



Analysis of Brand Image, Taste Variation, Price Perception and Promotion on Purchase Decision and Their Effect on Consumer Loyalty (A Study of Consumer Oreo Mini Brand Biscuits in North Sumatra)

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Abstract. This research was conducted in Medan, Tanjung Morawa, Kabanjahe, Tebing Tinggi, Pematang Siantar, Rantau Parapat, Padang Sidempuan, Tanjung Pura, Balige, Sibolga and Kisaran. This research's problem was that the company has carried out various activities such as promotions, increasing the number of flavors, and decreasing prices using discounts and promotions on social media to increase sales. However, sales of Oreo Mini products have not increased. This study aims to analyze how brand image, taste variation, price perception, and promotion influence purchase decisions and the influence of purchase decision as a mediator on consumer loyalty to buy Oreo mini biscuits in North Sumatra. This study is quantitative research. The population in this study were all consumers of Oreo mini products in North Sumatra. The sample size in this study was 161 respondents. This research used SmartPLS (Partial Least Square) software to analyze the data. This research concludes that brand image, taste variation, price perception, and promotion positively and significantly affect customer loyalty. Brand image, taste variation, price perception, and promotion indirectly affect loyalty through purchase decisions.

Keywords: Brand image · Price perception · Promotion · Purchase decision · Customer loyalty

1 Introduction

Economic Development in the first semester of 2021 in Indonesia experienced a positive trend, namely a growing 3.1% compared to the first semester of 2020 (www.bps.go.id, 2021). Changes in consumer lifestyles that are consumptive with people's purchasing power that led to the habit of snacking at home also strengthen this growth. Food producing companies compete with similar competitors to provide greater value to consumers so that they get attention in the eyes of consumers. A product can have a good image if it has a top brand position in the market compared to competing products. According to the top brand-award survey (2021), the criteria for a top brand product is that the brand has a minimum index of 10%, and the survey results are in the top three positions in the product category.

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Meanwhile, the top brand index can be measured based on top-of-mind awareness, last used, and future intention. Top-of-mind awareness is the first brand mentioned by the respondent in the product category). Last used means the brand that was last used/consumed by the consumer, and future intention means the brand that will be used/consumed in the future. This study examines some variables consumers consider before buying a product, namely brand image, taste variation, price perception, promotion, and the relationship between these variables to consumer purchase decisions to produce the right strategy in making consumers loyal. With this information, we can examine what factors increase purchase decisions and consumer loyalty to buy Oreo mini products in North Sumatra.

1.1 The Influence of Brands on Purchase Decision

Product quality has an effect, brand image has a favorable and considerable impact on buying decisions, according to Anggraeni & Soliha [1], who researched the effect of product quality, brand image, and price perception on purchase decisions. While Darmansah & Yosepha [2] found that brand image and pricing perceptions have a substantial impact on online purchasing decisions in the Eastern Jakarta area using the Shopee application.

Brands are the most significant source of assets and an essential factor in the company's marketing activities. Brands that create associations of strength, uniqueness, and like in the minds of consumers will lead to brand loyalty. Brand image or a good impression for the public of an item or service can affect the price. The brand image can be utilized in the positioning strategy, which eventually leads to purchasing [3]. Therefore, the hypothesis is proposed as follows:

H1: Brand image has a significant effect on purchase decisions.

1.2 The Influence of Brand on Loyalty

Brand trust has a favorable and considerable effect on loyalty, according to Tamara and Putra [4]. Loyalty is influenced by brand equity in a favorable and meaningful way. Price influences loyalty in a good and significant way [4]. As a result, the theory is organized as follows:

H2: Brand image has a significant effect on product loyalty.

1.3 The Influence of Taste Variation on Purchase Decision

Willy & Nurjanah [5] studied the effect of product packaging and taste on buying interest and the form of packaging on purchase decisions. The results show a significant relationship between product packaging and taste in purchase decisions. Therefore, the hypothesis is structured as follows:

H3: Product taste has a significant effect on purchase decisions.

1.4 The Influence of Taste Variation on Loyalty

(1) Product quality has a positive and significant effect on customer loyalty in the Waffelio Franchise in Surakarta, (2) Taste has a positive and significant effect on customer loyalty in the Waffelio Franchise in Surakarta, and (3) Price has a positive and significant effect on customer loyalty in the Waffelio Franchise in Surakarta, according to a study in the Waffelio Franchise in Surakarta [6]. As a result, the theory is organized as follows:

H4: Product taste has a significant effect on Loyalty.

1.5 The Influence of Price on Purchase Decision

Price and product quality have a considerable effect on buying interest and purchase decisions, according to Puspita & Budiatmo [7], who researched the effect of price and product quality on purchase decisions with purchase intention as an intervening variable.

Product quality, pricing perception, brand image, and promotion all have an impact on buying decisions, according to Syamsidar & Soliha [8]. Good brand image, price perception, and service quality can also influence consumer purchase decisions for the company's business sustainability (Oscar, 2019). (Hulu, 2018) showed that product quality affects consumer trust, brand image affects consumer trust, promotion affects intention to purchase, and consumer confidence affects purchase intention. Therefore, the hypothesis is structured as follows:

H5: Price perception has a significant effect on purchase decision.

1.6 The Influence of Price on Loyalty

Through consumer happiness, product quality, pricing perception, and brand image have a substantial impact on customer loyalty [9]. An objective assessment of the establishment of consumer price perceptions is the link between price perception and customer loyalty [10]. Ranaweera and Neely in Sulistiyanto & Soliha, [10] showed that price perception directly correlates with customer loyalty in the telecommunications sector.

SMESCO Indonesia consumers' purchase decisions for SME products can be positively influenced by brand image, brand awareness, and price factors, allowing the company to accomplish its success goals [11]. As a result, the theory is organized as follows:

H6: Price perception has a significant effect on loyalty.

1.7 The Influence of Promotion on Purchase Decision

Sianturi et al. [12] investigated the impact of brand image, product quality, and promotion on PT. Wings Surya TBK's product purchase decisions and found that brand image, product quality, and promotion may explain the variables that influence purchase decision variables. According to Pertiwi et al. [13], the most important factor influencing purchase decisions in Baker's King Donuts & Coffee customers at MX Mall Malang

is a promotion. Solihin [14] discovered that the greater the level of customer trust, the bigger the buying interest and decisions. Customers' purchase interest and decisions are influenced by the magnitude of the offer. The greater the buying interest, the more likely you are to make a purchase. According to Erlangga [15], promotional efforts have a positive and considerable impact on consumer buying decisions. Pricing, security, and promotion all have a favorable and significant impact on purchase decisions, according to Prilano et al. [16], who evaluated the effect of price, security, and promotion on purchase decisions in Lazada Online stores. As a result, the theory is organized as follows:

H7: Promotion of Oreo Mini products has a significant effect on Purchase Decisions.

1.8 The Influence of Promotion on Loyalty

Promotion, price, and product quality positively and significantly affect consumer loyalty to Oppo smartphones in Economics Students of Muhammadiyah Jember University Class of 2013 [17]. Juniantara & Sukawati [18] suggested that the perception of price, promotion, and service quality positively affects consumer satisfaction. While consumer satisfaction has a positive effect on loyalty [18]. Therefore, the hypothesis is structured as follows:

H8: Promotion has a significant effect on loyalty.

1.9 The Influence of Purchase Decision on Loyalty

Sulistiani [19] revealed that purchase decision variable has a significant effect on the loyalty variable in PT Kalbe Farma's Hydro Coco products. Therefore, the hypothesis is structured as follows:

H9: Purchase decision has a significant effect on loyalty.

1.10 The Influence of Brand Image on Loyalty Through Purchase Decision

Tjahjaningsih & Yuliani [20], who investigated the impact of product quality and brand image on Nokia Mobile Phone purchase decisions, found that brand image has a positive impact on purchase decisions, and that product quality, brand image, and purchase decisions are all positively related to brand loyalty. Brand image has an indirect influence on brand loyalty through purchase mediation decisions. Ahmaddien and Widati [21] found that product quality and purchase decisions had a substantial impact on consumer loyalty through the satisfaction variable in Go Food. Therefore, the hypothesis is structured as follows:

H10: Brand image has a significant effect on loyalty through purchase decisions.

1.11 The Influence of Taste Variation on Loyalty Through Purchase Decision

In the Waffelio Franchise in Surakarta, Justitie et al. [6] found that flavor had a favorable and significant effect on customer loyalty. While Willy & Nurjanah [5] showed that product packaging and taste positively affect customer purchase decisions of energy drink customers. Therefore, the hypothesis is structured as follows:

H11: Taste variation has a significant effect on loyalty through purchase decisions.

1.12 The Influence of Price on Loyalty Through Purchase Decision

Muhtarom et al. [22] found that price perception, location, amenities, and service quality affected purchase decisions in Culinary Station Canditunggal Kalitengah: The impact of location (X2) and service quality (X4) on customer loyalty (Y) is believed to be significant. On customer loyalty (Y), the price perception variable I(X1) is claimed to have a considerable negative effect. The facility variable (X3) is considered to have a positive and non-significant effect on customer loyalty (Y). Non-Mediation is defined as a mediation test that reveals that the price perception variable (X1) on customer loyalty (Y) is mediated by purchase decisions (Z). Customer loyalty (Y) is mediated by the location variable (X2) and service quality (X4). It is said that the buying decision (Z) is somewhat mediated. Full mediation occurs when the customer loyalty variable (Y) mediates purchase decisions (Z). As a result, the theory is organized as follows:

H12: Price perception has a significant effect on loyalty through purchase decision.

1.13 The Influence of Promotion on Loyalty Through Purchase Decision

Santoso & Samboro [23] showed that the better the company’s sales promotion services, the stronger the consumer’s decision to buy. The better the company’s product innovation, the stronger the consumer’s decision to buy. The better the sales promotion service and the better product innovation carried out by the company, the stronger the consumer’s decision to buy and the higher the loyalty. Therefore, the hypothesis is structured as follows:

H13: Promotion has a significant effect on loyalty through purchase decisions (Fig. 1).

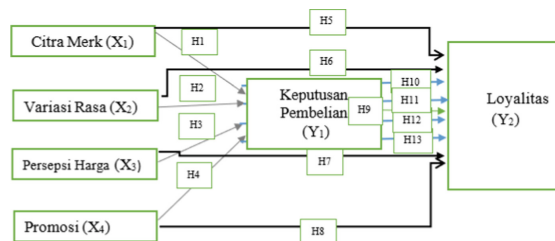


Fig. 1. Research Model

2 Research Methods

The self-administered survey approach was employed in this investigation, which included a questionnaire. This study was place in North Sumatra. Purposive sampling was utilized in this study, which involved setting the following criteria: (1) Consumers residing in North Sumatra for at least six months, (2) Consumers who purchased Oreo mini brand products more than 2 (two) times in the last six months, and (3) aged 13–40 Years. The number of respondents used in this study was 161 people. This study used four independent variables. Brand image is a perception formed from consumers' information or past experiences towards the Oreo Mini brand. Taste variations are types of flavor variants produced by companies producing Oreo mini brand biscuits developed by consumer interest in various types of biscuits flavor. Price perception is the amount of money for buying Oreo Mini biscuit products and Promotion is an activity aimed at influencing consumers to become acquainted with the Oreo Mini products offered by the company. This study also discussed two dependent variables. Namely, the purchase decision is the process of a final decision chosen by consumers to buy Oreo Mini with various considerations that consumers have. Loyalty is the level of consumer loyalty to Oreo Mini products that are believed will relate the consumer and the product.

This study was analyzed using SEM (Structural Equation Modeling) with Partial Least Square (PLS) with computer software, namely the SmartPLS 3 program. The tests in PLS-SEM include: (1) the router model (measurement model): Validity and Reliability, (2) the inner model (structural model).

3 Results and Discussion

The validity test in this study used the Average variance extracted (AVE) value. Based on the AVE test value, all values are above 0.5, so it can be said to be valid (Table 1). For reliability test, this study used Construct Reliability (CR). The reliability value obtained for all variables is above 0.7, so it can be said to be reliable (Table 1).

In addition, this study has also carried out discriminant test, which is shown in Table 2. From this test, it can be said that it has fulfilled the validity testing requirements.

Table 1. The Results of AVE dan CR

	Average Variance Extracted (AVE)	CR
Brand image (X1)	0.862	0.969
Purchase decision (Y1)	0.847	0.975
Loyalty (Y2)	0.843	0.970
Price (X3)	0.863	0.969
Promotion (X4)	0.892	0.961
Taste variation (X2)	0.925	0.961

Table 2. The Results of Discriminant Validity

	Brand Image (X1)	Purchase decision (Y1)	Loyalty (Y2)	Price (X3)	Promotion (X4)	Taste variation (X2)
Brand image (X1)	0.928					
Purchase decision (Y1)	0.361	0.920				
Loyalty (Y2)	0.514	0.643	0.918			
Price (X3)	0.261	0.380	0.548	0.929		
Promotion (X4)	0.316	0.450	0.575	0.318	0.944	
Taste variation (X2)	0.216	0.332	0.472	0.256	0.288	0.962

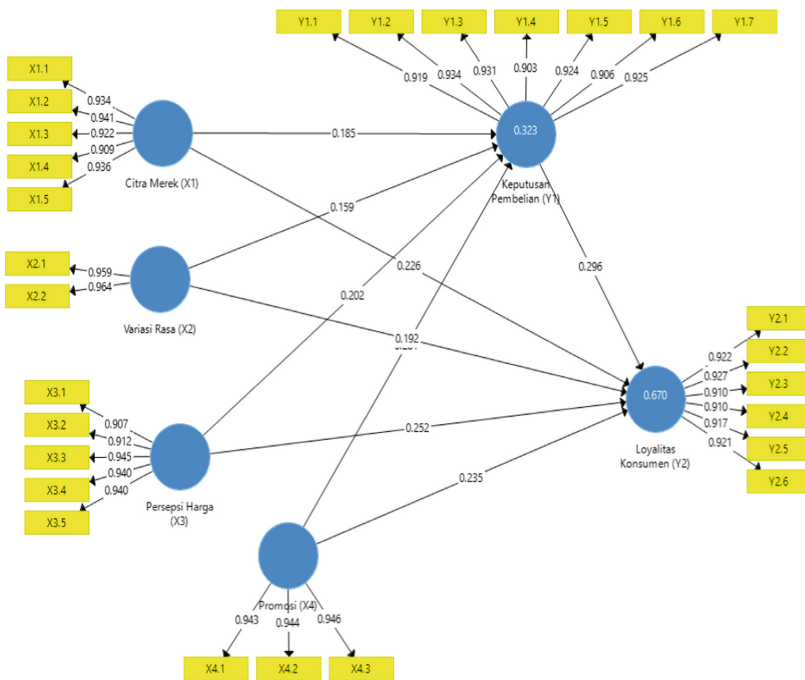


Fig. 2. Results of Hypothesis testing

After testing the validity and reliability, then the hypothesis and the mediation test were carried out. This study used a bootstrapping approach. Table 3 shows the results of hypothesis testing that have been carried out. Table 4 shows the results of direct and indirect Effect tests (Fig. 2).

Table 3. The Results of Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
1.Brand Image (X1) → Buying Decision (Y1)	0,185	0,185	0,078	2,388	0,017
2. Brand Image(X1) → Consumer Loyalty (Y2)	0,226	0,219	0,055	4,123	0,000
3. Buying Decision (Y1) → Consumer Loyalty	0,296	0,298	0,074	3,995	0,000
4. Price Perception (X3) → Buying Decision (Y1)	0,202	0,200	0,076	2,649	0,008
5. Price Perception (X3) → Consumer Loyalty (Y2)	0,252	0,243	0,055	4,561	0,000
6. Promotion (X4) → Buying Decision(Y1)	0,281	0,278	0,081	3,486	0,001
7. Promotion (X4) → Consumer Loyalty (Y2)	0,235	0,227	0,055	4,262	0,000
8. Taste Variation (X2) → Buying Decision	0,159	0,162	0,071	2,236	0,026
9. Taste Variation (X2) → Consumer Loyalty (Y2)	0,192	0,187	0,046	4,145	0,000

Table 4. The Results of Direct and Indirect Tests

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
1. Price Perception(X3) → Buying Decision (Y1) → Customer Loyalty (Y2)	0,130	0,132	0,057	2,267	0,024
2. Brand Image (X1) → Buying Decision (Y1) → Consumer Loyalty (Y2)	0,119	0,121	0,059	2,023	0,044
3. Taste Variation (X2) → Buying Decision (Y1) → Consumer Loyalty (Y2)	0,102	0,106	0,052	1,970	0,049
4. Promotion (X4) → Buying Decision (Y1) → Consumer Loyalty (Y2)	0,181	0,182	0,064	2,813	0,005

4 Conclusion

All hypotheses in this study are accepted. Brand image, taste variation, price, and promotion affect purchase decisions. Purchase decisions also have a positive effect on consumer loyalty. Brand image has an indirect effect on loyalty through purchase decisions. Variations in taste, price, and promotion indirectly affect loyalty through purchase decisions. Companies must pay attention to this because it plays an essential role in consumer decisions to make purchases and be loyal. Purchase decisions play a significant role in forming consumer loyalty. Loyalty cannot be formed if the purchase decision is not made even though the purchase-forming factors have been met. Future research suggests adding visibility and availability variables and discussing product distribution from product manufacturers to consumers. So that research can obtain more complete findings to develop scientific knowledge, especially in marketing management.

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