

The Measurement of Purchase Decision Using Service Quality Through Brand Equity

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Abstract:

This research was conducted to measure purchasing decisions using brand equity through service quality. Collecting data with questionnaires to 130 respondents in Laptop shopping centers in Lampung Province. Data analysis using SPSS and LISREL programs. The results of the study found that consumers who decided to buy a laptop were influenced by service quality and brand equity. However, product qualification is also one of the considerations of consumers in deciding purchases, so that detailed information about products is needed by consumers. This study has practical implications that in deciding purchases, consumers first consider the indicators of service quality and brand equity.

Keyword: service quality, brand equity, consumer purchase decision

Introduction

Many previous studies have discussed purchasing decisions. They study a lot about the development of business products and services through the identification of factors that can increase consumer purchases (Thanasuta, 2015). Salem (2018); Adam & Akber (2016) revealed that the level of education, status, income, brand equity, and employment affect consumers in making purchases. Moreover, Woo et al., (2015) added that communication could also influence purchasing decisions.

Laroche et al., (2005) conducted a study relating to service quality that influences purchasing decisions by evaluating employee performance. Other researchers, namely Palmer & O'Neill (2003) say that service quality that influences purchasing decisions will cause repeat purchases. Adam & Akber (2016) explain that repeated purchases made by consumers are caused by brand equity. Therefore, the authors assume that the purchasing decisions taken by someone can be made based on service quality and brand equity found in the product or service (Mongdong & Tumewu, 2015). Therefore the authors want to do research on:

The measurement of purchase decision uses service quality and brand equity

To answer this study, the authors conducted a survey study on Laptop electronic products. The reason the researchers took the object was that the researchers wanted to know what were the factors in the laptop purchasing decision. Vijaya Laxmi & Rao (2015) argued that what attracts someone in making purchasing decisions on laptop products is quality and brand. The measurement of purchasing decisions on electronic products using service quality through brand equity is one of the reasons why consumers make purchases. This study has a contribution, first, based on the selection of research objects, namely consumer perceptions of electronic products. There have been many studies relating to purchasing decisions on electronic products, but the initial consideration is the socio-cultural conditions and knowledge that increasingly require input and data processing using laptops (Sargunani & Bruce, 2015). Akhtar et al., (2016) argue that brand equity plays an important role in influencing purchasing decisions. The statement is supported by Siali et al., (2016) which explains that brand equity can improve company performance through increased sales.

The second contribution concerns the measurement of quality service related to brand equity. Service quality is an assessment and perception of services received and enjoyed by consumers (Banahene et al., 2017; Jain & Aggarwal, 2018). Furthermore, Bamert & Wehrli (2005) said that an important dimension in brand equity is service quality that includes factors in consumer perceptions of product quality and service that consumers receive when making a purchase. Therefore, the contribution of this research relates to how service quality can increase brand equity, which can then create purchasing decisions.

Literature review & development of hypotheses

Purchasing decisions are individual behaviors in the process of making decisions by evaluating the quality of goods or services (Khuong & Duyen, 2016). The evaluation carried out by consumers is in the

form of searching for information about the benefits of products or services internally or externally (Xu & Chen, 2017). Furthermore, Mongdong & Tumewu (2015) in their research said that service quality and brand equity significantly influence purchasing decisions.

In this study, the authors assume that service quality can increase brand equity, which in turn can affect purchasing decisions. This is based on research on purchasing decisions which conclude that the company can have a clear target about the product being developed so that it influences brand equity through the form of improving service quality (Choe & Zhao, 2013; Anggita & Ali, 2017). Through quality service allows consumers to make purchasing decisions on products developed by the company. If service quality created by the company can attract consumers' attention, brand equity will increase.

Based on the description of the literature, the following is an explanation:

Service quality and brand equity

I assume that service quality has an effect on brand equity. This is reinforced by the results of research conducted by Kao & Lin (2016); Jahanzeb et al., (2013); Abu ELSamen (2015) stated that service quality has a positive influence on brand equity. Esmaeilpour et al., (2016); Zehir et al., (2011) argue that one of the indicators that can strengthen brand about products is through improving service quality and trust by the company. Based on these assumptions, the authors put forward a hypothesis, namely:

H₁ : There is a positive direct effect between service quality on brand equity

Service quality and purchasing decisions

The author assumes that service quality affects the purchase decision. This statement is supported by Soltani et al., (2016); Setiawan & Sayuti (2017) that through improving service quality from service providers will create satisfaction which ultimately creates sympathy for consumers to make purchases. O'Neill & Palmer (2001) argue that consumer perceptions of service quality when making a purchase is related to individual attitudes toward decision making. Differences in the characteristics of individuals who make purchases can be accommodated by professional services so as to create satisfaction for consumers (Jaakkola, 2007). Based on the description, the authors propose the following hypothesis.

H₂ : There is a positive direct effect between service quality on purchasing decisions

Brand equity and purchase decision

Some previous studies concluded that brand equity has a positive effect on the purchase decision (Gunawardane, 2015; Seitz et al., 2010; Ahmad et al., 2016). Brand equity greatly influences consumers in making purchases because there are strong brand associations (Nigam & Kaushik, 2011). Buil et al., (2013) explained that brand equity has a positive impact on consumer responses about products. This means that brand equity can be considered brand preference and buying decisions (Chang & Liu, 2009). The Brand equity that is good for a product can create a desire for consumers to find information about the benefits of the product so that the opportunity for consumers to make purchases becomes even greater. Based on the description, the authors propose the following hypothesis.

H₃ : There is a positive direct effect between brand equity and purchasing decisions

Research methodology

This research was conducted at several electronics shopping centers specifically selling laptops in Lampung province. The selection of these objects, researchers intend to examine more deeply related to purchasing decision factors on laptop electronic products. The method of collecting samples using non-probability sampling with accidental techniques, namely sampling using certain considerations about the characteristics of respondents (Berzofsky & Williams, 2009).

This research was assisted by supporting methods, namely a list of Likert scale questions which contained manifest brand equity variables, service quality, and purchasing decisions, Hair et al., (2010). The number of samples in this study was 130 respondents consisting of consumers who purchased laptop electronic products directly at electronic shopping centers in Lampung province.

Results of research and discussion

The data processing in this study uses the SPSS and LISREL programs. The results of the research are as follows.

Table 1. Construct Reliability and Variance Extracted Calculation Results

No.	Variable Latent	Construct	Loading Factor	Error	Construct Reliability	Variance Extracted
1.	Service quality	X ₁	0.87	0.24	0.804	0.581
		X ₂	0.77	0.41		
		X ₃	0.63	0.61		
2.	Brand equity	Y ₁	0.73	0.46	0.856	0.668
		Y ₂	0.76	0.42		
		Y ₃	0.94	0.11		
3.	Purchase decision	Y ₄	0.83	0.31	0.811	0.593
		Y ₅	0.83	0.31		
		Y ₆	0.63	0.60		

The calculation results in Table 1 explain that the construct reliability, the value is greater than 0.70 and the average variance value is greater than 0.50. This shows that all manifest variables have consistency in measuring the latent service quality, brand equity, purchase decision variables.

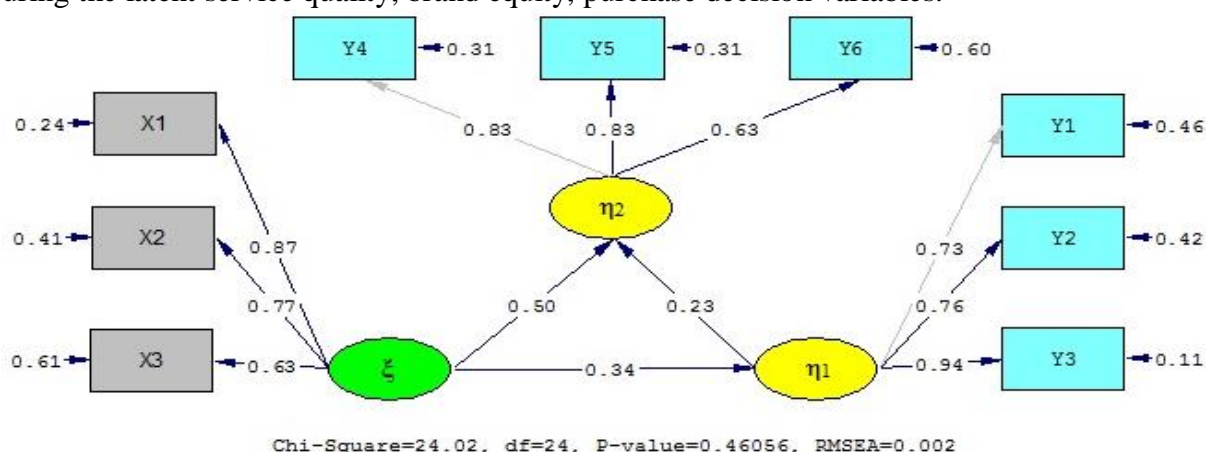


Figure 1. Standardized Solution

The standardized solution Figure 1 explains that the complex path has a function in making decisions on hypothesis testing. The image provides findings that there are direct, total, and indirect effects between exogenous variables (ξ) and endogenous variables (η). Information obtained from these images is (1) the value of the direct effect of service quality variables (ξ) and brand equity (η₁) toward purchases decision (η₂) equal to the magnitude of the path coefficient of each variable because it cannot be mediated with other variables. (2) Value of influence of service quality variable (ξ) against purchasing decisions (η₂) through the variable brand equity (η₁) as big as $0.34 \times 0.23 = 0.078$, and through the intervening variable η₁ of 0.50 so that the total effect is $0.078 + 0.50 = 0.578$.

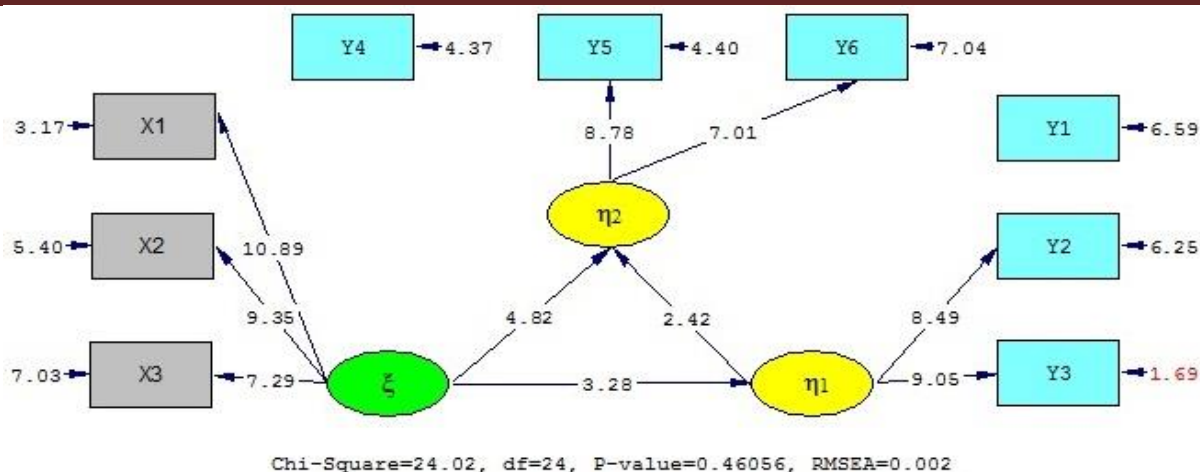


Figure 2. T-values

Figure 2 describes the measurement of sub-structure path coefficients 1 and 2. The sub-structure path coefficient 1 will provide decision making in hypothesis 1 with the form of the equation formula $\eta_1 = \gamma_{11}\xi + \zeta_1$. The results of hypothesis testing 1 (γ_{11}) of 0.34 and $t_{\text{value}} = 3.28 > t_{\text{table}(0.05; 130)} = 1.98$, then H_1 is accepted, and the path coefficient γ_{11} which is the direct effect of the variable service quality on brand equity is significant.

Furthermore, sub-structure path coefficient 2 will give decision makers on hypothesis 2 and hypothesis 3 with formulation $\eta_2 = \gamma_{21}\xi + \beta_{21}\eta_1 + \zeta_2$. Results of testing hypothesis 2 (γ_{21}) of 0.50 and $t_{\text{value}} = 4.82 > t_{\text{table}(0.05; 130)} = 1.98$, then H_2 is accepted, and the coefficient γ_{21} is the direct effect between the variable service quality on the purchasing decision is significant. The results of testing hypothesis 3 (β_{21}) of 0.23 and $t_{\text{value}} = 2.42 > t_{\text{table}(0.05; 130)} = 1.98$, then H_3 is accepted, and the path coefficient β_{21} is a direct effect between the variable brand equity to purchases decision is significant.

Lisrel's output shows that the goodness of fit index (GFI) has a value of 0.96 which means that the model has a good fit so that the whole research can be continued.

Hypothesis

Hypothesis 1: Service quality towards brand equity

Based on the research findings, it is shown that service quality has a positive direct effect on brand equity supported by $t_{\text{value}} = 3.28 > 1.98$. The research findings are supported by research conducted by Shriedeh & Ghani (2017) that service quality significantly influences brand equity.

Hypothesis 2: Service quality of purchasing decisions

Based on the results of the study showed that service quality has a direct positive effect on purchase decision and is supported by $t_{\text{value}} = 4.82 > 1.98$. The research findings are relevant to the research conducted by Arslan & Zaman (2014) that most consumers rely heavily on service quality before making a purchase.

Hypothesis 3. Brand equity towards the purchase decision

Based on the results of the study showed that brand equity has a direct positive effect on purchases decision and is supported by $t_{\text{value}} = 2.42 > 1.98$. The results of this study are supported by research conducted by Prajapati & Makwana (2017) that brand equity significantly affects a purchasing decision.

Conclusions and recommendations

Along with technological developments in the world of electronics, the marketing strategy undertaken by companies is to create innovative products that are able to answer the demands of science. The quality and benefits of products and good service must be felt by consumers when making a purchase transaction. Good service when conducting transactions and product capabilities to collect data that is felt by consumers can create brand equity which can then create purchasing decisions.

The marketing strategy carried out by the company can be started from the desire of consumers to have electronic products that can keep up with the development of science. Brand equity can be created if the products consumed by consumers can fulfill the desires of consumers and have differences with other brands. Therefore, the purpose of this study is to determine the factors that can influence the purchase

decision of laptop electronic products. This research was carried out by measuring indicators of service quality and brand equity against purchase decision. The author assumes that the purchase decision is influenced by service quality and brand equity.

To answer this research, the authors have collected data using questionnaires to 130 consumers who bought laptops in laptop electronic product shopping centers in Lampung Province. Based on the data that has been obtained, the writer then analyzes the SPSS and LISREL programs.

The results of the study indicate that each hypothesis has a positive and significant direct influence. This means that quality service and brand equity greatly influence consumer decisions in purchasing laptop electronic products. However, product qualifications also become one of the considerations of consumers in making purchases, so that accurate and detailed information about products is needed by consumers before making a purchase. This research has practical implications that when consumers make purchasing decisions, consumers first consider the indicators of service quality and brand equity about the choice of laptop products.

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