-value is less than 0.05, it is inferred that the data does not follow a normal distribution. The primary objective of conducting a normality test is to ascertain the normal distribution of the independent and dependent variables within a regression model.

In quantitative research, the data analysis process is typically conducted after collecting data from all participants or other relevant data sources. Data analysis activities encompass various tasks, including data segmentation based on variables and respondent types, data organization into tables based on variables across all respondents, and the presentation of data about each studied variable. In addition, we engage in computational analyses to address

problem formulations and evaluate proposed hypotheses.

## RESULT and DISCUSSION

The duration of the study spanned four months after the collection of questionnaires. The researchers summarize the outcomes of the respondents' responses, specifically from a sample of 100 consumers who possess the characteristics of the respondents, as follows:

Table 1. Characteristics of Respondents

No	Characteristics	Frequency	Presentati on
1.	Gender:		
	- Woman	67	67%
	- Man	33	33%
2.	Age:		
	- <20 Years	3	3%
	- 20-30 Years	89	89%
	- 30-40 Years	5	5%
	- 41-50 Years	3	3%
3.	Type of Work:		
	- Student	42	42%
	- Government Employees	7	7%
	- Private Employees	34	34%
	- Self Employed	9	9%
	- Housewife	8	8%

According to the data presented in Table 1, it can be observed that out of a total of 100 respondents, 67 individuals identify as female, constituting 67% of the sample. Conversely, 33 respondents identify as male, representing 33% of the total population. The age characteristics of the respondents in the study comprised three individuals, accounting for 3% of the total sample, who were under the age of 20. Additionally, 89 respondents, constituting 89% of the sample, fell within the age range of 20 to 30 years old. The survey data reveals that 5% of the respondents are 30 to 40 years old, with a total of 5 individuals.

Additionally, 3% of the respondents are between 41 and 50 years old, accounting for three individuals. Regarding occupational classifications, it is observed that out of the total number of respondents, 42 individuals identify themselves as students, constituting 42% of the sample. Additionally, seven respondents are employed in the public sector, representing 7% of the sample.

Furthermore, 34 participants are engaged in the private sector, comprising 34% of the sample. Moreover, nine respondents are self-employed, accounting for 9% of the sample. Lastly, eight respondents identify as housewives, representing 8% of the sample.

Table 2. Validity Test and Reliability Test

Brand Image	Price	Purchase Decision
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Item	Corelation	Ite m	Corela tion	Ite m	Corela tion
1	0.464	1	0.810	1	0.590
2	0.411	2	0.589	2	0.695
3	0.684	3	0.821	3	0.557
4	0.754	4	0.638	4	0.634
5	0.563	5	0.663	5	0.549
6	0.475	6	0.782	6	0.570
7	0.323	7	0.761	7	0.693
8	0.577	8	0.712	8	0.579
9	0.801	9	0.778	9	0.468
10	0.770	10	0.806	10	0.639
11	0.742	11	0.574	11	0.654
12	0.663	12	0.676	12	0.711
13	0.768	13	0.833	13	0.708
14	0.788	14	0.592	14	0.441
15	0.831	15	0.777	15	0,585
Cronbach Alpha					
Brand Image	0,925				
Price	0,948				
Purchase Decision	0,910				

According to the findings presented in Table 2, it is apparent that there is a significant correlation (valid) between brand image, price, and purchasing decisions. This correlation is supported by 15 statement items with a correlation value exceeding 0.300. In addition, the reliability test produced a Cronbach's alpha coefficient exceeding 0.700, indicating validity.

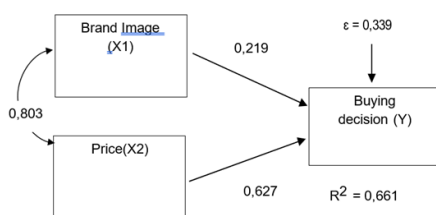


Figure 1. Path Analysis

Based on the visual representation provided, it is evident that there exists a correlation coefficient of 0.803, indicating a strong positive relationship of 80.3% between brand image and price. The impact of brand image on the consumer's purchasing decision is quantified at 0.219, equivalent to 21.9% of the overall decision-making process. The influence of price on the decision to make a purchase is determined to be 0.627, equivalent to 62.75%. The overall R Square, which represents the total influence, is determined to be 0.661 or 66.1%. Conversely, the epsilon, denoting unaccounted factors not considered in this study, is calculated to be 0.339 or 33.9%.

The t-test yields consistent findings, with a significance level 0.000, less than the predetermined threshold of 0.050. Additionally, the calculated t-value of 2.212 exceeds the critical t-value of 0.677 from the t-table. The results indicate that the null hypothesis (H0) regarding the significant impact of Brand Image (X1) on the dependent variable, Purchase Decision (Y), is accepted. The influence of brand image on the purchase decision within the context of Lazada's e-commerce platform is substantial. This phenomenon necessitates the company's focus on the brand image of consumer purchasing power.

To determine the extent of the combined impact of the independent variables, precisely



service quality and price, on the dependent variable, customer satisfaction, one can refer to the high value of R Square (R<sup>2</sup>) in the Model Summary.

To make it easier to read, it can be converted into a percent number by calculating the coefficient of determination using the following formula:

$$Kd = R^2 \times 100\%$$

$$Kd = 0.661 \times 100$$

$$Kd = 66.1\%$$

While the rest / residue can be calculated with the following formula:

$$\varepsilon = (1 - R^2) \times 100\%$$

$$\varepsilon = 33.9\%$$

## CONCLUSION

The research findings indicate that brand image and price positively influence consumers' purchasing decisions. Nevertheless, it is essential to acknowledge that the current research has certain limitations, as it did not consider various variables that could influence purchasing decisions. These variables, including promotions, service quality, and product quality, warrant further investigation.

Based on the analysis of available data, two key factors emerge as potential avenues for enhancing purchasing decisions. Firstly, companies should exhibit proficiency in multiple areas, including identifying consumer needs,

effectively utilizing consumer feedback, and carefully observing competitors. Secondly, these indications hold promise for improving the decision-making process in purchasing. In addition, companies should employ brand ambassadors who possess a significant level of public recognition to enhance their purchasing decision-making processes and effectively capture the interest of potential consumers. The company should enhance buyer confidence, enabling buyers to make informed decisions regarding their choice to engage in transactions on an e-commerce platform.

In order to enhance the brand image of an e-commerce company, the organization must be able to modify its image effectively, thereby influencing consumer purchasing behavior within the e-commerce domain. In addition, companies must establish collaborative partnerships with communications agencies to facilitate the sponsorship of specific events within the realm of e-commerce. Moreover, the company must be able to offer enticing incentives to potential buyers.

In order to establish pricing strategies, companies must consider various factors influencing consumer purchasing decisions. These factors include offering appealing discounts, aligning product quality with price points, and considering competitive e-commerce pricing to ensure affordability relative to rival firms.

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