Price as an Intervening Variable in the Effect of Brand Image on Purchasing Decisions

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A B S T R A C T

This research is to determine the effect of brand image on purchasing decisions with price as an intervening variable on iPhone products in the city of Bandung. The research population is people in the city of Bandung who use iPhone products and require 100 respondents. Descriptive analysis and Structural Equation Model with SmartPLS are the research techniques. The result, brand image has a positive and significant effect on prices, brand image has a positive and significant effect on purchasing decisions, price has a positive and significant effect on purchasing decisions and brand image has a positive and significant effect on purchasing decisions with price as an intervening variable on iPhone products in Bandung.

A B S T R A K

Penelitian ini bertujuan untuk mengetahui pengaruh brand image terhadap keputusan pembelian dengan harga sebagai variabel intervening pada produk iPhone di Kota Bandung. Metode yang digunakan adalah kuantitatif jenis kausal dan deskriptif. Populasi penelitian yakni masyarakat di Kota Bandung yang menggunakan produk iPhone dan membutuhkan 100 responden. Analisis dan Structural Equation Model dengan SmartPLS merupakan teknik yang dipakai. Hasil penelitian memeperlihatkan brand image perpengaruh positif dan signifikan terhadap harga, brand image berpengaruh positif dan signifikan terhadap keputusan pembelian, harga berpengaruh positif dan signifikan terhadap keputusan pembelian dan brand image berpengaruh positif dan signifikan terhadap keputusan pembelian dengan harga sebagai variabel intervening pada produk iPhone di Kota Bandung.

INTRODUCTION

The development of science and technology in today's world is getting faster, especially in the field of information and communication technology, namely mobile phones/smartphones. Where mobile phones/smartphones are proof of technology that is developing rapidly from especially in the current era, namely industry 4.0. The Industrial Revolution 4.0 is a phenomenon that collaborates cyber technology and automation technology. The Industrial Revolution 4.0 is also known as the "cyber physical system". The concept of implementation is centered on automation. Assisted by information technology in the application process, the involvement of human labor in the process can be reduced. Thus, the effectiveness and efficiency in a work environment automatically increases (Kominfo, 2020).

In this era, everything has to be used, from working to studying, from elementary school to college level, all using smartphones, this is even more powerful after the global pandemic so that all business is done online (Jumilah, 2021). Therefore we need a communication tool that is very supportive in the industrial revolution and in the use of digitalization tools, one of which is the

existence of a mobile phone / smartphone that supports its users, one of the well-known smartphone brands is the iPhone.

Iphone now dominates the smartphone brand, the Iphone product is still the best among all with a simple, luxurious and elegant design that makes this smartphone attract the attention of many people, therefore at this time the Iphone is the perfect smartphone technology (Sambudi, 2020).

Based on data from Global Smartphone Sales in 2017-2021, it shows that iPhone product sales have decreased every year, and had increased in 2019. The reason for the decline in sales of iPhone products, the brand image of iPhone products as a flagship smartphone that is sophisticated and rich in features makes the price very expensive. Furthermore, the variety of iPhone products is less than its competitors, with many new smartphones emerging from other brands that offer high specifications at much lower prices. In addition, due to the Covid-19 virus pandemic at the beginning of 2020 which resulted in a decline in the world economy which was one of the factors that led to the decline in iPhone sales. (IDC Quarterly Mobile Phone, 2022).

In addition to declining sales, the survey results issued by topbrandawward.com also showed a decline in the Top Brand Index of iPhone products. since 2018-2021 iPhone products have never been in the top 3 of the Top Brand Index in the topbrand-awward.com survey. This is presumably due to the many innovations that have emerged from smartphones from other brands that have the same features and capabilities as iPhone products but at lower prices (topbrand-award.com, 2021).

At the Consumer Technology Association (CTA) event, the eight most innovative smartphones were announced, including the ASUS ROG Phone 3, OnePlus 8 Pro, Samsung Galaxy Z Flip and Galaxy Note 20 5G, as well as the LG Velvet 5G and LG Wing—smartphones with swivel screens (Rizal, 2021). Coordinating Minister for Economic Affairs Airlangga Hartarto explained that in 2030, Indonesia is projected to enter the demographic bonus where the productive workforce reaches 64% of the total population. Technology-based industries and digitalization are expected to become new engines of growth (Limanseto, 2021). So that iPhone products are required to be able to innovate even more so that consumer loyalty is maintained, because smart companies will try to fully understand the customer's decision-making process, their experiences in learning, choosing, using, and even in product disposition.

The decision-making process in purchasing starts from the introduction of the problem which is then evaluated from the consumer to obtain clear information on the problems encountered and followed by an evaluation of several existing alternatives to obtain a decision in the purchase transaction so as to determine post-purchase behavior. (Ningsih, 2020). The influence of globalization on culture and people's lifestyles affects decisions on the use of goods and services that will be consumed by consumers. This also affects consumer brand selection decisions (Yunus, 2018).

In the strategy to improve consumer purchasing decisions, Brand Image and product prices have a big role. According to (Kusmayati & Adiyanto, 2020) Brand Image is the result of the consumer's perspective and level of knowledge about a commodity that is seen, thought about, or imagined. Building a brand image is very important, because creating a brand image of a particular product will be very beneficial for customers, which in turn will greatly affect consumer perceptions and evaluations of the brand choices they face. Brand Image is often used as a reference by

consumers when the consumer does not have experience or knowledge of a product and the price of the product is certainly important for consumers to help them choose a product that suits them, especially in making mobile phone purchasing decisions (Firmansyah, 2019).

In terms of brand image, so far over the years Apple has managed to build a good brand image in the minds of its users, In 2021 Apple was named the most valuable brand in the world by Brand Finance. Not only in the US, this also applies on a global scale. This increase occurred due to Apple's steps to diversify services, such as in Apple TV +(Chaya, 2021). So that users who use the iPhone will definitely feel proud and confident when using the iPhone, where the image they get is sophisticated, luxurious, and has an expensive price. Brand Image is the public perception of the company or its products. A good image about the product will benefit the company, because consumers will subconsciously recommend the product to others. On the other hand, a bad image about the product will make consumers spread the bad information to others (Rita, 2019).

Apart from being seen from the brand image, in determining consumer decisions, look at the price of a product that can provide satisfaction or not for consumers. The involvement of price variables in the buying process is a natural trait of a consumer in deciding a purchase. According to (Wardana, 2017) price is very significant in providing value to consumers and can affect the brand image of a product and purchase decisions to buy a product. It can be seen that the price of iPhone products is the highest among competing smartphone brands, and the prices above are the prices for smartphones that have almost the same specifications. (iprice.co.id, 2021). According to(Firmansyah, 2019), price is the amount of money that consumers have to pay as compensation for products obtained from companies. Every company in general, will calculate the costs to be incurred before setting the price of its product. Companies that are able to formulate the right pricing strategy will get optimal income and profits. So the price is an important factor to consider before making a purchase because if the price of a product is too high and is not matched by the Brand Image, then there will be little interest in purchasing from the product.

It is interesting to test whether brand image has an influence on price and whether brand image through price can affect purchasing decisions. However, looking at the phenomena in the field, even though there has been a decline in sales of iPhone smartphones, and the price of iPhone products is quite high, the level of consumer interest in iPhone products is still very high. It is evident from the results of pre-questionnaires that have been conducted by researchers in the city of Bandung, showing that the level of consumer purchasing decisions for the iPhone smartphone is still high.

RESEARCH METHOD

This research uses quantitative method with descriptive and causal research types. The population in this study was the people of Bandung who use *iPhone* product an the respondents needed to complete the research were one hundred people. According to (Widodo & Yusian, 2021), PLS-SEM is used to develop theories in exploratory research and focuses on explaining the variance of the dependent variable when testing the model, descriptive analysis and Structural Equation Model (SEM) with SmartPLS are the techniques used in this study.

RESULTS AND DISCUSSION
Descriptive Analysis Respondent'

Respones regarding *Brand Image*, the result of descriptive analysis of the *Brand Image* (X) are classified as good category with a percentage of 82.09%. This shows that iPhone products already have a good brand image in the minds of respondents. Respones regarding Purchasing Decision, the result of descriptive of Purchasing Decision (Y) are classified as very good category with a percentage of 89.2%. This shows that the brand image owned by iPhone products makes respondents make very good purchasing decisions. Responses regarding Price, the result of Price (Z) are classified as fairly good category with a percentage of 63.76%. This shows that the price of the iPhone product is quite good.

SEM-PLS

Structural Equation Modeling (SEM) or commonly called Structural Equation Modeling is a multivariate analysis technique that combines factor analysis and path analysis, allowing researchers to simultaneously test and estimate multiple exogenous and endogenous factors with multiple factors (Ghozali, Imam, & Hungry Latan, 2015).

Table 1. *COMPOSITE RELIABILITY*

Variable	Composite Reliability	Critical Value	Cronbach's Alpha	Critical Value	Model Evaluation
Brand Image (X)	0,955		0,949		Realibel
Price (Z)	0,938	> 0.7	0,928	> 0.6	Realibel
Purchasing Decision (Y)	0,947		0,940		Realibel

Source: Result of data processing,2022

All latent variables have a composite reliability value >0,7 and have cronbach's alpha value >0,6. So it can be concluded that all latent variable in study are said to be reliable.

The nect stage, Convergent validity According to (Abdillah & Hartono, 2015) the AVE loading value parameter can be used to check the validity. The Loading value makes it considered valid if the AVE value > 0.5 is considered valid.

Table 2. *CONVERGENT VALIDITY*

Variable	Ave	Critical Value	Model Evaluation
Brand Image (X)	0,584		Valid
Price (Z)	0.559	> 0.5	Valid
Purchasing Decision (Y)	0,546		Valid

Source: Result of data processing,2022

The results of the analysis of convergent validity > 0,5. So it can be concluded that all of the construct variables in this study reached a standard measure of convergent validity.

Path Coefficient

The estimated path coefficient is the significance of the effect between the variable and the factor value or the magnitude of the correlation or the influence of the hidden structure. This is done through Bootstrapping (Ghozali and Latan, 2015: 82).

Table 3. Hipotesis *Path Coefficient*

Path	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Value
Brand Image (X) -Price > (Z)	0.581	0.607	0.070	8.299	0.000
Brand Image (X) -> Purchasing Decision (Y)	0.406	0.425	0.108	3.760	0.000
Price (Z) - > Purchasing Decision (Y)	0.488	0.473	0.115	4.230	0.000
Brand Image (X) -price > (Z) -> Purchasing Decision (Y)	0.283	0.285	0,071	3.997	0.000

Source: Result of data processing,2022

Effect of *Brand Image* (X) on Price (Z)
Based on the test of the t-statistical value for the brand image variable on the price, it was obtained at 8.299 with a positive path coefficient value with the original sample value of 0.581. The t-statistic value is greater than the t-value (8.299 > 1.96) and the p-value (0.000) < 0.05 with a significant positive result.

Effect of *Brand Image* (X) on Purchasing Decision (Y)
Based on the test of the t-statistical value for the brand image variable on purchasing decisions, it is obtained at 3.760 with a positive path coefficient value with the original sample value of 0.406. The t-statistic value is greater than the t-value (3.760 > 1.96) and the p-value (0.000) < 0.05 with a significant positive result.

Effect of Price (Z) on Purchasing Decision (Y)
Based on testing the t-statistical value for the price variable on purchasing decisions, it is obtained at 4.230 with a positive path coefficient value with the original sample value of 0.488. The t-statistic value is greater than the t-value (4.230 > 1.96) and the p-value (0.000) < 0.05 with a significant positive result.

Effect of *Brand Image* (X) on Purchasing Decision (Y) with Price (Z) as an variable intervening
Based on the t-statistical value for the variable of the influence of brand image on purchasing decisions with price as the intervention variable, it was obtained at 3.997 with a positive path coefficient value with the original sample value of 0.238. The t-statistic value is greater than the t-value (3.977 > 1.96) and the p-value (0.000) < 0.05 with a significant positive result.

CONCLUSIONS

Based on the results of the study, several conclusions can be drawn in which d can provide answers to the problems formulated in the study, brand image on price has a t-statistic value of 8.299 > 1.96. This shows that brand image has a positive and significant effect on the price of iPhone smartphones in Bandung. Brand image on purchasing decisions has a t-statistic value of 3.760 > 1.96. This shows that brand image has a positive and significant effect on purchasing decisions for iPhone smartphones in the city of Bandung. The price of the purchase decision has a t-statistic value of 4.230 > 1.96. This shows that the price has a positive and significant effect on the decision to purchase an iPhone smartphone in the city of Bandung. brand image on purchasing decisions with price as an intervening variable has a t-statistic value of 3.997 > 1.96. This shows that brand image has a positive and significant effect on decisions with price as an intervening variable on iPhone smartphones in Bandung.

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