

Hendra; Lusiah

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Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics
Düsternbrooker Weg 120
24105 Kiel (Germany)
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)
<https://www.zbw.eu/>

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Impact of Brand Image, Product Quality and Self-Efficacy on Purchase Decisions on Private Label Rights Products. An Empirical Study

HENDRA^{1*} and LUSIAH²

¹ Wilmar Business Indonesia Politeknik, Indonesia

² STIE IBBI Medan, Indonesia

Present research was aimed at analyzing the impact of brand image, product quality and self-efficacy on purchase decision on private label rights (PLR) products among Medan city community members. A hundred community members of Medan City were involved as the subjects of this research. The research results showed that the variable of product quality has a significant effect on consumer purchase decisions. It is concluded that good quality products in private label rights (PLR) products should be maintained and even improved, thus leading to more positive societal impression on private label rights (PLR) products. Some of the respondents consider private label rights (PLR) products with good product quality presents more interest to try or buy.

Keywords: Brand Image, Product Quality, Self-Efficacy, Purchase Decision, Private Label Rights (PLR)

JEL Classification: L26, M15, M30

1. Introduction

As the new millennium revolves in the globalization era, online businesses are leaned towards the trend of internet marketing. In addition to an effort to selling the products, companies must make brand names memorable in representing the products effectively. In so doing, it is easier for the consumers to register the products in their minds. More than just names, terms, signs, symbols or combinations, a brand is the company's commitment to persistently deliver features, benefits, and services to customers and to make people more familiar with a particular brand as compared to other brands. If the company manages to build a strong brand in the customer's mind through the right marketing strategy, the company will be able to build its brand. Thus, the brand can provide added value to the actual value offered by the product to the customer so that the brand is perceived to have brand equity. Brand image presents the overall perception of the brand and is formed based on previous information and experience of the brand. The brand defines image as the number and images, impressions, and beliefs that a person sees in an object.

*Corresponding Author:

Hendra, Management Study Program, Wilmar Business Indonesia Polytechnic, Medan, Indonesia

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Some consumers buy a product because they need it and some others buy a product spontaneously or without a plan or do not take any consideration when deciding to buy it. The right strategy to influence the purchase decision is to establish a brand image within the consumer. It is believed that this strategy is able to boost competitiveness in the marketing field so as to carry on promoting their products to consumers. Product quality is an important consideration in influencing purchase decision (Alamsyah and Angliawati, 2015). Consumers assess a product based on the results of performance comparisons or perceived results in accordance with consumer expectations. According to Gusniar (2012), product quality is the ability of a product to perform its functions such as endurance, as well as other valuable attributes.

The potential of the Internet as a medium of trade and marketing is a headline, especially for business owners who are marketing their own products. This issue raised a new perspective, in which e-commerce is widely known as an electronic commerce. Electronic commerce offers a new and exciting opportunity where e-commerce replaces the conventional businesses as a whole (Rizqulloh and Elida, 2015). As online businesses in Indonesia such as kaskus.com, tokopedia.com, bukalapak.com, blibli.com, olx.com, blanja.com and so forth grow, the business competition emerged along with the rapid economic competition in the form of increasing society's standard of living that truly influences the level of diversified human needs in winning the competition and maintain its business continuity. The data shows that the number of internet users in Indonesia in 2016 is 132.7 million users or about 51.5% of the total population of Indonesia or equal to 256.2 million. The most dominant Internet users were found in Java Island with a total of 86,339,350 users or about 65% of total internet usage. If compared to internet users in Indonesia in 2014 of 88.1 million users, it is clear that there is an increase of 44.6 million within 2 years (2014 - 2016). The data/facts shown is indeed encouraging, especially for entrepreneurs or online store owners. By age, most Internet users are aged between 35-44 years old, or equal to 29.2%. In the meantime, the least users are aged 55 years old and over, or equal to 10%.

According to a MARS report (MARS Indonesia, 2017), corroborated by the Ministry of Communications and Information Technology of the Republic of Indonesia, the value of online transactions in Indonesia in the year 2016 reached US \$ 4.89 billion, or equivalent to Rp. 68 trillion. This figure is still an estimate, since counting each and every online transaction in Indonesia is not an easy task. But the \$ 4.89 billion figure gained during 2016 is much higher than the total amount of transactions in 2015 which amounted to US\$ 3.56 billion (MARS Indonesia, 2017). One of the factors of the increasing number of online transactions and buyers who shop at online stores is due to the increasing number of Internet users in Indonesia. In 2014, the number of internet users in Indonesia reached 88.1 million users. In 2015, the number continues to increase to up to 93.4 million Internet users, and in 2016, the number keeps increasing to 100.1 million Internet users (MARS Indonesia, 2017). In line with that, one of the online businesses in the world of internet marketing namely, private label rights (PLR) develops. PLR is type of business in the internet marketing enabling everyone to rightfully sell and make money on the works of others. In online businesses, products such as e-books, audio or video courses with private label rights license allow us to own the products, edit the content and brand and we can claim to be the author or owner of the products. This kind of product commonly comes with a website, so there is no need to make a new website for the product. It also comes with a sales letter in the form of an email, or web content, which therefore makes it clear how to gain prospective customers.

1.1. Problem Statement

Since no research has been done to investigate the effect of brand image, product quality as well as self-efficacy at the same time on purchase decisions on private label rights products by customers especially in Medan City, North Sumatera Province, Indonesia, then, it is imperative that this issue being under research so as to help firms in determining which aspect plays a significant role in making their product a success.

1.2. Research Objectives

The research objectives of this study are:

1. To investigate the impact of Brand Image, Product Quality, Self-Efficacy on Purchase Decisions on Private Label Right (PLR) Products among Medan City Community Members.
2. To evaluate the impact of Brand Image, Product Quality, Self-Efficacy on Purchase Decisions on Private Label Right (PLR) Products among Medan City Community Members.

2. Literature Review

2.1. Brand Image

Keller (1993, p.3) defines brand image as: "Perceptions about a brand as reflected by the brand associations held in consumer memory". In the meantime, Radji (2009, p.18) puts forth that "brand image is

an association that appears in the minds of consumers when recalling a particular brand". While Dobni and Zinkhan (1990) and Ferrinadewi (2008, p.165) argue that "brand image is a concept created by consumers for subjective reasons and personal emotions". Kotler (2001, p.273) defines image as "the set of beliefs, ideas, and impression that a person holds regarding an object". Therefore, consumer attitudes and actions towards a brand are determined by the image of the brand. Moreover, Dobni and Zinkhan (1990) and Hossain, (2007, p.91) state that brand image is an overall consumer's perception towards the brand or to what extent they know it. This notion is further supported by Simamora's (2003) argument that since an image is a relatively consistent perception in the long term (enduring perception), forming an image is a difficult task, that once it has been formed, changing it will be difficult to do. Moreover, brand image is a prerequisite of a strong brand (Kotler, 2004, p.310).

Kotler and Gary Armstrong (2008, p. 80) argue that "brand image is a set of consumer beliefs about various brands". It is inferred that a brand image or brand description is a description about association and consumer belief to a certain brand. A product creates a brand if the product according to the consumers' perception has functional benefits (functional brand), creates an association and an image as desired by consumers (image brand) and evokes certain experiences when consumers interact with it (experiential brand). Isyanto et al. (2012, p.3) state that one way that can be approached is through the formation of a positive image. A brand image contains some things that explain about the brand as a product, brand as a brand organization, brand as a symbol. Brand image can also be created from other factors. Brand image can also be created either under a long time span or a short time span. It depends on the company itself of how to build the brand image and maintain it. Brand image or brand description is a description of the association and consumer confidence to a particular brand.

A number of quantitative and qualitative techniques have been developed to help reveal consumer perceptions and association of a particular brand, including multidimensional scaling, projection techniques, and so on (Tjiptono, 2011). Brand image is a set of brand associations that are formed and embedded in the minds of consumers. Consumers who are accustomed to using a particular brand tends to have consistency with the brand image. Brand image is the perception and belief of the consumers, as reflected in the associations that occur in consumer's memory (Kotler, 2009). According to Simp (2004), brand image is "associations that are activated in a person's memory when thinking about a particular brand. Such associations can simply appear in the form of a particular thought or image attributed to a brand, just as we think about others." Brand image is a representation of the overall perception of the brand and is shaped from the information and the brand's previous experiences. The image of the brand is associated with an attitude of belief and preference for a brand. Consumers who perceive a positive image of a brand are more likely to purchase.

H1: Brand Image has a significant impact on Purchase Decisions on Private Label Right (PLR) Products among Medan City Community Members

2.2. Product Quality

Speaking of a product, a noteworthy aspect is the quality of the product. According to the American Society for Quality (2017), quality is "the totality of features and characteristics of a product or service that bears on its ability to satisfy give needs", meaning that the overall characteristics and characteristics of a product or service that demonstrate its ability to satisfy the implicit needs (Mikel, 2000). This definition is a consumer-centric quality in which a seller has provided quality when the product or service seller has met or exceeded consumer expectations (Roisah and Riana, 2016).

Product quality can be understood as the product offered by the seller that has more selling value than the competitor's products. Therefore, companies should make an effort to focus on the product quality and compare it with the products offered by the competitor company. However, a product with the best package or even better looks is not necessarily the highest quality product if it is not what the market needs and wants.

Kotler (2009) states that product quality is the ability of a product in demonstrating its functions, including overall durability, reliability, accuracy, ease of operation and product reparation as well as other product attributes.

H2: Product Quality has a significant impact on Purchase Decisions on Private Label Right (PLR) Products among Medan City Community Members

2.3. Self-Efficacy

Bandura (1997) argues that self-efficacy refers to an individual's belief in his or her capacity to execute behaviors necessary to produce specific performance attainments). Therefore, with regards to Internet marketing, self- efficacy has something to do with how confident a customer is in deciding to buy a product. The concept of self-efficacy finds its roots in social cognitive theory, which suggests that "what people think,

believe, and feel affects how they behave” (Bandura, 1986, p.26). According to social cognitive theory, people form beliefs regarding their abilities and skills and use these beliefs to shape their subsequent behavior (Mills et al., 2007).

In the realm of information technology, self-efficacy is regarded as a determinant of individual behavior and performance (Kim and Kim, 2005, p.3). Moreover, self-efficacy has been shown to understand individual behavior toward new information technology (Kim and Kim, 2005).

Within internet marketing, several scholars define internet self-efficacy in different ways. Internet self-efficacy derives from the social cognitive theory as proposed by Bandura (1997). Within this perspective, one’s behavior is constantly under reciprocal influences from cognitive (and other personal factors such as motivation) and environmental influences. Bandura calls this three-way interaction of behavior, cognitive factors, and environmental situations the “triadic reciprocity” (Bandura, 1998 in Keisidou, et al. 2011). Hernández, Jiménez and Martín (2011) defines it as the belief in one’s abilities to use the internet effectively. Similarly, Keisidou, et. al, (2011) states that self-efficacy in online shopping describes the individual’s ability to apply their skills to complete a purchase on the internet. Moreover, Eastin (2002) and O’Cass and Fenech (2003), show that personal internet self-efficacy has a positive effect on user acceptance of online shopping (Keisidou, et. al, 2011). If consumers feel too much uncertainty in e-commerce transactions, they are reluctant to make purchases from online retail websites. However, if people are confident that they can deal with the retailers, confidence in e-commerce will increase.

Consumers encounter a range of tasks relating to decision making, purchase and consumption in pursuit of their goals (Garlin and McGuiggan, 2002, p.1). Gist and Mitchell (1992) pointed out that self-efficacy has three aspects. First, self-efficacy reflects an individuals’ comprehensive judgment on whether they are capable of implementing a specific task. Second, the judgment on self-efficacy changes as the individual obtains information and experiences. Third, a self-efficacy judgment involves a motivational factor which directly mobilizes the individuals’ behaviors. Lawson (2001) states that a better understanding of self-efficacy in consumer behavior should be of concern because overall the theory and empirical evidence suggests self-efficacy influences many areas of interest, such as what activities consumers pursue and avoid. Additionally, it may impact on how consumers plan and implement various stages of decision making, and the processing of information (Duhan et al., 1997).

Much of customer self-efficacy research focused on service development and delivery (McKee et al., 2006), technology-based self-service (van Beuningen et al., 2008) and online channel extension (Yang et al., 2011). Due to the importance of getting product information during the process of purchase, customers with different levels of self-efficacy over getting information would probably perceive different decision quality (Pavlou and Fygenson, 2006).

H3: Self-Efficacy has a significant impact on Purchase Decisions on Private Label Right (PLR) Products among Medan City Community Members

2.4. Private Label Rights

Private label rights (PLR) are the products whose content can be edited, improved, and sold. The customers who buy PLR products have the opportunity to get private label rights, master resell rights, resell rights, and anything you would want them to have. The products with private label rights must be accompanied by a source code if the product is a software. In other cases, if the product is e-books, then the customers will be given file.doc/txt document. Normally, products with this license allows us to claim that the product is made by us (depending on the producer). In internet marketing, private label rights is a license where the author sells most or all of the intellectual property rights to their work.

2.5. Purchase Decision

Purchase decisions are individual activities that are directly involved in making decisions to make purchases of products offered by the seller. Tjiptono (2008) defines consumer purchase decision as “an individual action that is directly or indirectly involved in obtaining and using a product or service required”.

Purchase decision is a consumer decision that is influenced by financial economics, technology, politics, culture, product, price, location, promotion, physical evidence, people and process, thus forming an attitude to consumer to process all information and draw conclusions in the form of response to that products to buy (Buchari, 2011). According to Kotler (2004, p.204), “purchase decision is a decision taken by a prospective buyer regarding the certainty to make the purchase or not”. Saladin (2002, p.106) argues that “before the consumer gets to the stage of deciding to buy a product, he/she will pass through the stage of the consumer purchasing process”. According to Kotler (2004, p.204) the decision to purchase by the consumer is actually a set of a number of decisions.

Each decision to buy has a structure of seven components, which include:

- decision about the type of product, in which case the consumer can make decisions about what products to purchase in order to meet and satisfy his/her needs;
- decision about the form of the product, wherein the consumer may decide to buy a product that suits his/her favor;
- decision about the brand, wherein consumers shall decide which brand to buy because each brand has its own distinctions
- decision about the seller, as the consumer decides from where the required product will be purchased;
- decision about the number of the products, consumers can make decisions about how many products will be purchased;
- decision about the time of purchase, the consumer can make a decision about when s/he should make a purchase.

A number of people who are involved in purchase decisions are as follows:

1. Initiator is the person who first realized the existence of unfulfilled needs and initiates the process to buy certain products.
2. Influencer is the person who often has an effect or impact their views, advice or opinions that affect purchase decisions.
3. Decider is a person acting as a decision maker in determining whether the product is purchased, what kinds of products will be purchased, how to buy, and where the product is purchased.
4. Buyer is the person who makes the actual purchase.
5. User is the person who consumes or uses the purchased product.

3. Methodology

3.1. Research Premises

In terms of the location and time of study, this research was conducted in Medan City, North Sumatera Province, Indonesia in February 2017. The type of data used in this study is the primary data which were obtained directly from field research using the instrument of questionnaires. In this research, a questionnaire was employed, using the Likert scale.

3.2. Research Sample and Variable Description

The population in this study consists of community members aged between 17 - 50 years old who have often used e-commerce websites to do online shopping. The target population under study in this research is the community members of Medan city and its vicinity, who had done PLR shopping. The sample respondents in this study were determined using non-probability sampling. The method used in gathering the sample was purposive sampling that is choosing which customer is suitable for the research by doing it randomly. The number of samples were determined by referring to Widiyanto (2008). If the population is large and the number is unknown, then the following formula is applied:

$$N = z^2 / 4 (\text{moe})^2 = 96.04 \approx 97 \text{ (or rounded 100 for more fit research)}$$

Where n = number of samples, z = confidence level required in 95% sample determination, moe = margin of error, i.e. maximum tolerable error rate, determined by 10%. From the calculation results of samples above, the number of respondents was cumulated into 100 so as to fit the research data by larger population and thus the statistics data will show varied results. In describing the research variables, descriptive statistical analysis was used to explain the profile of respondents which comprised of age, gender, shopping duration, income, purchased PLR products. In addition to that, descriptive analysis also revealed a frequency distribution of respondents' answers to each question items used to reveal research variables, i.e. salary, incentives, and employee's job satisfaction.

3.3. Test Validity, Reliability and Data Analysis Techniques

The research was conducted by using variables that are formulated as latent or unobserved variables, i.e. variables that cannot be measured directly, but are formed through observed dimensions. In this case, the indicators that the authors observe is by using questionnaires that aims to investigate respondents' opinions about the brand image, product quality and self-efficacy to purchase decisions on private label rights products (PLR). Validity and reliability tests were conducted to measure whether the question items or variables that exist in the questionnaire is feasible to use or not.

To analyze the data, the method used in this research was the regression method. Multiple linear regression analysis as proposed by Riduwan and Akdom (2007, p.142) was employed to find whether there is an influence between the independent variables (brand image, product quality and self-efficacy) and the dependent variable (purchasing decision). The formula used is:

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + e$$

where: y = purchase decision, b_0 = constant value, x_1 = brand image, x_2 = product quality, x_3 = self-efficacy, b_1, b_2, b_3 = regression coefficient, e = standard error

Classic assumption test was performed before conducting regression analysis in order to obtain unusual estimation and efficiency. For this analysis, hypothesis testing can be proven by using the following statistical tests: Partial test (t test), Simultaneous test (f test), Coefficient of determination.

4. Results

Upon analyzing the data quantitatively, the following results and discussion of “the impact of brand image, product quality and self-efficacy on purchase decisions on private label rights (PLR) products in Medan city community members” are elaborated. Various statistical analysis techniques were employed such as descriptive statistics, reliability test, validity test, correlation test and multiple regression analysis.

4.1. Results of Validity and Reliability Tests of Brand Image Variable (x_1)

Given the r-table value for two-tailed test at a significance level of 5% ($\alpha = 0.05$), the number of samples $n = 100$ (degrees of freedom are $n-2 = 98$), consequently the provided value of r-table is 0.1654. If the value of r in the table is positive, then the overall question items for the evaluation variable are valid and reliable. The registered Cronbach’s alpha value of 0.789, shows a level higher than 0.6 and smaller than 1.0 (Cronbach, 1970), which is considered acceptable. Also, the value of Cronbach’s alpha is also higher than the r-table value, which further support the reliability condition for the ‘Brand Image’.

Table 1. Results of validity and reliability tests of brand image variable (x_1)

Variable	Cronbach’s Alpha	Result
Brand Image	.789	Reliable

4.2. Results of Validity and Reliability Tests of Product Quality Variable (x_2)

With an r-table value for two-tailed test at a significance level of 5% ($\alpha = 0.05$), considering the number of samples $n = 100$ (degrees of freedom are $n-2 = 98$), the given value of r-table is 0.1654. If the value of r in the table is positive, then the overall question items for the evaluation variable are valid and reliable. This aspect is also supported by Cronbach’s alpha registered value 0.732, which is higher than the threshold value proposed by Cronbach (1970). Moreover, Cronbach’s alpha $>$ r-table, therefore the questionnaire’s items used in this analysis are reliable, and so is the overall analysis.

Table 2. Results of validity and reliability tests of product quality variable (x_2)

Variable	Cronbach’s Alpha	Result
Product Quality	.732	Reliable

4.3. Results of Validity and Reliability Tests of Self-Efficacy Variable (x_3)

An r-table value of 0.1654 was registered for the two-tailed test at a significance level of 5% ($\alpha = 0.05$) considering a number of 100 samples and 98 degrees of freedom. The overall question items for the evaluation variable are valid if the value of r- table is positive. The level of reliability is again supported by the value of 0.768 of Cronbach’s alpha value, a value that is within the 0.60-1.00 interval proposed by Cronbach (1970). Also, the Cronbach’s alpha value is higher than the r-table value, then the survey’s items used are reliable.

Table 3. Results of validity and reliability test of self-efficacy variable (x_3)

Variable	Cronbach’s Alpha	Result
Self-Efficacy	.768	Reliable

4.4. Results of Validity and Reliability Tests of Purchase Decision Variable (Y)

At a significance level of 5%, with 100 samples and 98 df, the provided value of r-table is 0.1654. If the value of r in the table is positive, then the overall question items for the evaluation variable are valid and reliable. For the ‘purchase decision’ variable, a value of 0.763 was recorded for Cronbach’s alpha. This figure

shows that it fulfills the acceptable level proposed by Cronbach (1970), as it is higher than 0.6. Moreover, Cronbach's alpha value is higher than the r-table value, therefore the questionnaire's items used are reliable.

Table 4. Results of validity and reliability tests of purchase decision variable (Y)

Variable	Cronbach's Alpha	Result
Purchase Decision	.763	Reliable

4.5. Discussion of Hypotheses Testing

Table 5 presents the results for the multiple regression analysis and hypotheses testing for this study.

Table 5. Multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F
		B	Std. Error	Beta			
1	(Constant)	.673	.772		2.891	.005	61.597
	Brand Image	.069	.054	.278	.924	.001	
	Product Quality	.683	.059	.449	9.919	.000	
	Self-Efficacy	.783	.111	.265	9.749	.000	

Note: a. Dependent Variable: Purchase Decision

Coefficient of determination of 0.673 and the value of f-count of 61.597 leads to the conclusions that x_1 , x_2 and x_3 variables have real impact on purchase decision on private label rights (PLR) product among Medan city community members. The influence of 67.3% means that the impact of brand image (x_1), product quality (x_2) and self-efficacy (x_3) as a whole affect the purchase decision of private label rights (PLR) products among community members of Medan city.

The impact of brand image (x_1), product quality (x_2) and self-efficacy (x_3) as a whole have an effect on purchase decision on private label rights (PLR) product among community members of Medan city. Nonetheless, of the three variables, product quality is the most effective variable in a proportion of 74.9%.

Regression coefficient b_1 (as variable coefficient for x_1) of 'brand image' registered a value 0.069 with t-table 0.924 that is not significant, because t-table is smaller than t-table. This means that the variable of brand image partially has no significant effect on purchase decisions on private label rights (PLR) products among community members of Medan city.

Regression coefficient b_2 (as variable coefficient x_2) of the 'product quality' variable is 0.683 with t-table 9.919 which is significant within the model. This means that the product quality has a significant effect on purchase decisions on private label rights (PLR) products among community members of Medan city.

The regression coefficient b_3 (as variable coefficient variable x_3) measuring 'self-efficacy' recorded a value of 0.683 with t-table of 9.749, that has significance within the model as the t-table value is greater than t-table. This means that the variable of self-efficacy has a strong effect on the purchase decision on the private label rights (PLR) products, considering the community members of Medan city.

5. Conclusions

This study has revealed that of the three variables in customer purchase decision, namely brand image, product quality and self-efficacy, product quality is the most dominant factor is determining prospective customer's decision in making a purchase towards Private Label Right products. Hence, it is important for firms to maintain the quality of their products so as to penetrate the markets and generate strong revenues in selling their products by allowing customers to resell the items. They can also improve product quality through product differentiation and convince the buyers on the reliability of these products.

6. Direction for Further Research

Further researches should focus on approaching and including in the study of a wider population, because this study only covered a small percentage of population in Medan city, and this represents a limiting aspect of the paper. By extending the research, it is expected that the data will shed lights on the proper methods in keeping companies successful in providing mutually beneficial business relationships and boosting the local economy in particular, and the national economy, in general.

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