

## THE EFFECT OF BRAND IMAGE, PRODUCT KNOWLEDGE AND PRODUCT QUALITY ON PURCHASE INTENTION OF NOTEBOOK WITH DISCOUNT PRICE AS MODERATING VARIABLE

Erida<sup>1</sup>, and Arisonang Rangkuti<sup>2</sup>

<sup>1</sup> Lecture in Management Department, Faculty of Economics and Business, University of Jambi

<sup>2</sup> Student in Management Master Program, Graduate School of Jambi University.

Corresponding author : arineobahamut@gmail.com

### Abstract

*The purpose of this study are: (1) explaining the effect of brand image, product knowledge and product quality toward purchase intention of Asus Notebook, and (2) explaining the discount price capability on moderating the effect of brand image, product knowledge and product quality toward purchase intention. Research is that through survey, where data collection is: observation, interview, and questioning delivery to 99 respondents. Research result shows that brand image, product knowledge and product quality simultaneously effected significantly on purchase intention. Furthermore, partially brand image and product quality found effected significantly on purchase intention. However, product knowledge has not significant effect on purchase intention. Meanwhile, discount price be able to strengthen the effect of brand image, product knowledge and product quality on purchase intention, with discount price as pure moderator variable (product knowledge) and potential moderator variable (brand image and quality product). This shows that the company's marketing efforts through promotion and it's product effectively to deliver value to be given to consumers. Hence, that good maintaining on brand image, product quality and discount price should be positioned as marketer strategy to stimulate consumers purchase intention.*

**Keywords :** Brand Image, Product Knowledge, Product Quality, Discount Price, Purchase Intention

### Introduction

In the current era of globalization and modernization, the rapid development of communication and information technology has resulted in many changes in various aspects of life. The rapid development of technology and the emergence of new technology in a relatively close period makes the competition in the business world and marketing increasingly tight. Especially for companies engaged in communication and information technology industries. So the company strives best in delivering new technological innovations, the best quality, and everything that makes the appeal of the product and makes it different from the competitors' products. This is evidenced by the number of similar products with different brands that have its own advantages compared to other brand products. Brand becomes one of the most important things in the competition of the industrial world, especially the communication and information technology industries. Brand is one of the company's strategy to gain profit in the competition of similar product sales (Lee et al., 2010).

Aaker (1991) argues that brand formation and management is not only the focus of operations for large industries, but also seen as a competitive advantage. For consumers, a brand provides product guarantees at a certain level. Walking around when shopping can spend a lot of time and effort, consumers also do not always have enough product knowledge to ensure the best purchase. In these circumstances, consumers will choose a well-known brand, although it leads to higher costs but can reduce the search effort of the product. Thus, the brand image not only affects the consumer's view of a product but also has the benefit of reducing the risk of purchase (Loudon and Bitta, 1988).

Asus which is one brand of notebooks that managed to occupy the first position of notebook sales in Indonesia. Asus itself started its business as a simple motherboard manufacturer by employing some reliable

employees, now Asus has become a leading technology company in Taiwan with more than 12,500 employees worldwide. Asus has produced products in almost every category of information technology, including PC components, peripherals, notebooks, tablets, servers and smartphones.

Based on data released by International Data Corporation (IDC) in 2016, shows that sales of Asus notebooks still occupy the first position during the year 2015 with the largest number of notebook sales of 306,335 units. Then in the second position of Lenovo with the number of notebook sales during 2015 amounted to 170,100 units and the third position is occupied by Acer with the number of notebook sales during 2015 of 159,836 units (Sinaga, 2016).

Consumers typically start purchasing decisions with confirmation of needs, conduct research before purchase, and product evaluation for decision making. Product evaluation is a very important factor in decision making. Due to the ever-present risk in any purchase decision making, consumers rely on information or product cues to lower the risk of purchasing. Olson and Jacoby (1972) categorize product cues in intrinsic and extrinsic cues. First deals with product composition, including product knowledge such as design and features. Both relate to components related to the product, but not related to the product itself such as price and brand. Zeithaml (1998) suggests that intrinsic cues of product knowledge and extrinsic cues are the brand is an important factor in consideration for consumers in evaluating a product. However, there are other intrinsic product cues such as functionality and product quality that are often not obtainable directly.

Many previous studies focused on only two intrinsic and extrinsic signaling variables: product knowledge and brand image that may be effective in explaining the purchase intent of a product (Lin and Chen, 2006; Lin and Lin, 2007; Jalilvand and Samiei, 2012; Bhakar et al., 2013). However, it does not necessarily reflect the true reality. It is rare to find research that discusses how brand image, product knowledge and product quality influence buying intentions. Thus, the researcher selects three variables in intrinsic product cues (product knowledge and product quality) and extrinsic product cues (brand image) as independent variables by using price discounts as moderator variables. And do research on the influence of brand image, product knowledge and product quality to the intention of buying Asus notebook with price discount as moderation variable in Jambi City.

The research intends to explain buying intention based on consumer perception on brand image, product knowledge and quality of Asus brand notebook product and how that perception when at the same time Asus brand notebook sale given discounted price. Then interpret how the determinant of consumer perceptions can be part of corporate marketing strategy.

## **Literatur Review**

Marketing aims to meet and satisfy the needs and desires of individuals or groups by using the exchange process. The marketing implementation of a company should be applied in the form of product planning, pricing, promotion, and distribution. In the development of marketing objectives is to create customer satisfaction by selling quality products, improving the ability of companies related to promotion, answer the challenges of competition in the business world with innovation, create long-term relationships between companies and consumers, gain profits in the development of the business world fast.

According to Kotler, P. and Keller, K. L. (2012) the purpose of marketing is to create satisfaction and profit for consumers with the exchange process. The satisfaction and the luck for the consumer is when the consumer gets the product in accordance with their expectations. To meet these expectations the company must sell products that have competitiveness in terms of quality and price. In the perspective of satisfying the needs and desires of consumers, then the purpose of marketing activities to inspire all the activities of a company.

### *) Brand Image*

Kotler, P. and Keller, K. L. (2012) define the brand image as a set of beliefs, ideas, and impressions that a person has for a brand, therefore the attitude and action of the consumer towards a brand is determined by the brand image. Brand image is a requirement of a strong brand. The image formed must be clear and have an advantage when compared to its competitors, when the difference and the advantages of the brand is faced with other brands. Thakor and Katsanis (1997) explain that through brand image, consumers can recognize products,

evaluate quality, reduce purchasing risk, and gain experience and certain satisfaction from product differentiation. Grewal, Krishnan, Baker and Borin (1998) found that the better the brand image of a product, the greater the buying intention and recognition that consumers give for the quality of the product. To improve the brand image of a product what managers can do is to add product variety, improve product quality, offer products in a price that is more in line with the value provided, and provide additional services after purchase (Jalilvand and Samiei, 2012).

) *Product Knowledge*

Peter and Olson (2010) define product knowledge as the different types of knowledge, meanings, and beliefs recorded in consumer memory. Consumers with higher knowledge will become more realistic in the selection of products that match their expectations. Where, the higher the consumer knowledge in purchasing a product, can improve the ability of consumers to make a more satisfactory choice. Brucks (1985) divides product knowledge into three types, namely: (1) subjective knowledge, level of consumer knowledge of a product; (2) objective knowledge, how much information stored in the consumer's memory relates to the brand code, attributes, use situations, the type and class of a product; (3) knowledge based on experience, how much additional information is obtained on a product after purchasing and using a product.

) *Product Quality*

Kotler, P. and Keller, K. L. (2012) define product quality as the ability of a product to satisfy the needs expressed or implied by the overall characteristics it possesses. The quality dimensions associated with notebook products developed by Lichenstein (in Tudor and Zheng, 2014) are: (1) consumer perceptions of product quality (quality of all product attributes contained in the notebook); (2) the reliability of the product, relating to the length of battery life, physical malpractice, product age, suitability specifications, and notebook performance; (3) the level of producer innovation, consumer perceptions of producer innovation in the form of notebook design; (4) consumer perceptions of the quality of product technology, the quality of technology associated with the notebook product can be the type and model of the hardware (motherboard, processor, memory, sound card, graphics card, hard drive, battery, etc.) and software software systems and applications) used as a specification of the notebook. Tudor and Zheng (2014) found that products with better quality than similar products with other brands would increase consumers' buying intentions over the product.

) *Discounted Rates*

Kotler, P. and Keller, K. L. (2012) define promotion as a combination of incentives to stimulate consumers or retailers to generate direct buying reactions to products or services in the short run. Discount prices can attract consumers to try different brands, but after the promotion ends a discount the price can also lower the purchase intentions as a result of a combined discount price with lower quality. Thus, price discounts can attract consumers with economic incentives, but they can also make consumers connect lower-quality products with lower quality, which in turn will strike a profit from increased sales.

) *Intention to Buy*

Fishben and Ajzen (1975) define buying intentions as consumer objectives when they think of a product. According to Kotler, P. and Keller, K. L. (2012) consumer behavior occurs when consumers are stimulated by external factors and become a buying decision based on personal characteristics and decision-making processes. These factors include choosing products, brands, retailers, time, and quantity. In addition, the intention of buying a product arises after an evaluation process of alternatives, and in the evaluation process, one will make a series of choices about the product to be bought on the basis of brand or interest. Therefore, the intention of buying a product is influenced by their choice of a product and brand.

) *Hypothesis*

The research hypothesis as follows: (1) brand image has a positive and significant impact on buying intention; (2) product knowledge has a positive and significant effect on buying intention; (3) product quality has a positive and significant effect on buying intention; (4) price discounts are able to reinforce the influence of

brand image on buying intent; (5) price discounts are able to strengthen the effect of product knowledge on buying intentions; (6) price discounts are able to strengthen the effect of product quality on buying intent.

**Methods**

**Population and Sample**

The population in this study is a regular student independent of State University of Jambi. Age restriction imposed to the respondent is 19 years and over, domiciled in the city of Jambi and has never bought a notebook with Asus brand. By using the Slovin formula, then obtained a sample of 99 respondents.

**Data Collection Technique**

Data collection primarily uses a closed questionnaire, but also provides open-ended questions. Questionnaires are given directly to respondents with respondent records domiciled in the city of Jambi and never bought a previous Asus notebook.

**Research Variables and Measurements**

The dependent variable in this research is buying intention (Y), while the independent variables are brand image (X<sub>1</sub>), product knowledge (X<sub>2</sub>), product quality (X<sub>3</sub>), and price discount (X<sub>4</sub>). The questionnaire contained questions that measured using a Likert scale of 1-5. For each indicator the respondent gave his judgment. Furthermore, data analysis using quantitative analysis using moderation regression analysis formula.

**Result**

Respondents who were sampled in this study were independent students of Jambi University who live in Jambi City and never bought a notebook with Asus brand before. Prior to statistical tests, first tested the validity and reliability. By using SPSS it is known that the five research variables are valid and reliable. As in Table 1 below:

**Table 1. Summary of Test Results Validity and Data Reliability**

Variabel	Question	Coefficient of Validity	Reliability Coefficient	Information
Brand Image (X1)	X <sub>11</sub>	0,831	0,753	Valid and Reliable
	X <sub>12</sub>	0,823		
	X <sub>13</sub>	0,803		
Product knowledge (X2)	X <sub>21</sub>	0,854	0,805	Valid and Reliable
	X <sub>22</sub>	0,862		
	X <sub>23</sub>	0,835		
	X <sub>31</sub>	0,903		
Product quality (X3)	X <sub>32</sub>	0,877	0,881	Valid and Reliable
	X <sub>33</sub>	0,787		
	X <sub>34</sub>	0,881		
Discount Price (X4)	X <sub>41</sub>	0,855	0,769	Valid and Reliable
	X <sub>42</sub>	0,853		
	X <sub>43</sub>	0,773		
Intention to Buy (Y)	Y <sub>1</sub>	0,865	0,792	Valid and Reliable
	Y <sub>2</sub>	0,813		
	Y <sub>3</sub>	0,855		

*Source: Primary data processing results with SPSS, 2016*

Thus the data from the field can be continued to the next test, namely multiple regression test and moderation regression. The results of statistical tests of primary data are presented as follows.

**Table 2. Summary of Test Results Statistics Influence Brand Image, Product Knowledge and Product Quality Against Intention to Buy With Discount Rates As Variable Moderator**

No.	Statistics Size	Calculate Value and Regression Coefficient	P <sub>value</sub>
1.	Test F	103,303	0,000**
	Test t		
	• Brand Image (X <sub>1</sub> )	0,522	0,000**
	• Product Knowledge (X <sub>2</sub> )	0,048	0,646
	• Product Quality (X <sub>3</sub> )	0,255	0,002**
2.	Coefficient of Determination R <sup>2</sup>	0,765	
3.	Moderate Regression Analysis		
	Test	0,004	0,901
	• Moderate1 (X <sub>1</sub> * price discount)	0,073	0,037*
	• Moderate2 (X <sub>2</sub> * price discount)	0,011	0,597
	• Moderate3 (X <sub>3</sub> * price discount)		

*Source: Primary data processing results with SPSS, 2016*

*Description: \*\* highly significant*

Regression model in this research is as follows:

$$Y = 1,118 + 0,522X_1 + 0,048X_2 + 0,255X_3 + e$$

The test results show that simultaneously the F value of 103.303 percent. Statistically is highly significant. While for the partial test shows that the relationship of the three variables is positive, with a highly significant value on the brand image variable and product quality, while the product knowledge is not significant. While price discounts are able to reinforce the influence of brand image, product knowledge and product quality on buying intentions, with the classification of price moderation moderation variables as potential moderating variables on brand image and product quality, and as pure moderate variables on product knowledge with Pvalue of 0.037 less than significance level of 0.10.

### Brand Image

The results showed that brand image has a significant effect on consumer buying intention. Based on observations found that Asus producers do business marketing company through advertising in brochures, internet and cooperation with retailers notebook sales by displaying the Asus logo in the store retailer's storefront. Thakor and Katsanis (1997) argue that through brand image, consumers can recognize products, evaluate quality, reduce purchasing risk, and gain experience and certain satisfaction from product differentiation. Furthermore, Grewal, Krishnan, Baker and Borin (1998) found that the better the brand image of a product, the greater the buying intention and recognition that consumers give for the quality of the product. The results of this study received support from the results of this study found that brand image is a factor that significantly influence the intention to buy consumers, especially on notebook products. In addition, this indicates that the company succeeded in delivering the value to be given to consumers through marketing efforts.

### Product knowledge

The results showed that product knowledge has no significant effect on consumer buying intention. Based on the observations made, it is known that consumers do not have enough information in accordance with the type, class, situation of use, maintenance and solution problems obtained directly from Asus manufacturers and retailers. This results in consumers having limited product knowledge that is objective and tends to have knowledge based on Asus producer marketing efforts that focuses solely on branding by conveying attributes, benefits and value provided without involving consumers as producers partner of Asus with knowledge product for consumers.

### Product quality

The results showed that product quality significantly influence buying intention. Based on observations made, it is found that consumers provide a positive assessment of the quality of hardware owned by Asus notebooks are durable batteries and notebook cooling system reliable, so as to maintain the stability of Asus notebooks even though used in a relatively long period of time and in the room did not have AC. Tudor and Zheng (2014) found that products with better quality than similar products with other brands would increase consumers' buying intentions over the product. The results of this study received support from the results of this study found that product quality has a significant influence on consumer buying intentions. This indicates that the company's efforts to increase the value and benefits of Asus notebook through technological innovation and notebook design get good response from consumers, so as to increase consumer confidence to Asus producers.

### **Discount Price**

Furthermore, the results of this study found that partially discounted prices are able to reinforce the influence of brand image, product knowledge and product quality to purchase intentions. This indicates that the discounted price provided by the seller or retailer does not reduce consumer confidence in the quality of Asus notebook products. In that case, the discounted price was effectively able to strengthen consumers' buying intentions with a relatively low level of product knowledge.

### **Conclusions And Recommendation**

#### **Conclusions**

Based on the results of data analysis and discussion of research results, it can be concluded as follows:

1. Brand image and product quality give the biggest positive effect to consumer buying intention with coefficient value of 0,522 and 0,255 with signifiy 0.000 and 0,002. Brand image is related to Asus company's marketing efforts in reaching, informing, and persuading consumers to buy and use notebooks with marketing mix strategies, including the product itself; mass media advertising; direct marketing; personal sales and other sales promotion efforts; pricing policy; and selection of distribution channels. Through the management of a good brand image, the greater the recognition that consumers give to the quality of a product. While the product knowledge has no significant effect on buying intention with coefficient value of 0.048 with a significance number of 0.645.
2. Contribution of influence of brand image, product knowledge and product quality to purchase intention is equal to 76,5%. While the remaining 23.5% is influenced by other factors not examined.
3. Partial price discounts are able to strengthen the influence of brand image, product knowledge and product quality on buying intentions. However, price discounts are able to strengthen significantly the effect of product knowledge on buying intention with coefficient value of 7.3% and a significance number of 0.037. This suggests that the discounted price given as a marketing stimulus can increase purchasing intentions of consumers with relatively low product knowledge. Meanwhile, price discounts are not so strong in strengthening consumer purchase intentions that have a high brand perception and product quality over a product.

#### **Recommendation**

Suggestions that can be given from research result are as follows:

1. The company is expected to improve the quality and quantity of the company's marketing, especially advertisement through brochure and internet and cooperation with the retailer related to logo advertisement at the store / retailer storefront, as this proves effective in conveying the value to be given to the consumer in order to create the image good for company and product.
2. The retailer or the seller is expected to maximize the company's marketing efforts through the price, that is by giving a discount on the price of the product sold, because it is proven to increase consumer buying intention, especially for consumers with a relatively low level of product knowledge.

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