



THE INFLUENCE OF PRICE, PRODUCT QUALITY, AND SERVICE QUALITY ON THE BRAND IMAGE OF JD.ID, MEDIATED BY PROMOTION: A CONCEPTUAL MODEL

Hamzah Ali Ghifari¹, Dwi Sunu Kanto²

^{1,2} Department of Management, Faculty of Economics and Business, Trilogi University, Jakarta, Indonesia.

ABSTRACT

JD.id's achievements as the number one marketplace for consumers' choice and the most visited marketplace in 2017 are declining. Even though JD.id has used various sales promotion tools, JD.id's ranking continues to decline to rank four and nine in 2019 and 2021. From a consumer's point of view, brand image is often used as an indicator in determining what to choose. Factors influencing brand image include product quality, service quality, promotion, and price. This quantitative study examines the influence of price, product quality, and service quality on brand image mediated by promotion at JD.id.

Keywords

Price, Product Quality, Service Quality, Promotion, Brand Image, Conceptual Model.

INTRODUCTION

According to Kotler and Armstrong (2012), brand image is a set of consumer beliefs about a particular brand. A strong brand image in the minds of consumers will lead to a stronger feeling of confidence in using the products they buy and the services they get. This high self-confidence indicates that the consumer is satisfied with the product and service they have received. According to previous research by Krisna, Gantasala & Swapna (2010), apart from influencing brand image, product quality and service quality also influence customer satisfaction.

According to Kotler (2013), brand image is the consumer's perception of a company or its products. Brand image cannot be implanted in the minds of consumers overnight or spread through the media alone. Instead, the image must be conveyed through every available means of communication/promotion and disseminated continuously because, without a strong image, it is very difficult for a company to attract new customers and retain existing ones. From the theory above, it is stated that the factors that influence brand image include product quality, service quality, promotion, price perception, loyalty, and brand image are also part of the image that consumers can recognize and can influence customer commitment.

JD.id is part of the JD.id Group, an online shopping destination in Southeast Asia founded in 2012. In the first few years, JD.id managed to become the number one marketplace for consumers' choice and the most frequently visited in 2017 based on survey results from iprice.com. However, it has increasingly decreased so that in the first quarter of 2019, it was ranked fourth until lately, in 2021, it is ranked ninth with the most visitors. Even though JD.id has used a variety of sales promotion tools, such as discounts, vouchers, flash sales, special offers from partners, and conducting trade show activities, this drop in

ranking occurred due to a somewhat higher price offer than other e-commerce, poor product quality reviews, and a lack of service quality through the speed of delivery and the seller's response to chat from customers.

From the consumer's point of view, brand image is often used to determine whether to choose something. Brand image is the image given by consumers of a product or service. The better the quality of the product provided, the better the brand's image in the consumers' eyes. As well as the other factors the better and more supportive the other factors are, the better the brand's image. Positive impressions from customers will improve the brand image of a product, and vice versa, negative impressions from customers will worsen the brand image.

LITERATURE REVIEW

A. Price

The definition of price in the buying and selling process is one of the most important parts because the price is a medium of exchange in transactions. Price is the only element of the marketing mix that is flexible in nature. It can change at any time.

According to Kotler & Keller (2016:483), price is the one element of the marketing mix that produces revenue; the other elements produce costs. Price also communicates the company's intended value positioning of its product or brand. It can be interpreted that price is one element of the marketing mix that generates income, while the other elements generate costs. Price also communicates the intention of the company's value position of the product or service.

Kotler and Armstrong (2014:313) explain that price is the amount that must be prepared by customers who want to get goods or services, or the amount of value exchanged by consumers for the benefits of owning or using the product or service.

Price is also one of the competitive factors in marketing products. Price is also an exchange rate to obtain goods or services issued by a person or group at a certain time and place expressed in monetary units (Kurniawan, 2018: 22).

Therefore, the price offered by producers must be in accordance with the quality of service received by consumers and can be reached by consumers. Setting the right price will make consumers make purchasing decisions. This is in line with the opinion (Tjiptono, 2015:152), which states that, in general, consumers are aware if they want to get good quality.

According to Lupiyoadi (2013), price is the amount of money needed or exchanged by consumers to obtain or own an item with benefits and uses.

1. Price affordability
2. Price competitiveness
3. Conformity of price with product quality

B. Product Quality

According to The American Society for Quality in Kotler and Armstrong (2008:273), product quality is a product characteristic that depends on its ability to satisfy stated or implied customer needs. Product quality is a statement of a particular brand or product's ability to fulfill the expected function (Assauri, 2015:211).

According to Kotler and Armstrong (2012:283), the meaning of product quality is the ability of a product to perform its functions, including the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes. This means the ability of a product to perform its functions, including overall durability, reliability, accuracy, ease of operation, and product repair, as well as other product attributes.

From the definition above, product quality can be expressed as a condition in which consumers feel compatible with the product or in accordance with the wishes expected to meet their needs.

Quality reflects all product dimensions that generate customer benefits (Tjiptono, 2008). Product quality has three indicators as follows:

1. Reliability, namely the small possibility that it will be damaged or fail to be used.
2. Durability, which is related to how long the product can be used.
3. Esthetics, namely the product's attractiveness to the five senses.

C. Service Quality

Tjiptono, (2015:157) defines service quality as a measure of how well the level of service provided is able to match customer expectations. In other words, there are two main factors that influence service quality, namely expected service and perceived service.

Kotler (2019) defines service quality as a form of consumer assessment of the level of service received with the expected level of service. If the service received or perceived is as expected, then the quality of service is perceived as good and satisfying.

The best service for customers and quality levels can be achieved consistently by improving service and providing exceptional services to customer performance standards, both internal and external service standards. According to Peter and Oleson in

Sujarweni's business and economy (2015:144-145), there are several meanings related to the definition of service quality, namely:

1. Excellent is the standard of service performance obtained
2. Customers are individual groups of departments or companies that receive and pay for service outputs (services or systems).
3. Service is the main activity for complements that are not directly involved in the product manufacturing process but instead emphasize transaction services between buyers and sellers.
4. Quality is specifically tangible or intangible from the nature of the product or service
5. Level is a statement on the system used for monitoring and evaluating
6. Consistent means having no variation and all servers run according to predetermined standards
7. Delivery is giving the right waiter in the right way at the right time

Service is an activity or series of invisible and untouchable activities that occur as a result of interactions between guests and employees or other matters provided by service delivery companies intended to solve customer/guest problems.

According to Tjiptono and Chandra (2016:137), there are five indicators that determine service quality as follows:

1. Tangibles
Tangible includes completeness of goods and ease of contact to contact the company.
2. Reliability
Reliability is the ability to provide services.
3. Responsiveness
Responsiveness is the ability or desire to help provide services and speed in dealing with consumer complaints.
4. Assurance
Assurance is a friendly and courteous attitude in providing services, a trustworthy attitude, extensive knowledge, and the ability to solve consumer problems. This dimension includes the knowledge and skills possessed by officers in serving consumers.
5. Empathy
Empathy is the ability to build good communication in providing information and attention to consumers. Includes ease of relationship, good communication, and understanding of customer needs.

D. Promotion

According to Tjiptono (2015: 387), promotion is an element of the marketing mix that focuses on efforts to inform, persuade, and remind consumers of the company's brands and products.

Kotler (2006: 145) explains that promotional activities are marketing efforts that provide various short-term intensive efforts to encourage the desire to try or buy a product or service. All promotional activities aim to influence buying behavior, but the main promotional goals are informing, persuading, and reminding.

Social media is one of the most effective tools in marketing activities. Many large companies have started to manage their social media professionally. Kaplan and Haenlein (2010) state that through social media, companies can promote their products and form online communities or groups for consumers who like their brands. Electronic word of mouth is a communication medium for sharing information about a product or service consumed between consumers who do not know each other and have met before. This research is proven by Alfian and Utami (2019) that electronic word of mouth (e-WOM) positively and significantly affects brand trust. This influence is based on the existence of e-WOM activities that can increase brand trust through online conversations such as a review.

According to Kotler and Keller (2010:173), promotion is a short-term incentive to encourage the purchase or sale of a product or service as follows:

1. Advertising, which is all paid forms of non-personal presentation and promotion of ideas, goods, or services through an identified sponsor. The form most known by the public is through electronic media and print media.
2. Sales promotion, which is various short-term incentives to encourage the trial purchase of products or services. Forms such as sweepstakes, prizes, samples, and others.
3. Public relations and publicity, which are programs designed to promote or protect the image of a company or its products. The forms include donations, charities, speeches, seminars, and others.
4. E-Wom (intensity, consumer opinion, information).

E. Brand Image

Soltani (2016: 204) argues that a brand image includes knowledge, customer opinions, and non-physical characteristics and physical products, images that customers give to products. Meanwhile, according to Tjiptono (2015:49), brand image describes consumer associations and beliefs about specific brands. Brand image is the observation and belief held by consumers, as reflected in

associations or consumers' memories. According to Riley, et al. (2016: 276), there are several factors that shape a brand image, as follows:

1. Economic fit; includes price competitiveness.
2. Symbolic fit; include prestigious and luxurious features.
3. Sensory fit: appropriate in terms of the feelings felt or the consumer's experience when using products from brands that can give a positive impression.
4. Futuristic fit; includes technological aspects that reflect brand image, indicating that where the levels of design, innovation, and uniqueness are comparable between brands, brand alliances will be perceived more positively.
5. Utilitarian fit: consider how well the brand fits in terms of manufacturing quality, materials used, durability, and reliability.

According to Lupiyoadi (2013), the indicators used to measure brand image are associations that make consumers perceive companies that make a product or service. Consumer perception of users who use goods or services. Consumers perceive a product:

1. Corporate image, which is a set of associations that consumers perceive of companies that make goods or services. Includes: popularity, credibility, corporate network, and the users themselves.
2. User image, which is a set of associations that consumers perceive of users who use a product or service. Includes: the user themselves and their social status.
3. Product image, which is a set of associations that consumers perceive of a product or service. Includes: product attributes, benefits for consumers, and guarantees.

CONCEPTUAL MODEL

Based on the above literature review, a conceptual model is formed as follows:

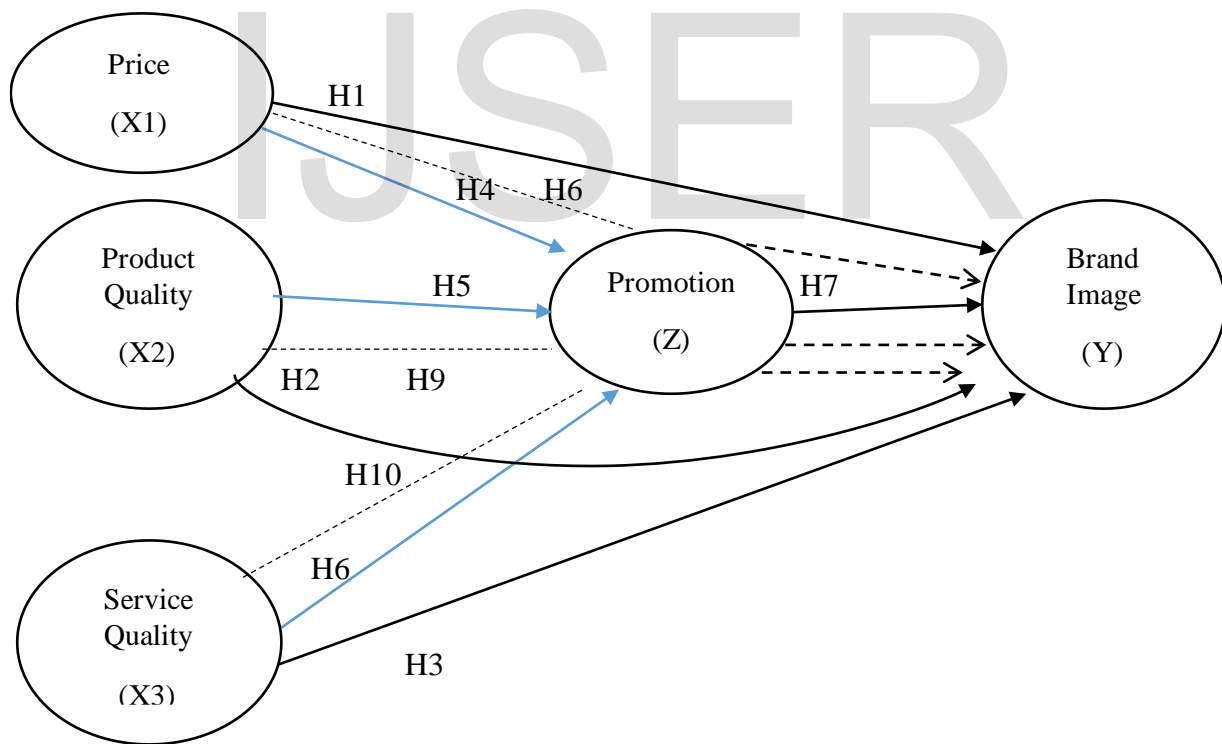


Figure 1. Conceptual Model

HYPOTHESES

Based on the conceptual model and literature review, the hypothesis can be formulated as follows:

- H₁: There is an influence between price and promotion
- H₂: There is an influence between price and brand image
- H₃: There is an influence between product quality and promotion

- H₄: There is an influence between product quality and brand image
- H₅: There is an influence between service quality and promotion
- H₆: There is an influence between service quality and brand image
- H₇: There is an influence between promotion and brand image
- H₈: There is an influence between price and brand image mediated by promotion
- H₉: There is an influence between product quality and brand image mediated by promotion
- H₁₀: There is an influence between service quality and brand image mediated by promotion

METHODOLOGY

This quantitative research uses primary data in the form of questionnaire data for JD.id service users or customers in Jakarta through online surveys and secondary data in the form of other media sourced from literature, books, and company documents. The population in this study is all JD.id customers in Jakarta. The sample of this study is people who frequently shop at JD.id in Jakarta that has shopped at JD.id more than twice. The number of samples taken in this study using the Lameshow formula is 100 people.

In this study, data processing and analysis are using the Partial Least Square (PLS) approach. PLS is a component- or variant-based Structural Equation Modeling (SEM) model. Data analysis in this study is Outer Model Analysis, Inner Model, and Hypothesis Testing.

CONCLUSION

This study aims to develop a conceptual model regarding the effect of price, product quality, and service quality on JD.id's brand image mediated by promotion. This study also includes the research background, literature review, hypotheses, and research methodology. The status of the influence of price, product quality, and service quality on brand image, through promotion as a mediator can be identified by applying the conceptual model of this research.

REFERENCES

- [1] Abdurhman, Herdiana, N. (2015) *Manajemen Strategi Pemasaran*, Bandung, CV Pustaka Setia
- [2] Ali, H. (2012) "Building corporate image For banking in South Africa". *International Journal of Bank Marketing*; 17 (8), MCB University Press, London.
- [3] Alam, M. Z., Hoque, M. R., Hu, W., & Barua, Z. (2020). Factors influencing the adoption of Health services in a developing country: A patient-centric study. *International Journal Information Management*. <https://doi.org/10.1016/j.ijinfomgt.2019.04.016>
- [4] Applebaum, W. (1951). Studying customer behavior in retail stores. *Journal of Marketing*, 16(2), 172 -179. <https://doi.org/10.2307/1247625>
- [5] Dwihapsari, E. R dan Murni, Y. (2017) Pengaruh Positioning, Diferensiasi dan Citra Merek Terhadap Keputusan Pembelian Buku Mimpi Sejuta Dolar Dengan Promosi Sebagai Variabel Intervening. *Jurnal Ilmiah WIDYA Ekonomika*
- [6] Dodds, W. B., Monroe, K. B., & Grewal, D. (1991). Effects of Price, Brand, and Store Information on Buyers' Product Evaluations. *Journal of Marketing Research*. <https://doi.org/10.1177/002224379102800305>
- [7] Durdyev, S., Ihtiyar, A., Ismail, S., Ahmad, F. S., & Bakar, N. A. (2014). Productivity and Service Quality: Factors Affecting in Service Industry. *Procedia - Social and Behavioral sciences*. <https://doi.org/https://doi.org/10.1016/j.sbspro.2013.12.494>
- [8] Ekaprana, I.G.A., Jatra, I.M., & Giantari, I.G.A.K. (2020) Pengaruh Kualitas Produk, Kualitas Layanan dan Citra Merek terhadap Niat Pembelian Ulang. *E-Jurnal Manajemen*, 2302-8912.
- [9] Ghozali, Imam, & Hengky Latan. (2006). Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris. Semarang: BP Undip.
- [10] Ghozali, Imam. (2013). *Aplikasi Analisis Multivariat dengan Program IBM SPSS*. Edisi 7. Semarang: Penerbit Universitas Diponegoro
- [11] Habibah, U., & Sumiati. (2016). Pengaruh Kualitas Produk Dan Harga Terhadap Keputusan Pembelian Produk Kosmetik Wardah Di Kota Bangkalan Madura. *Jurnal Ekonomi & Bisnis*, 31 -48.
- [12] Huang, R., & Sarigöllü, E. (2012). How brand awareness relates to market outcome, brand equity, and the marketing mix. *Journal of Business Research*, 65(1), 92-99. <https://doi.org/10.1016/j.jbusres.2011.02.003>
- [13] Krishna, N., Swapna, B.G., dan Gantasala P. (2010) "New York Institute of Technology Sixth circle/Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing". *European Journal of Social Sciences*. 16 (2), 231-243.
- [14] Kulsum, S. (2019). Analisis Kualitas Layanan, Harga dan Promosi terhadap Minat Beli Ulang Jasa (Studi Kasus pada Konsumen Gojek di Jakarta Selatan)

- [15] Kotler, P., & Keller, K. (2010). *Manajemen pemasaran*. 13th ed. Jakarta: Erlangga.
- [16] Kotler dan Armstrong. 2012. *Manajemen Pemasaran*. Jilid 2. Jakarta: Bumi Aksara.,.
- [17] Kotler, P., & Armstrong, G. (2012). *Prinsip-Prinsip Pemasaran*. Edisi 13. Jilid 1. Jakarta: Erlangga.
- [18] Kotler, P & Keller, K.L. 2016. *marketing management*. 15 globe edition england: PERSON
- [19] Kotler, P. & Armstrong, G 2014. *Principle Of Marketing*, 15th edition. New Jersey: Pearson Prentice Hall
- [20] Kotler, Keller, 2016, *Marketing Management*, 15th Edition New Jersey: Pearson Pretice Hall
- [21] Kotler, P., & Armstrong, G. (2017). *Principles of marketing*. United Kingdom: Pearson
- [22] Kotler, Philip dan Kevin, Lane, Keller. 2016. *Marketing Management*, 15th Edition, Pearson Education, inc
- [23] Kotler, P. (2012). *Marketing management*/Philip Kotler, Kevin Lane Keller. Pearson Education Limited, 817, 1-1
- [24] Kotler & Ketler. (2013). *Manajemen Pemasaran*. Jakarta: Erlangga
- [25] Kotler, P., & Keller, K.L. (2009). *Manajemen Pemasaran* (13ed). (2, Ed., & B. Sabran, Trans,) Jakarta, DKI Jakarta, Indonesia: Erlangga
- [26] Kotler, Philip. (2012). *Marketing Management*/Philip Kotler, Kevin Lane Keller. In *Marketing management*
- [27] Kotler, P., Keller, L., K. (2012). *Menejemen Pemasaran*. Jakarta: Erlangga
- [28] Nasution, L.S., & Limbong, H.C. & Nasution, R. A. D. (2020). Pengaruh Kualitas Produk, Citra Merek, Kepercayaan, dan Harga Terhadap Keputusan Pembelian Pada E-Commerce Shopee
- [29] Roselia, A.M. & Niati, A. (2020) Analisis Pengaruh Kualitas Pelayanan dan Promosi terhadap Kepuasan Konsumen
- [30] Setiyani, I.S., & Harini, C.D., & Malik, D. (2020) The Effect of Prices, Quality of Product, And Brand Image on Purchase of Cat Nippon Paint with Promotion as a Moderation Variabel
- [31] Solihin, D. & Wibawanto, E. (2020) Pengaruh Kualitas Pelayanan, Harga, Dan Promosi Terhadap Keputusan Pelanggan Dalam Memilih Klub Basket Satria Indonesia Tangerang Selatan. *Jurnal Pemasaran Kompetitif*, Vol. 3, No. 3 Juni 2020
- [32] Turban, E.; Whiteside, J. K. D. & Outland, J. (2017). Introduction to electronic commerce and social commerce cham. Switzerland: Spinger
- [33] Tjiptono, F. (2014). *Pemasaran Jasa*. Yogyakarta: Penerbit Andi.
- [34] Tjiptono, F. (2015). *Strategi Pemasaran* (Edisi 4). Yogyakarta: C.V Andi Offest
- [35] Tjiptono, F., Chandra, Gregorius. 2016. *Service Quality dan Satisfaction Edisi 4*. Yogyakarta: Andi
- [36] Tjiptono, F. (2014). *Pemasaran Jasa*. Andi: Yogyakarta.
- [37] Tjiptono, F. (2008). *Strategi Pemasaran*, Edisi 3. Andi: Yogyakarta
- [38] Putri, Wahyu., Harti. 2022. "The Influence Of Brand Image And Brand Ambassador On Purchasing Decisions Through Consumer Trust In Scarlett Products". *Jurnal DIMENSI*. Volume 11 (2).
- [39] Novan Yurindera, Novan. 2022. "Pengaruh Kualitas Produk Dan Harga Terhadap Citra Merek Serta Implikasinya Terhadap Minat Beli Motor Honda Beat Series". *Jurnal Manajemen Bisnis*. Volume 25(1).
- [40] Prastiyani, Mbajeng., Suhartono. 2020. "Analisis Pengaruh Harga Dan Kualitas Produk Terhadap Minat Beli Smartphone Advan Melalui Citra Merek Sebagai Variabel Intervening Di Wilayah Yogyakarta". *Jurnal Riset Manajemen*. Volume 7(1).
- [41] Putra, I. C. 2021. "Evaluasi Pengaruh Product Quality, Product Innovation Dan Marketing Promotion Terhadap Brand Image Ikea". *Jurnal Digismantech*. Volume 1(1).
- [42] Agussalim, M., Hapzi. A. 2017. "Model Kepuasan Pelanggan: Analisis Kualitas Produk Dan Kualitas Layanan Terhadap Citra Merek Pada Giant Citra Raya Jakarta" *Jurnal Manajemen*. Volume 21 (3).
- [43] Kurniawan, Andrie., Devy. S., Faif. Y., Faroman. S. 2022. "Pengaruh Promosi Dan Kualitas Produk Terhadap Keputusan Pembelian Dengan Citra Merek Sebagai Variabel Intervening Pada Sepatu Bata Di Dki Jakarta". *Jurnal Ilmu Sosial dan Pendidikan*. Volume 6(2).
- [44] Yolamda., Darmanitya. H. W. 2018. "Pengaruh Promosi Dan Kualitas Produk Terhadap Keputusan Pembelian Air Minum Merek Aqua Serta Implikasinya Terhadap Citra Merek Di Fakultas Ekonomi Universitas Borobudur". *Jurnal Manajemen*. Volume 6(1).
- [45] Ghozali, Imam., Hengky Latan. 2020. "Partial least square. Konsep, teknik dan aplikasi menggunakan Program SmartPls3.0" Edisi 2. Semarang: Undip
- [46] Nurhatinah. 2018. "Pengaruh Keamanan, Privasi, Dan Reputasi Terhadap Kepercayaan Konsumen Online Shopping Di Kota Padang". *Jurnal EcoGen*. Volume 1(1).