

The Role of Brand Image to Mediate the Influence of Product Quality and Price on Repurchase Intentions During Covid-19 Pandemic (Case Study on Consumers of Warung Mina in Denpasar City)

Kenny Steven Widiartha¹, Gede Suparna²

^{1,2,3,4} (Faculty of Economic and Business, Udayana University, Indonesia)

Abstract:

Background: Intense business competition occurs between one company and another, especially for companies that have the same product. Companies are required to have their own advantages to be able to maintain their market share. In the midst of intense business competition, at the beginning of 2020, the world was shocked by the emergence of a new virus, namely coronavirus 2 (SARS-CoV-2) whose disease is called Coronavirus disease 2019 (COVID-19). This study aims to explain the role of brand image in mediating the effect of product quality and price on repurchase intention

Materials and Methods: This research was conducted in Denpasar City using a sample of 112 respondents. The data of this research was collected by survey method which was distributed through google form and measured using a Likert scale. The data of this study were analyzed using the PLS-based Structural Equation Modeling (SEM) analysis technique.

Results: The results show that product quality had a positive and significant effect on brand image and repurchase intention. The results also show that price has a positive and significant effect on brand image and repurchase intention. In addition, the results of the study show that brand image has a positive and significant effect on repurchase intention, and is able to mediate the effect of product quality and price on repurchase intention

Key Word: product quality, price, brand image, repurchase intention.

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I. Introduction

Intense business competition occurs between one company and another, especially for companies that have the same product. Companies are required to have their own advantages to be able to maintain their market share. In the midst of intense business competition, at the beginning of 2020, the world was shocked by the emergence of a new virus, namely coronavirus 2 (SARS-CoV-2) whose disease is called Coronavirus disease 2019 (COVID-19). The presence of the coronavirus not only has a negative impact on public health but also has an impact on the economy. The presence of this virus causes many companies to have difficulty in carrying out their activities and running their business, causing a decrease in income, prompting layoffs (Termination of Employment), and even mass company closures. Based on data released by the Central Statistics Agency on September 15, 2020, several business sectors experienced a decline in income during the Covid-19 pandemic, such as real estate by 59.15 percent, electricity, and gas by 67.85 percent, water, and waste management by 68 percent, transportation and warehousing by 90.34 percent, accommodation, and food and beverages (culinary) by 92.47 percent, and other service businesses by 90.9 percent

One of the sectors most affected is the culinary sector, where according to a survey conducted by the Indonesia Central Statistics Agency on September 15, 2020, there was a decline in income of up to 92.47 percent. Culinary itself is an activity related to cooking activities and is very closely related to daily food consumption. Culinary is a processed food in the form of side dishes, food, and drinks. Culinary is also not just about food, ingredients, and how to cook it, but also how to etiquette at the dining table, procedures for serving food, to kitchen conditions (Sari, 2018). The development of people's lifestyles also makes culinary activities not just to buy food, but also to use facilities and enjoy the atmosphere of a culinary place to gather with friends and family. The results of the pre-survey showed that from 20 respondents, 85 percent stated that they tended to eat out of the house. This shows the development of people's lifestyles to tend to eat outside the home.

The number of competitors in similar businesses makes consumers have more alternatives in choosing what food to consume, besides the impact of the emergence of the Covid-19 outbreak also has a big impact on sales. Repurchase intention is an important thing that must be considered by companies in conducting their

business. Consumers who make repeat purchases are one of the goals of marketing activities carried out by the company. The intention to repurchase occurs after the consumer makes a purchase, where after the consumer buys or consumes the company's product or service, the intention appears in the consumer's mind to repurchase the same product or service (Putra & Kusumadewi, 2019). Repurchase intention is an activity where consumers repurchase for the second time or more, which is based on consideration of previous purchase experiences for a product or service (Savitri & Wardana, 2018). Repurchase intention encourages consumers to repurchase products from the same company, with repurchase intention, fewer consumers will switch to using products or services from competing companies from the same industry (Wilson et al., 2019). Repurchase intention is influenced by various factors, one of which is product quality. Products that match consumer expectations will encourage consumers to repurchase, but if the product is disappointing, consumers will look for better alternatives

Product quality is one of the factors that encourage consumer repurchase intention. Product quality is the physical condition, function, and nature of the product that meets the tastes, expectations, and needs of consumers for a product compared to the value of money that consumers are willing to spend to get the product. Quality products must be able to meet the specified quality standards, and quality standards are always changing because consumer tastes and expectations are always changing (Sitanggang et al., 2019). Companies are required to create quality products and innovate in creating products that can meet the needs and expectations of the community. Product quality in question is an understanding that the products offered by the company have more selling points that are not owned by competing products, therefore the company tries to focus on the quality of its products, and compares it with the products offered by competing companies. Keep in mind that product quality is not seen from company standards but a consumer perspective (Razak et al., 2016). Products that can meet consumer desires and expectations will encourage consumers to make purchases. Suartama & Setiawan (2019) state that product quality has a positive and significant effect on repurchase intention. The better the quality of a product, the higher the repurchase intention of consumers. Different results were found by Afif & Suryono (2017); Ramadhan & Santosa (2017) which states that product quality does not affect consumer repurchase intention, this indicates that good product quality does not necessarily affect consumer intentions to repurchase the product.

In addition to product quality, price is another factor that influences repurchase intention. Price is one of the determinants of the success of a company because the price determines how much profit the company will get from selling its products both in the form of goods and services. Price is the amount of money charged for a product or service, or more clearly is the sum of all the values given by customers to get a benefit by having or using a product or service. For price-sensitive customers, relatively low prices are usually an important source of satisfaction because customers will get high value for money. Price is a factor that is considered when a consumer will buy a product. Perceptions of consumers about prices on products will form preferences and attitudes which will influence consumer decisions to buy or not, whether the price according to consumers is reasonable for the quality obtained (Indrawati & Suparna, 2015). Setting the price too high will cause sales to decline, but if the price is too low it will reduce the profits that can be obtained by the company organization. Yulisetiari et al. (2017) in their research state that price has a positive and significant effect on repurchase intention. The results of this study indicate that the better the price given by the company, the higher the consumer's intention to repurchase the product or just from the company. Different results were found in research conducted by Palma & Andjarwati (2016) which stated that price did not affect repurchase intention, this indicates a good price does not necessarily create consumer intentions to repurchase a company's product or service.

The existence of research findings regarding the relationship between product quality and price on repurchase intention is inconsistent, it is thought that brand image variables can mediate this relationship. The brand image variable is proposed on the consideration that brand image is an important factor in influencing a consumer's repurchase intention. Companies must have a good image to be able to create consumer intentions to repurchase the company's products or services. Companies that have good products and prices but have a bad image in the minds of consumers will make consumers reluctant to make repeat purchases. On the other hand, if the company has good product quality and price and is supported by a good image, consumers will be convinced to make repeat purchases. This statement is supported by research conducted by Yasa (2018) which states that brand image variables can mediate the effect of product quality on repurchase intention. In addition, Huang et al. (2019) stated that brand image has a positive and significant effect on repurchase intention. Based on these studies, it can be concluded that brand image can mediate the effect of product quality and price on repurchase intention.

Brand image is a valuable asset that must be built and managed properly by a company (Candra & Suparna, 2019). Brand image will have an influence on the perception of each consumer, where currently people are very selective in choosing a brand that suits what they need. Consumers assume that well-known brands in the market are better and of higher quality than brands that are less popular in the market because brands that are

popular in the market provide complete information compared to products with brands that tend to be left behind in the market. Brand image is a perception or collection of impressions that are in the minds of consumers of a brand that is assembled from memories of the brand. Brand image is how consumers view and understand a brand as a whole. A good brand image will affect the survival of a company and its products to survive and be loved by the market which will determine the next attitude made by consumers (Wahyuni & Suparna, 2014). Companies that have a good brand image will be more competitive and superior than their competitors.

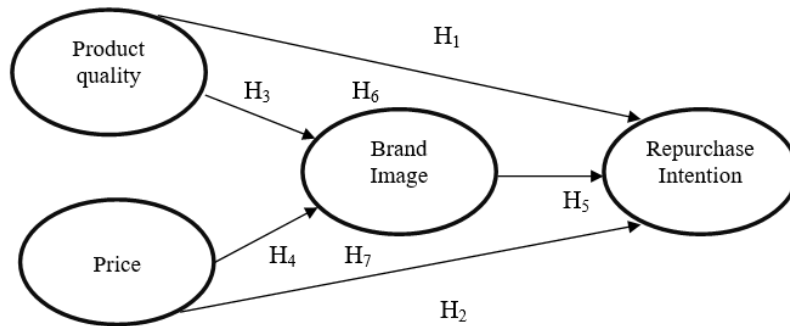


Figure 1 Conceptual Framework.

Hypothesis

- H1: Product quality has a positive and significant effect on repurchase intention
- H2: Price has a positive and significant effect on repurchase intention.
- H3: Product quality has a positive and significant effect on brand image.
- H4: Price has a positive and significant effect on brand image.
- H5: Brand image has a positive and significant effect on repurchase intention.
- H6: Brand image is able to mediate the effect of product quality on repurchase intention.
- H7: Brand image is able to mediate the effect of price on repurchase intention

II. Methods

This study uses a quantitative approach that aims to test the established hypothesis. Where in the test using the associative method which aims to determine the cause and effect (causal) of the variables that affect the affected variables. This is illustrated by a research design that seeks to explain the role of brand image variables in mediating the effect of product quality and price on repurchase intention. The location of this research is the city of Denpasar due to rapid economic growth, the number and population of the population are quite dense. The city of Denpasar is also considered relevant because its residents are starting to follow the times and the increasing trend of dining out of the home which is supported by the increasing purchasing power of the people. The research instrument used in this study was a questionnaire using a Likert scale with a scale of 1 to 5. This research questionnaire consisted of screening questions, respondents' identities, and a list of statements. Sampling using purposive sampling with 112 respondents. The method of data collection in this research was conducted by survey method. The survey was conducted by distributing questionnaires to respondents. The distribution of the questionnaire was carried out through the use of internet media and distributed in a statement format with the help of Google Forms. Inferential statistics are used to answer the hypothesis. The inferential statistics used in this study is PLS-based SEM analysis.

III. Result and Discussion

Based on the results of the PLS analysis, it shows the direction and influence of each independent variable on the dependent variable. These results can be described as follows

Table 1: Hypothesis test

Variable	Coefficient	t statistic	p values
Direct			
Product quality -> Repurchase intention	0.266	2.658	0.008
Price -> Repurchase intention	0.294	2.115	0.034
Product quality -> Brand image	0.412	3.691	0.000
Price -> Brand image	0.386	3.224	0.001
Brand image -> Repurchase intention	0.351	3.503	0.001
Indirect			
Product quality -> Brand image -> Repurchase intention	0.144	2.238	0.026
Price -> Brand image -> Repurchase intention	0.135	2.543	0.011
R Square			

Brand image	0.561	
Repurchase intention	0.676	

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2_1) (1 - R^2_2) \\
 &= 1 - (0,439) (0,324) \\
 &= 1 - 0,142 = 0,858
 \end{aligned}$$

The result of Q2 calculation is 0.858, so the conclusion is that 85.8% of repurchase intention variables are influenced by product quality, price and brand image, while the remaining 14.2% is influenced by other factors not included in the research model or outside the research model. Referring to the criteria for the strength and weakness of the model based on the value of Q-Square Predictive Relevance (Q2), this model is classified as very strong.

The Effect of product quality on repurchase intention

Hypothesis testing on the effect of product quality on consumer repurchase intention shows that product quality has a significant positive effect on consumer repurchase intention of 0.266 with p-values of $0.008 < 0.05$. This shows that the better the quality of the product, which in this case is Warung Mina's products in Denpasar City, the higher the repurchase intention of consumers. Based on this, the hypothesis of product quality has a positive and significant effect on consumer repurchase intention is accepted. Pather (2016) states that repurchase intention is an element of behavior, where there is a persistent intention and desire to buy a certain product or brand. Products that match consumer expectations will encourage consumers to repurchase, but if the product is disappointing, consumers will look for better alternatives.

The effect of price on repurchase intention

Hypothesis testing on the effect of price on consumer repurchase intention shows that price has a significant positive effect on consumer repurchase intention of 0.294 with p-values of $0.034 < 0.05$. This shows that the better company in setting prices that are adjusted to good product quality, which in this case is Warung Mina in Denpasar City, the higher the repurchase intention of consumers. Based on this, the price hypothesis has a positive and significant effect on consumer repurchase intention. Price is a sum of money (monetary unit) and/or other aspects (non-monetary) containing certain utilities or uses needed to obtain a service. Price is one of the factors that can affect consumer intention to repurchase a product. In setting prices, companies must take into account whether the prices set are by the quality and benefits that consumers get. Prices that are by the good quality and benefits of a product will increase consumer intention to repurchase the product, otherwise, if the price set is not by the quality and benefits, the consumer's intention to repurchase the product will below. Yulisetiari et al. (2017), Suhaily & Soelasih (2017) state that price has a positive and significant influence on repurchase intention.

The Effect of product quality on brand image

Hypothesis testing on the effect of product quality on consumer repurchase intention shows that product quality has a significant positive effect on brand image by 0.412 with p-values of $0.000 < 0.05$. This shows that the better the quality of the product, which in this case is Warung Mina products in Denpasar City, the better the brand image will be. Based on this, the hypothesis that product quality has a significant positive effect on brand image is accepted. Product quality is the ability of a product to perform its functions, this includes overall, durability, reliability, accuracy, ease of operation, product repair, and other product attributes. If the product has fulfilled these functions, it can be said that the product has good quality (Putri & Sukaatmaja, 2018).

The effect of price on brand image

Hypothesis testing on the effect of price on consumer repurchase intention shows that price has a significant positive effect on brand image by 0.386 with p-values of $0.001 < 0.05$. This shows that the better company in setting prices that are adjusted to good product quality, which in this case is Warung Mina in Denpasar City, the better the brand image will be. Based on this, the price hypothesis has a significant positive effect on brand image is accepted. Price is the amount of money charged for a product or service, or more clearly is the sum of all the values given by customers to get a benefit by having or using a product or service. In setting prices, companies must take into account whether the prices set are by the quality and benefits that consumers get. Prices that match the quality and good benefits of a product will create a good image in the minds of consumers, otherwise, if the price set is not by the quality and benefits, a bad image will be embedded in the minds of consumers (Saraswati & Rahyuda, 2017).

The effect of brand image on repurchase intention

Hypothesis testing on the effect of brand image on consumer repurchase intention shows that brand image has a significant positive effect on repurchase intention of 0.351 with p-values of $0.001 < 0.05$. This shows that the better the brand image, which in this case is Warung Mina in Denpasar City, the higher the repurchase intention of consumers. Based on this, the hypothesis that brand image has a positive and significant effect on consumer repurchase intention is accepted. Brand image is a series of consumer perceptions and beliefs about a particular brand that is formed based on the experiences they have felt so that brand associations are formed in the minds of consumers. Li (2019) and Huang et al. (2019) which state that brand image has a positive and significant effect on repurchase intention

Brand image mediates the effect of product quality on repurchase intention

Hypothesis testing on the effect of product quality on consumer repurchase intention through brand image shows that product quality through brand image has a positive and significant effect on consumer repurchase intention of 0.144 with p-values $0.026 < 0.05$. This shows that brand image plays a positive and significant role in mediating the positive effect of product quality on repurchase intention, so the hypothesis is accepted. Yasa (2018) state that brand image is able to mediate the effect of product quality on repurchase intention. Good product quality will create a good brand image in the minds of consumers, where a good image will create consumer intentions to repurchase Warung Mina's products or services.

Brand image mediates the effect of price on repurchase intention

Hypothesis testing on the effect of price on consumer repurchase intention through brand image shows that price through brand image has a positive and significant effect on repurchase intention of 0.135 with p-values of $0.011 < 0.05$. This shows that brand image plays a positive and significant role in mediating the positive effect of price on repurchase intention, so that the hypothesis is accepted. Huang et al. (2019) in their research stated that brand image has a positive and significant effect on repurchase intention. If the price is set in accordance with the quality and benefits it will create a good image in the minds of consumers, where a good image will affect consumers' intentions to repurchase Warung Mina's products or services.

Research Implication

The theoretical implications of the results of this study provide evidence on the development of marketing management science and consumer behavior science, where consumer behavior is a study of how individuals, groups and organizations choose, buy, use and place goods, services, ideas or experiences to satisfy their wants and needs. especially regarding product quality, price, brand image and repurchase intention of consumers. The results of this study indicate that the repurchase intention of consumers is influenced by several factors such as product quality, price, and the brand image of the company itself. Good product quality will create an intention from consumers to re-purchase the product in the future, and vice versa if consumers have a bad experience regarding the quality of a company's products, the possibility of these consumers intending to repurchase will be smaller. Price is also another factor that affects repurchase intention, prices that create consumer intentions to repurchase a company's products because the price is considered in accordance with what consumers get, and vice versa a bad price and not in accordance with consumer perceptions will make consumers not intend to repurchase a company's products. Another factor that influences it is the brand image, a good image of the company will make consumers more intend to buy back a company's products, on the contrary if the company has a bad image, consumers will not intend to buy back the company's products and prefer the company's products that have good image. By paying attention to product quality and price accompanied by efforts to create a good brand image, it will create intentions in the minds of consumers to repurchase in the future.

The implications of the results of this study are expected to provide consideration in developing appropriate strategies according to consumer behavior patterns as reflected in the statements in the questionnaire. Warung Mina can improve the quality of its products by always providing products that suit consumer tastes. Price is also a factor that influences consumer repurchase intention. Warung Mina must be able to adjust prices with the quality of their products. If the price is set high, the quality of the product must also be better, so that consumers do not mind buying products at high prices. Warung Mina can also maintain the repurchase intention of its consumers by improving its brand image in the minds of consumers. Warung Mina can improve their brand image by always maintaining their track record. A good track record must always be considered, where consumers will tend to prefer companies with a good image over companies with a bad image. A good track record can also be an advantage that distinguishes it from other companies. Products that match consumer tastes, prices that match quality, and also a good track record will maintain consumer intentions to repurchase the product and become a force in creating increased sales in the future.

Research Limitations

This study only examines product quality, price, and brand image. There are still other factors that influence consumer repurchase intention, such as service quality, store atmosphere, and customer satisfaction. The location of this research is still fixed on one company or industry, so the results of this study may not be relevant to different companies or industries. This research is only conducted at a certain point in time (cross section) while the environment can change at any time (dynamic), so this research is important to be carried out again in the future.

IV. Conclusion

Based on the research results, Product quality has a significant positive effect on repurchase intention; Price has a significant positive effect on consumer repurchase intention; Product quality has a significant positive effect on brand image; Price has a significant positive effect on brand image; Brand image has a positive and significant effect on repurchase intention; Brand image mediates the effect of product quality on repurchase intention; and Brand image mediates the effect of price on consumer repurchase intention

The management must maintain and improve product quality, price, and company brand image in order to be able to compete with similar companies so that it will increase consumer repurchase intention; be able to analyze their products, such as analyzing the shortcomings and weaknesses of their products, and innovating products, so that the product has its own characteristics that can attract consumers to make product purchases and can improve brand image and consumer repurchase intention; examine whether the prices set for their products are affordable or not so that respondents from all walks of life can enjoy the products offered so as to improve brand image, repurchase intention of consumers and companies to still obtain reasonable profits; strengthening product characteristics through unique innovations and adapted to existing trends so that consumers have new experiences that they cannot get elsewhere; and always try to maintain and improve both product quality, price, and brand image so that consumers get a good experience and will voluntarily recommend to colleagues and friends.

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