

THE EFFECT OF BRAND REPUTATION, PRODUCT RELIABILITY, PRICE AND BRAND ADMIRATION ON PURCHASING DECISION (Study on Food Products that Sold through Instagram at Semarang)

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ABSTRACT

Development in technology was really fast, especially in the information and telecommunications field. Nowadays, technology cannot be replaced by human life. Social media is very important to various business and personal life. Social media helping us to find new colleagues and help us to easier get information. For many years, most powerful social media are Facebook, Twitter, and LinkedIn. But for this past years, Instagram can take market attention. Due to a number of followers, culinary became favorite on Instagram. Before that, culinary products rarely marketed on other social media including Facebook. In this study, research will be focused on the kind of food that can be delivered in Semarang. This research will be started by sharing questionnaires to 157 respondents. Those respondents already have experience in buying food from Instagram in Semarang. From the result, two hypotheses accepted. The first one concluded there is a positive impact from brand reputation to buying decision. The second one concluded there is a positive impact on brand admiration to brand reputation. For reliability and product price didn't give impact for buying decision.

Keywords: *brand reputation, product reliability, price, brand admiration, buying decision, Instagram.*

INTRODUCTION

Social media nowadays become very important for business and personals (Rasid et al, 2013). Social media make information and new relations easy to get. Every day there are 684.478 posts on Facebook, 100.000 tweets on Twitter, 3.600

photos posted on Instagram, two million questions queries on Google and 571 new websites. Today, on average people can spend 50% of their time just to take a look at their social media (Bergstrom, 2013). With all of their features, social media become a tool for the company in maintaining relationships with their consumers. Social media also become promotion tool gradually.

Instagram launch in 2010. From that day, Instagram was developed so fast. Their users increase quickly. Instagram become one of the social media with the most number of users. Instagram has 500 million users worldwide. On these past two years, a number of Instagram users increase two times greater (CNN Indonesia). Looking at their number of users, many people eyeing business chance through Instagram. Many people marketed their product through social media, especially Instagram. Products they sell such as clothes, fashion products, electronics, gadget, food, and beverage. This research will focus on food products marketed in Semarang.

Nowadays, many people try to sell their products through social media especially Instagram. From day to day, their numbers are increasing. Because of that, competition tension was increased. So we formulate some problems in this study: (1) Does brand reputation have a positive effect on purchasing decision?; (2) Does product reliability have a positive effect on purchasing decision?; (3) Does the price in accordance with the wishes of consumers have a positive effect on purchasing decision?; and (4) Does brand admiration have a positive effect on brand reputation?

Expectations from the results of the study are: (1) Theoretically, it is expected that the results of this study can involve theories in online purchasing decisions for consumers and direct marketing; (2) Empirically, for food entrepreneurs on Instagram, practically providing information to food entrepreneurs on Instagram, in preparing strategies to increase purchases and the number of consumers. For the next research, it is hoped that this research can be an example for the development of research on online purchasing decisions and help increase sales through social media.

LITERATURE REVIEW

Technology Acceptance Model (TAM)

Technology Acceptance Model (TAM) is a model created with the aim of analyzing the factors that influence acceptance of computer technology. In 1986, Fred Davis introduced TAM the first time. TAM is also a result of the development

of the TRA (Theory of Reasoned Action). TRA was first developed in 1980 by Fishbein and Ajzen.

Perceptions of benefits are assessed at levels where one believes that by using a system, their performance can be improved (Davis et al., 1989). While Marvine Hamner et al. (2008) adds its assessment that perceptions of perceived utility are more likely to benefit a person while perceptions of usefulness or perceived usefulness tend to benefit for an organization. Perceptions of perceived ease of use, in contrast, refers to the level at which a person believes that they should not have to work hard when using the system.

Consumer Behavior

According to Mowen (1995), "Consumer behavior can be described as research on the process of exchange and purchase of goods which consists of getting, consuming, exchanging goods, services, experiences, and ideas". Consumer behavior focuses on activities related to consumption, especially for individuals. According to Hanna and Wozniak (2001), consumer behavior is also related to pressure and also reasons that ultimately give effect to individuals to choose, buy, use and process the exchange of goods and services with the aim of satisfying the needs and desires of individuals.

Factors that Affecting Purchasing Decisions

Purchase Decision

Purchasing decisions are actions of consumers who ultimately decide whether to buy or not a product or service. There are many factors that can influence consumers in deciding to buy goods or services. Various factors that are often a matter of consumer consideration are factors of quality, price and the product itself (Kotler, 2005).

Brand Reputation

Brands are the key to a company. Brands are seen as promises from companies to consistently provide features, services, and benefits to their customers. This promise makes a brand better known by consumers than other brands (Keagan et. Al., 1992). Creed and Miles (1996) describe brand reputation as people's opinions about a brand that is reliable and considered good. Consumers who feel that others value the brand well will have the confidence to buy it. Many people view brands as a separate entity that has character. These characters encourage managers and the environment to be able to maintain the sustainability of the brand (Jevons et. Al., 2005).

Product Reliability

One consideration in purchasing decisions made by consumers is trustworthy order fulfillment (product reliability). The level of trust in fulfilling consumer orders can build trust in e-commerce service providers. (Bart et. Al., 2005). Product reliability is often associated with the level of risk because it measures consumer perceptions whether the seller is able to fulfill his promise in terms of fulfilling the services provided. (Vijayasarathy & Jones, 2000). According to Jun et. al. (2004) consumers always want the right quantity and quality of the goods or services they order. Not only that, the goods or services are also expected to be accepted within the promised time limit (Riel et. Al., 2003).

Brand Admiration

According to McGovern and Moon (2007), one of the basic perceptions of a brand that is also associated with brand reputation is admiration for the brand. According to Aaker (2012), admiration for a brand can be interpreted as an antidote to feelings of various prejudices that might arise. Brand admiration is a result of the success of cultivating the warm feeling and competence of a brand. The combination of these two things can produce consequences as well. Warm relationships can be associated with cooperative goals and prosocial behavior. Whereas competencies are often associated with the ability to achieve these goals. From the perspective of consumers who feel a warm relationship with a brand and assess the competency of the brand is good, can increase the desire to buy a product or service.

Price

Price is a value that is made to be the benchmark value of an item. According to Djasmin Saladin (2001), price is a medium of exchange used to obtain products or services with a certain amount of money. According to Tjiptono (2002), prices are monetary laws that can be exchanged to obtain rights to goods or use of services. According to Henry Simamora (2002), price is the value of money that must be spent to get the desired product or service. Machfodz (2005) says that determining the price of the product or service offered can be influenced by internal factors which consist of the company's objectives to market the product, the strategy used by the company in marketing the product, the costs incurred by the company to produce and market products and employee financing and the method used by the company to market products and external factors that can be seen from the market model to be addressed by the product, price competition with other products, and the environment that will be the target of the product.

Hypotheses

Effect of Brand Reputation on Purchase Decisions

Based on research conducted by Bart et. al. (2005) on purchasing decisions, reputation and strength of a brand is an important influential factor. Brand reputation appears as an influential factor, especially in products that have high involvement with their customers and products that enter into expensive product segments. Some examples of the products in question are cars, financial services and the computer industry.

In research conducted by Zhan et. al. (2003) brand reputation proved to have a positive effect on purchasing decisions. The reputation of a brand according to Stigler (1961) as quoted in Zhan et.al. (2003) can be achieved from quality that is maintained continuously. The reputation of e-retailers can be increased through word of mouth, advertising and brand equity (Zeithaml, 1988).

H1: Brand Reputation has a positive effect on Purchase Decisions

Effect of Product Reliability on Purchasing Decisions

Customer order fulfillment refers to the delivery of products or services to orders that have been made by consumers. This is an important aspect of the ability to transact. Consumers also pay much attention to the history of transactions that have been done by previous e-retailers. The reliability of this product has also been shown to have a positive effect on purchasing decisions, especially in products that involve consumers and have a fairly high product price. (Bart et. Al., 2005)

Shergill and Chen (2005), as quoted by Syed et. al. (2008) said that product reliability is an important factor in online purchases where most consumers care about the delivery of goods on time. So it is important for an e-retailer to pay attention to all aspects of the reliability of existing products so as to ensure that the products are delivered on time. If product reliability factors can be met, consumers can decide to make further purchases.

H2: Product Reliability has a positive effect on Purchase Decisions

Effect of Brand Admiration on Brand Reputation

A brand that is admired and can be trusted will continue to get respect from customers and not customers. Brands that have a good record in producing, producing products and services with good quality will affect the great respect of competitors, consumers and the community (Anghel et.al., 2011)

Brand admiration appears as one of the things that play a role in changing attitudes and making customers want to buy products or services from a company. Brand admiration often also makes customers assume that the brand has good competence. (Aaker, 2012). Based on research conducted by Aaker (2012) and

Munteanu (2014), it is evident that admiration for a brand has a positive effect on brand reputation.

H3: Brand admiration has a positive effect on brand reputation

Effect of Price on Purchase Decisions

From the results of research conducted by Sajjad et. al. (2012), many respondents felt that by making online transactions they were more economical than having to shop directly. They also feel that by shopping online they get products that are cheaper than they should. Through online shopping systems, consumers are also facilitated in finding the products they want. They easily search for the product they are looking for, simply by entering the product name and details. This makes consumers feel that their efforts to shop less.

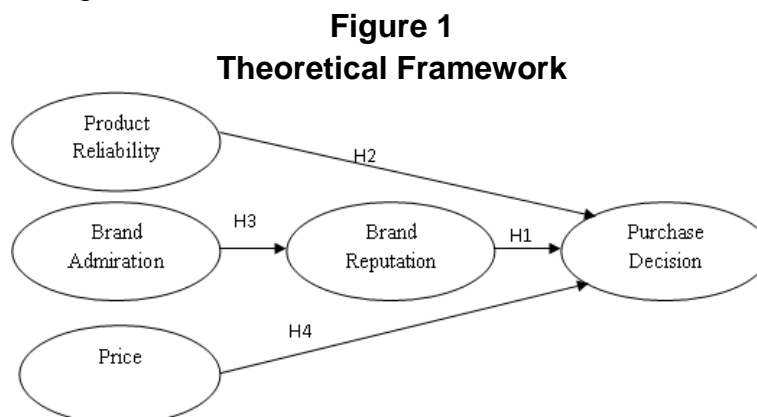
The price comparison made by consumers when making a purchase is a natural thing. Consumers hope to get cheaper prices by buying online. Through an online system that is already sophisticated, consumers are also facilitated to get information about the sale price. (Kang Lo et. Al., 2013)

According to Lo et. al. (2014), consumers choose to make purchases online because they feel that the prices of the products obtained will be cheaper than shopping at store-based retailers. In general, product prices are based on costs incurred by the costs incurred by retailers. By online-based, consumers feel that the costs incurred by e-retailers are smaller than store-based retailers.

H4: Prices have a positive effect on Purchase Decisions

Theoretical Framework

Based on the results of the literature review on brand reputation, product reliability, price, admiration for brands and purchasing decisions, the researchers gave the Theoretical Thinking Framework that underlies this research is shown in figure 1.



Sources: H1: Bart et. al. (2005); Zhan et. al. (2003); H2: Bart et. al. (2005); Jones & Vijayasarathy (2000), Na Li & Ping Zhang (2002), Syed et. al. (2008); H3: Munteanu (2014), Aaker (2011); H4: Sajjad et. al. (2012), Kang Lo et. al. (2013); Lo et. al. (2014).

RESEARCH METHOD

Population and Sample

According to Hair et al. (2006), the sample size should be five times the number of indicators in the model. The indicators in this research model numbered seventeen. Then the minimum number of samples to be obtained is $5 \times 17 = 85$ samples. And to reduce errors, a sample of 147 samples will be taken.

Scales

The measurement scale in this study uses a Likert scale, which is a scale used to measure opinions or perceptions of a person or group of people. Answers are rated from 1 to 7. The most positive responses (strongly agree) are given the highest score and the most negative responses (strongly disagree) are the smallest.

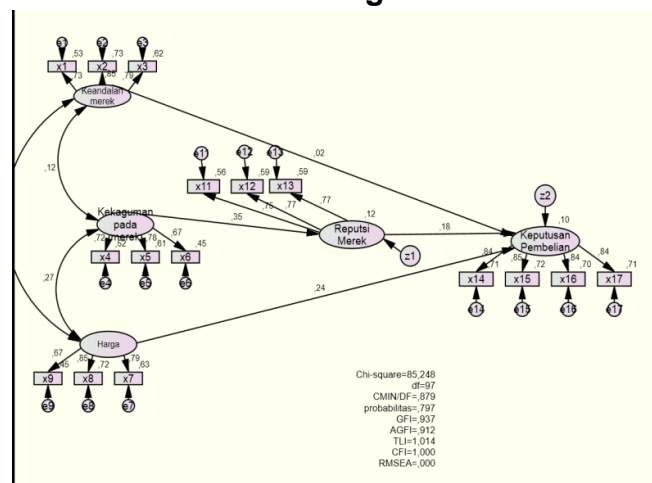
Analysis Technique

What is meant by quantitative data is data in the form of numbers or quantitative data raised (Sugiyono, 1999). Quantitative analysis technique itself means a measurement of statistical calculations expressed in the form of numbers. To conduct quantitative analysis in this study, Structural Equation Modeling (SEM) will be used using Analysis Moment of Structure (AMOS) software.

Path Diagram

The theoretical framework that has been described previously, will be described further in a path diagram. The path diagram will make it easier for researchers to see the causality relationships that they want to test. In SEM modeling, researchers usually work with or, which is a concept that has sufficient theoretical footing to explain various forms of relationships.

Figure 2
Path Diagram



DATA ANALYSIS AND DISCUSSIONS

Analysis Structural Equation Model (SEM)

Accordance with the stages in SEM Analysis, path diagram is made where the path diagram will help the researcher to more easily see the relationship between the variables being observed. This path diagram is formed based on the theories discussed in the previous chapter. The path diagram obtained from this study can be seen in Figure 3.

Figure 3
Structural Equation Model (Path Diagram)

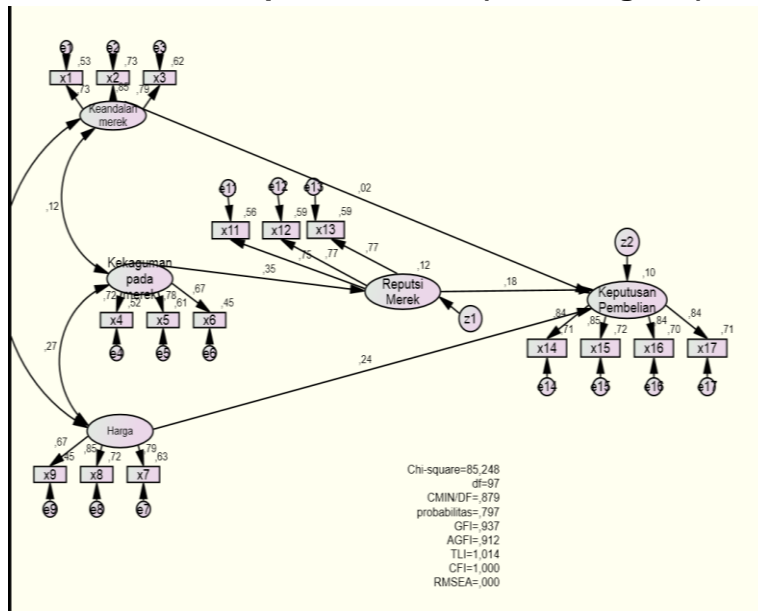


Table 1
Model Feasibility Test Results
Structural Equation Model (SEM)

Goodness of Fit Index	Cut-off Value	Analysis Result	Model Evaluation
Chi – Square	<120,989 df 97	85,248	Good
Probability	≥ 0.05	0,797	Good
RMSEA	≤ 0.08	0,001	Good
GFI	≥ 0.90	0,937	Good
AGFI	≥ 0.90	0,912	Good
CMIN/df	≤ 2,00	0,879	Good
TLI	≥ 0.95	1,014	Good
CFI	≥ 0.95	1,000	Good

The level of significance between variables shown by the probability value (p) and critical ratio (CR) is used in the statistical test of SEM results. This statistical test will later be used as a reference for solving the research hypothesis. The results of statistical tests can be seen in table 2.

Table 2
Standardized Regression Weight

			Estimate
Brand Reputation	<---	Brand Admiration	,346
Purchasing Decision	<---	Brand Reputation	,179
Purchasing Decision	<---	Brand Admiration	,017
Purchasing Decision	<---	Price	,237
x1	<---	Product Reliability	,731
x2	<---	Product Reliability	,852
x3	<---	Product Reliability	,787
x7	<---	Price	,792
x8	<---	Price	,850
x9	<---	Price	,672
x6	<---	Brand Admiration	,674
x5	<---	Brand Admiration	,784
x4	<---	Brand Admiration	,718
x11	<---	Brand Reputation	,746
x12	<---	Brand Repuraron	,767
x17	<---	Purchasing Decision	,841
x16	<---	Purchasing Decision	,835
x15	<---	Purchasing Decision	,848
x14	<---	Purchasing Decision	,840
x13	<---	Brand Reputation	,771

Hypothesis Testing

The next step is to test the hypothesis. Hypothesis testing is carried out according to the Critical Ratio (CR) value of a causality relationship the SEM test results can be seen in table 3.

Table 3
Regression Weight Structural Equational Model

			Estimate	S.E.	C.R.	P	Label
Brand Reputation	<---	Brand Admiration	,415	,128	3,251	,001	par_14
Purchasing Decision	<---	Brand Reputation	,202	,104	1,941	,052	par_15
Purchasing Decision	<---	Product Reliability	,023	,119	,192	,847	par_16
Purchasing Decision	<---	Price	,225	,087	2,601	,009	par_17

Hypothesis Results

Table 4
Hypothesis Result Discussions

Hypothesis	CR and P value	Result
H1: Brand reputation has a positive effect on Purchasing Decisions	CR = 2,601 P = 0,009	Accepted
H2: Product reliability has a positive effect on purchasing decisions	CR = 0,192 P = 0,847	Rejected
H3: Brand Admiration has a positive effect on Brand Reputation	CR = 3,251 P = 0,001	Accepted
H4: Price have a positive effect on Brand Reputation	CR = 1,941 P = 0,052	Rejected

CONCLUSIONS AND SUGGESTIONS

Research Conclusion

This study aims to analyze the influence of product reliability, brands admiration and prices on brand reputation and its influence on purchasing decisions. A total of 157 respondents have been asked to fill out a questionnaire in which there are questions used to measure the extent of influence between brand reliability, admiration of brands and prices on brand reputation and its influence on purchasing decisions. The model was tested based on questionnaire data received of 157 Instagram users in Semarang City who had made food purchase transactions. From the results of research on 4 hypotheses, 2 of them were accepted (proven to have a positive influence while the other 2 were rejected or not proven to have influence).

Policy Implications

After calculating the results of the existing questionnaire, the policy implications of the research in this study can be focused on the following 3 things: (1) Quality is important to a control system is needed to ensure that the quality of food sold is always maintained; (2) The seller needs to ensure that his customers are interested in repurchasing through good product quality and attractive promos; (3) The seller should provide an attractive brand name that is easily remembered by consumers.

Research Limitations

Some limitations of the research that can be drawn from this study are as follows: (1) The results of this study cannot be generalized in other cases beyond the object

of this research, namely Instagram users who have purchased food; (2) In this study, respondents were less specific in giving answers to open questionnaire questions. This is due to time constraints and unwillingness to provide detailed answers to open questions.

Future Research Agenda

The results of the study and the limitations found in the study can be used as a source of ideas for the development of this research in the future, then the expansion of the research suggested from this study is to add endogenous variables that influence purchasing decisions.

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