THE INFLUENCE OF BRAND IMAGE AND PRODUCT QUALITY ON PURCHASING DECISIONS WITH CONSUMER TRUST AS AN INTERVENING VARIABLE ON XIAOMI SMARTPHONES

(Case Study at Mi Shop Tebing Tinggi City)

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Abstract

This study aims to analyze "The Effect Of Brand Image and Product Quality on Purchase Decisions With Consumer Trust As An Intervening Variable on Xiaomi Smartphones (Case Study on Mis Shop Tebing Tinggi City)". Quantitative method with a sample of 60 which is determined by the Slovin formula which is a Mi Shop Tebing Tinggi City Consumer. Based on the results of the analysis of hypothesis 1, it can be concluded that the first hypothesis is accepted, meaning that the Brand Image (X1) has an effect on the Consumer Trust variable (Z). Based on the results of the analysis of hypothesis 2, it can be concluded that the second hypothesis is rejected, meaning that the Product Quality variable (X2) has no effect on the Consumer Trust variable (Z). Based on the results of the analysis of hypothesis 3, it can be concluded that the third hypothesis is accepted, meaning that the Brand Image variable (X1) has an effect on the Purchase Decisions variable (Y). Based on the results of the analysis of hypothesis 4, it can be concluded that the fourth hypothesis is rejected, meaning that the Product Quality variable (X2) has no effect on the Puchase Decisions variable (Y). Based on the results of the analysis of hypothesis 5, it can be concluded that the fifth hypothesis is accepted, meaning that the Consumer Trust variable (Z) has an effect on the Purchase Decisions variable (Y). Based on the results of the analysis of hypothesis 6, it is accepted, meaning that the variable Consumer Trust (Z) can mediate the influence of the Brand Image (X1) on Purchase Decisions (Y). Based on the results of the analysis of hypothesis 7, it is accepted, meaning that the variable Consumer Trust (Z) can mediate the influence of the Product Quality (X2) on Purchase Decisions (Y).

Keywords: Brand Image, Product Quality, Purchase Decisions, Consumer Trust

1. INTRODUCTION

Smartphones are a communication tool that is very much needed among today's society. With sophisticated features, smartphones can make the activities we do easier. One of the most famous smartphone brands today is Xiaomi. Xiaomi is a smart products and consumer electronics manufacturing company that primarily focuses on smartphones and smart hardware connected via the IoT platform. The IoT or Internet of Things platform is software that connects data (internet connection) with digital objects without requiring human intervention. Xiaomi Corporation was founded in April 2010 and listed on the Hong Kong Stock Exchange on July 9 2018 with the code (1810.HK). Xiaomi has many retail sales of its products, even overseas. One of them is in Indonesia, namely in Tebing Tinggi City. Tebing Tinggi City has a Xiaomi retail called Mi Shop which is located on Jl. Cross Sumatra, Tebing Tinggi City. This shop sells many Xiaomi products, one of which is smartphone products. Xiaomi smartphone products are quite popular among the people of Tebing Tinggi City. This can be seen in table 1.1 below:

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Table 1.1 Mi Shop Sales Data

No	Month	Amount
1	January	148
2	February	176
3	March	128

Source: Mi Shop Sales Data, 2023

It can be seen from the table that quite a lot of consumers buy Xiaomi smartphones at Mi Shop every month.

Consumers can make a decision to buy a good or service when the consumer thinks the product is needed. Purchasing decisions will be made when consumers have chosen a product that is suitable to meet their needs.

The following is a pre-survey table that researchers conducted with 30 respondents regarding purchasing decision variables. This can be seen in table 1.2.

Table 1.2 Pre-Survey Data Regarding Purchase Decisions on Xiaomi Smartphones

		Answer		Percentage	
No	Statement	Agree	No Agree	Agree	No Agree
1	I chose to buy a Xiaomi smartphone after considering several alternative smartphone brands.	20	10	66.6%	33.4%
2	I bought a Xiaomi smartphone because it has its own charm compared to other brands	16	14	53.4%	46.6%
3	I bought a Xiaomi smartphone at a dealer located closest to where I live	17	13	56.6%	43.4%
4	I bought a Xiaomi smartphone when I needed a communication tool for my daily activities	18	12	66.6%	33.4 %

Source: Processed Data, 2023

Based on table 1.2, it can be seen that consumers answered agreeing with these statements and others answered disagreeing with these statements. This condition shows that the indication of consumer purchasing decisions for Xiaomi smartphones has been maximized because more respondents answered in the affirmative to each statement item. One of the factors that influences purchasing decisions is brand image. Brand image is a perception about a brand that is depicted by brand associations that exist in consumers' memories (Kotler and Keller, 2016). Brand image can help a company to form a good image or perception of the company or product for the public. So the brand image is expected to make the company or product memorable or have a good image by the public. As is the case with Xiaomi smartphone products. This smartphone product is no less famous in society. Product quality is also one of the factors that influences purchasing decisions. Kotler (2016) states that product quality is the ability of a product to carry out its function, including durability, reliability, accuracy, ease of operation and repair and other valuable attributes. Quality is very important for products, the better the quality of a product, the more interested consumers will be in buying it. Like Xiaomi products, many people choose this product because of its quality, such as having sophisticated features that are not available on other smartphones. In business competition, consumer trust can influence purchasing decisions. Consumer trust is gained because consumers believe in the quality of a company's products, therefore, companies must improve the quality of their products in order to gain the trust of the public. According to Kotler & Keller (2016), "Trust is the willingness of a firm to rely on a business partner. It depends on a number of interpersonal and interorganizational factors, such as

the firm's perceived competence, integrity, honesty and benevolence". Where, trust is the company's willingness to rely on business partners. Trust depends on a number of interpersonal and interorganizational factors, such as corporate competence, integrity, honesty and kindness.

2. RESEARCH METHOD

Types of research

This type of research uses quantitative research. Quantitative research methods, as stated by (Sugiyono, 2019), are research methods based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative/statistical data analysis, with the aim of testing hypotheses. has been established.

Location and Research Period

Research sites

According to (Sugiyono, 2014) defines population as a generalized area consisting of objects and subjects with their own characteristics that have been determined by researchers to be studied and conclusions drawn. The location of this research was Jl. Lintas Sumatra No. 250 Bandar Sakti, Mi Shop Tebing Tinggi City.

2. Research Period

According to (Sugiyono, 2014), the research period is the time needed to conduct research so that researchers can evaluate the information from the research. The research period was conducted from March 2023 to July 2023.

3. RESULTS AND DISCUSSION

Linear Regression Results Equation I

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients	
	Model	В	Std. Error	Beta	
1	(Constant)	7,900	2,374		
	Brand Image	,633	,142	,517	
	Product quality	,048	,081	,068	

a. Dependent Variable: Consumer Confidence

Based on these results, the linear regression equation has formulation: $Z = b0 + b1X1 + b2X2 + \epsilon 1$, so we get the equation:

Z = 7.900 + 0.633X1 + 0.048X2

The description of the multiple linear regression equation above is as followsfollowing:

- 1. The constant value (b0) of 7.900 indicates the magnitude of the consumer trust variable if the brand image variable and product quality variable are equal to zero.
- 2. The regression coefficient value for the brand image variable (b1) is 0.633, indicating the large role of the brand image variable in the consumer trust variable assuming the product quality variable is constant. This means that if the brand image variable factor increases by 1 value unit, it is predicted that the consumer trust variable will increase by 0.633 value units assuming the product quality variable is constant.
- 3. The regression coefficient value of the product quality variable (b2) is 0.048, indicating the large role of the product quality variable on the consumer trust variable assuming the brand image variable is constant. This means that if the product quality variable factor increases by 1 value unit, it is predicted that the consumer trust variable will increase by 0.048 value units assuming the brand image variable is constant.

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Linear Regression Results Equation II

Coefficientsa

		Unstandardized Coefficients		
	Model	В	Std. Error	
1	(Constant)	3,514	1,948	
	Brand Image	,383	.124	
	Product quality	.033	,061	
	Consumer Confidence	,958	,099	

a. Dependent Variable: Purchase Decision

Source: Data processed from attachment 4 (2023)

Based on these results, the linear regression equation has formulation: $Y = b0 + b3X1 + b4X2 + b5Z + \epsilon 2$, so we get the equation: Y = 3.514 + 0.383X1 + 0.033X2 + 0.958Z.

The description of the multiple linear regression equation above is as followsfollowing:

- 1. The constant value (b0) of 3.514 indicates the magnitude of the purchasing decision variable if the brand image variable, product quality variable and consumer trust variable are equal to zero.
- 2. The regression coefficient value for the brand image variable (b3) is 0.383, indicating the large role of the brand image variable in the purchasing decision variable assuming that the product quality variable and consumer trust variable are constant. This means that if the brand image variable factor increases by 1 value unit, it is predicted that the purchasing decision variable will increase by 0.383 value units assuming the product quality variable and consumer trust variable are constant.
- 3. The regression coefficient value for the product quality variable (b4) is 0.033, indicating the large role of the product quality variable in the purchasing decision variable assuming that the brand image variable and consumer trust variable are constant. This means that if the product quality variable factor increases by 1 value unit, it is predicted that the purchasing decision variable will increase by 0.033 value units assuming the brand image variable and consumer trust variable are constant.
- 4. The regression coefficient value for the consumer trust variable (b5) is 0.958, indicating the large role of the consumer trust variable in the purchasing decision variable assuming that the brand image variable and product quality variable are constant. This means that if the consumer trust variable factor increases by 1 value unit, it is predicted that the purchasing decision variable will increase by 0.958 value units assuming the brand image variable and product quality variable are constant.

Discussion

1. The Influence of Brand Image on Consumer Trust

Based on the results of the analysis of hypothesis 1, it can be seen that brand image influences consumer trust. This shows that there are similarities in the results of research conducted by (Naidiya and Darmo, 2022) where the results of this research show that brand image influences consumer trust. The similarities in the results of this research are caused by the same variables used but only differing in the research objects and locations used so that the type of brand image used is the same so it has the same influence on consumer trust. A consistent and positive brand image creates a good brand reputation. Consumers tend to have more trust in brands that have maintained a good reputation over a long time. Previous positive experiences with a brand, whether through purchasing a product or service or previous interactions, can increase consumer trust in the brand. Brands that have a positive impact on society or the environment can also win the trust of consumers who prioritize social and environmental issues.

This is in line with theory (Tjiptono, 2015) that brand image is a description of consumers' associations and beliefs towards a particular brand. Brand image is the observations and beliefs held by consumers, as reflected in associations or in consumer memories. Xiaomi is already quite well known among the public, and in fact almost all residents of Tebing Tinggi city are familiar with Xiaomi smartphones. Xiaomi is known as an innovative technology company, especially in the smartphone and smart device market. Xiaomi is known for its high value products. The brand offers advanced technology and features at affordable prices which creates the impression that consumers are getting good value from Xiaomi products. Xiaomi has demonstrated transparency in its business practices, which include a commitment to maintaining reasonable prices and not gaming with prices. This can win consumer trust in terms of brand integrity. This combination has helped Xiaomi build a strong brand image among the public. Consumer trust in Xiaomi stems from this positive reputation.

These results are also supported by respondents' answers where 32 respondents answered strongly agree with a percentage of 53.3%, 23 respondents answered agree with a percentage of 38.3% and 5 respondents answered neutral with a percentage of 8.3% that Xiaomi smartphones are very favorite among the public at the moment. This. Which means that brand image is the main consideration factor for Xiaomi to gain consumer trust.

2. The Influence of Product Quality on Consumer Trust

Based on the results of the analysis of hypothesis 2, it can be seen that product quality has no effect on consumer trust. The results of this research are not in line with the results of research conducted by (Irdha Yusra and Widia Wati Rizki, 2021) where the results of this research show that product quality influences consumer trust. The differences in the results of this research are due to different research objects so that the type of quality carried out is different, apart from that the quality of the products carried out does not match consumer expectations so it cannot influence consumers. This is also not in line with the theory (Assauri, 2015) that product quality is the factors contained in an item or result in accordance with the purpose for which the item or result is intended. Xiaomi has several shortcomings, such as frequent overheating, so consumers do not trust Xiaomi's quality. Which means that product quality is not the main consideration factor for Xiaomi to increase consumer trust.

3. The Influence of Brand Image on Purchasing Decisions

Based on the results of the analysis of hypothesis 3, it can be seen that brand image influences purchasing decisions. The results of this research are the same as previous research conducted by (Miati, 2020) where previous research showed that brand image influences purchasing decisions. This is in line with theory (Kenneth, 2016) that brand image reflects the feelings that consumers and businesses have about the entire organization as well as individual products or product lines. Xiaomi is a smartphone that is quite well known among the people of Tebing Tinggi city. Then this was supported by 29 respondents answering strongly agree with a percentage of 48.3%, 25 respondents answering agree with a percentage of 41.7% and 6 respondents answering neutral with a percentage of 10% that the uniqueness of Xiaomi influences people to buy Xiaomi smartphones. From the large relationship between brand image and purchasing decisions, it shows that brand image is able to influence purchasing decisions. Xiaomi's brand image can influence purchasing decisions because Xiaomi has succeeded in building a strong and positive brand image in several ways that influence perceptions and purchasing decisions. Xiaomi has built a strong and active community worldwide. These brands listen to consumer feedback and actively engage with their fans and consumers, creating deeper relationships and winning over consumers. Xiaomi has earned a global reputation for being reliable. This has influenced consumer purchasing decisions in many markets around the world. Xiaomi has taken various initiatives in terms of corporate social responsibility and contributing to society. This can influence the purchasing decisions of consumers who care about social and

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environmental issues. Xiaomi has been known for its attractive and functional product designs that create the impression that the brand cares about the user experience. Which means that brand image is the main consideration factor for Xiaomi so that consumers can decide to purchase Xiaomi products.

4. The Influence of Product Quality on Purchasing Decisions

Based on the results of the analysis of hypothesis 4, it can be seen that product quality has no influence on purchasing decisions. The results of this research are not in line with research conducted by (Hadita, Widjanarko and Hafizah, 2020), where the research shows that product quality influences purchasing decisions. This can be caused by the quality of the products made by the company still not being able to adapt to expectations and meet consumer needs. This is not in line with the theory (Kotler, 2016) that product quality is the product's ability to carry out its functions, this ability includes durability, reliability, accuracy, which is obtained by the product as a whole. Xiaomi smartphones have several shortcomings so that Xiaomi's quality does not meet consumer expectations. Which means that product quality is not the main consideration factor for Xiaomi so that consumers can decide to purchase Xiaomi products.

5. The Influence of Consumer Trust on Purchasing Decisions

Based on the results of the analysis of hypothesis 5, it can be seen that consumer trust influences purchasing decisions. The results of this research are in line with the results of research conducted by (Sobandi and Somantri, 2020) which shows that consumer trust influences purchasing decisions. This is in line with theory (Mowen, 2013), trust as all knowledge possessed by consumers and all conclusions made by consumers about objects, attributes and benefits. Xiaomi is quite famous among the public. Especially, Xiaomi is famous for having applications that are not available on other smartphones such as Mi Remote. Then this was supported by 30 respondents answering strongly agree with a percentage of 50%, 24 respondents answering agree with a percentage of 40% and 6 respondents answering neutral with a percentage of 10% that consumers believe in Xiaomi smartphones and are willing to take the risk. From the large relationship between consumer trust and purchasing decisions, it shows that consumer trust is able to influence purchasing decisions. Which means that consumer trust is the main consideration factor for Xiaomi so that consumers can decide to purchase Xiaomi products.

6. Consumer Trust Mediates the Relationship between Brand Image and Purchasing

Based on the results of the analysis of hypothesis 6, it can be seen that consumer trust can mediate the relationship between brand image and the decision to purchase a Xiaomi smartphone at Mi Shop Tebing Tinggi. This is in line with the results of research conducted by (Maramis, Mananeke and Loindong, 2022). This is in line with theory (Mowen, 2013), trust as all knowledge possessed by consumers and all conclusions made by consumers about objects, attributes and benefits. This is because the brand image used by Xiaomi makes Xiaomi gain consumer trust which can be seen in the first hypothesis where the brand image influences consumer trust so that these results really support the purchasing decisions made by consumers. If the brand image of a company's product is good in the eyes of consumers, consumers will have confidence in the product and will purchase that product. In other words, brand image creates impressions and beliefs in consumers' minds about the brand. This trust is an important factor in purchasing decisions, as consumers are more likely to choose brands that they believe will meet their needs and expectations. Therefore, building and maintaining a strong and positive brand image is important for companies to win consumer trust and support the success of their business.



7. Consumer Trust Mediates the Relationship between Product Quality and Purchasing Decisions

Based on the results of the analysis of hypothesis 7, it can be seen that consumer trust can mediate the relationship between product quality and the decision to purchase a Xiaomi smartphone at Mi Shop Tebing Tinggi. The results of this research are in line with the results of research conducted by (Simarmata, Taufik and Damarwulan, 2021) that consumer trust can bridge the relationship between product quality and purchasing decisions. This shows that consumer trust can make the insignificant become influential and important. Product quality is a factor in influencing consumer trust. This trust plays a key role in purchasing decisions and in building Xiaomi's long-term relationships with consumers. Therefore maintaining and improving product quality is a priority for many companies to win consumer trust. This is in line with theory (Mowen, 2013), trust as all knowledge possessed by consumers and all conclusions made by consumers about objects, attributes and benefits. If product quality can be improved, Xiaomi will gain consumer trust and ultimately consumers will make purchasing decisions about Xiaomi smartphone products. Consumers' direct experience with Xiaomi products will greatly influence their views of Xiaomi. If they have a positive experience, they are likely to have strong trust in Xiaomi. Conversely, negative experiences can damage consumer confidence. While the quality of Xiaomi products is generally considered good and can satisfy consumer trust and positive purchasing decisions, there is still room for different individual experiences.

4. CONCLUSION

This research tries to answer the research objective, namely to determine the influence of brand image and product quality on purchasing decisions with consumer trust as an intervening variable on Xiaomi smartphones (Case Study at Mi Shop, Tebing Tinggi City). The results of hypothesis testing using multiple linear regression analysis and path analysis show that:

- 1. The first hypothesis is accepted, meaning that the brand image variable has an influence on consumer trust in Xiaomi smartphones at the Mi Shop, Tebing Tinggi City.
- 2. The second hypothesis is rejected, meaning that the product quality variable has no effect on consumer confidence in Xiaomi smartphones in the Mi Shop, Tebing Tinggi City.
- 3. The third hypothesis is accepted, meaning that the brand image variable influences the decision to purchase a Xiaomi smartphone at the Mi Shop, Tebing Tinggi City.
- 4. The fourth hypothesis is rejected, meaning that the product quality variable has no influence on the decision to purchase a Xiaomi smartphone at the Mi Shop, Tebing Tinggi City.
- 5. The fifth hypothesis is accepted, meaning that the consumer trust variable influences the decision to purchase a Xiaomi smartphone at the Mi Shop, Tebing Tinggi City.
- 6. The sixth hypothesis is accepted, meaning that the consumer trust variable can mediate the relationship between brand image and the decision to purchase a Xiaomi smartphone at the Mi Shop, Tebing Tinggi City.
- 7. The seventh hypothesis is accepted, meaning that the consumer trust variable can mediate the relationship between product quality and the decision to purchase a Xiaomi smartphone at the Mi Shop, Tebing Tinggi City.

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