



## The Influence of Product Quality and Brand Image on Purchase Decisions of Nescafe Coffee in Packaging Ready to Drink in Surabaya City

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### ABSTRACT

In the current era, people no longer spend a lot of time waiting for the manufacturing process, but prefer consume instant beverage products because they are save time but can still increase productivity. This study is anticipated to be able to examine how brand perception and product quality affect consumer buying behavior for Nescafe coffee in ready-to-drink packages. Purposive sampling is used in this quantitative data collection procedure using 104 responders as the sample size. Partial Least Square (PLS) was used in this study's data analysis method. According to the study's findings, it can be concluded that the product quality and the brand image have a significant positive effect on purchase decisions.

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## INTRODUCTION

Along with the development of the era of globalization and the current economy, aspects of life in society have changed, one of which is a shift in consumption patterns. People no longer spend a lot of time waiting for the process of making food or drinks but prefer and consume instant and practical food or drink products because they are more efficient and save time. This resulted in increasingly rapid business competition between companies, especially ready-to-drink packaged beverages. The ongoing business competition makes every company want to win and maintain market share by innovating to create a product that is right for the needs of society.

Based on data from Indonesia. id, coffee consumption in Indonesia has increased every year (Mahmudan, 2022) The high consumption of coffee in Indonesia annually makes Indonesia the fifth largest coffee consumption in the world. This makes the trend of consuming coffee very popular and favored by millennials to adults. With the high enthusiasm of the public in consuming coffee, the beverage industry has many competitors, especially ready-to-drink coffee. Consumers can enjoy ready-to-drink coffee as a solution to eliminate drowsiness and increase productivity anytime and anywhere.

Ready-to-drink packaged coffee in Indonesia is produced in various packages and coffee flavors. One of the famous coffee companies in the world is Nescafe. In 1938, Nescafe was first launched by Nestle in Switzerland. In Indonesia, Nescafe began to be produced in 1979 by PT Nestle Indonesia Panjang in Bandar Lampung.

**Table 1. Top Brand Award for Ready-to-Drink Packaged Coffee**

Merek	Tahun				
	2018	2019	2020	2021	2022
Nescafe	13,20% (4)	11,30% (4)	9,50% (4)	9,80% (5)	11,40% (3)
Good Day	29,70%	35,10%	36,00%	34,90%	39,60%
Luwak White Coffee	14,30%	15,90%	18,50%	16,00%	13,50%
Granita	16,60%	12,70%	13,70%	10,40%	9,80%
Kopiko 78C	11,60%	9,40%	7,60%	10,10%	8,40%

(Source: topbrand-award.com)

Based on data from the Top Brand Award, Nescafe coffee in ready-to-drink packaging has not been able to become the market leader in the ready-to-drink coffee category from year to year due to the increasing number of ready-to-drink coffee brands on the market. With the phenomenon of increasing coffee consumption in Indonesia, Nescafe should experience an increase in demand which will increase sales. However, based on the Top Brand Index, Nescafe coffee in ready-to-drink packages has fluctuated in percentage and from 2018 to 2022 Nescafe cannot compete with the market leader in the ready-to-drink coffee category, Good Day.

The more competitors there are, the more Nescafe needs to implement a strategy to maintain its percentage so that it does not decrease again and is not

less competitive with other competitors. Purchase decision is one of the important factors for the existence of a company. The low purchase decision of a product will make a form of evaluation for a company to get the right and fast solution in dealing with existing problems so that it is not sustainable.

Because product quality affects purchase decisions, it is one of them. determines the level of satisfaction of a consumer. The products offered will be more useful if they are right on target (Angelica & Soebiantoro, 2022). The brand image influences consumer choice in purchases in addition to product quality. Customers favor to buy products that have a positive image in their minds (Soebiantoro & Sari, 2022)

Based on the explanation that has been stated, the purpose of this study is to find out how much influence product quality and brand image have on purchasing decisions for ready-to-drink Nescafe coffee products in the Surabaya city.

## **THEORETICAL REVIEW**

### ***Product Quality***

The impression of a product's quality is its more valuable to sell and does not appear in items from rival companies. Product quality, according to Kotler & Keller (2016), is the capacity of a product to deliver outcomes from the performance of its activities, meeting consumer needs. There are eight criteria for judging a product's quality, according to Tjiptono (Lestari & Meidina, 2022). These criteria are performance, features, reliability, compliance to specifications, durability, usability (serviceability), aesthetics, and perceived quality.

### ***Brand Image***

Consumers pay attention to a brand as part of a product. (Kotler & Keller, 2016) states that brand image is a perception that exists in the minds of consumers regarding a brand or a product. According to Kotler (Tanady & Fuad, 2020), there are 3 Brand strength, brand originality, and brand favorability are all signs of brand image. excellence (uniqueness).

### ***Buying Decision***

Purchase decisions are interpreted as a form of action that consumers take to decide whether or not to purchase a product, usually when the consumer's desire is unanimous to buy the product to meet their needs. According to (Kotler & Armstrong, 2018) purchasing decisions are consumer behavior in determining purchases of a brand of a product that is most liked or according to their needs. According to Kotler (Islamiyah & Soebiantoro, 2022) there are 4 indicators of purchasing decisions, namely, stability in a product, habits in buying products, providing recommendations to others, and making repeat purchases.

### ***The Relationship Between Product Quality and Purchasing Decisions***

Product excellence is a consideration when buying a product. With the existence of product quality in a product, consumers hope that there will be

equality in expenses made with what is received. Thus product quality influences consumer purchase decisions.

Meanwhile, according to previous research related to the connection between merchandise quality and Purchase choices (Islamiyah & Soebiantoro, 2022) prove that there is a positive and significant influence. And The findings Study by Fatmaningrum & et al. (2020), which discovered that product quality has a large and positive impact on buying choices.

H1: Product quality is seen to have a favorable impact on consumers' decisions to buy Nescafe coffee products in ready-to-drink packaging in the city of Surabaya.

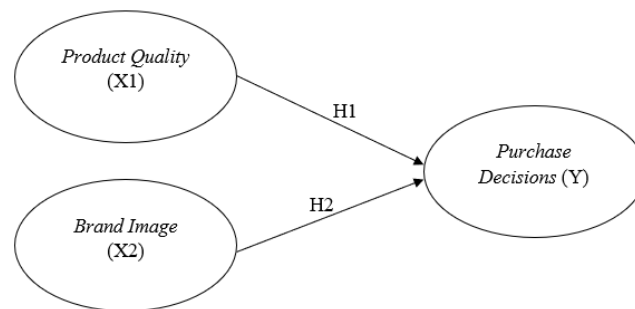
### ***Relationship Between Brand Image and Purchase Decision***

The many brands circulating in the market provide an alternative for consumers to be more critical in terms of choosing before purchasing a product. Products that are well-known to consumers are more likely to be chosen by consumers. to determine whether to buy or not to these products. Having a brand image that is well known to consumers certainly results in high purchasing decisions on the brand of a product.

According to (Nisa, 2022) regarding between brand image and purchasing decisions for consumers of Janji Jiwa Tanjung Duren Jakarta coffee products, it shows that there is a positive and significant influence. (Khumairo et al., 2018) in his research also found the results of a positive and significant influence relationship on brand image and purchasing decisions.

H2: Brand image is thought to influence purchases in a positive way. choices. for Nescafe coffee products in ready-to-drink packaging in the city of Surabaya.

Based on A conceptual framework for this research may be put together using the theoretical review and prior research, and it is described as follows.



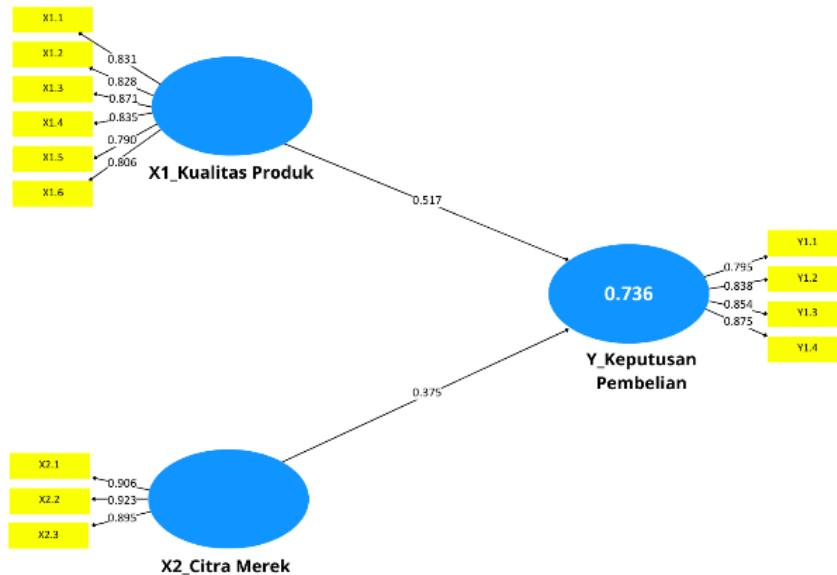
**Figure 1. Conceptual Framework**

## **METHODOLOGY**

This research was conducted on consumers who had purchased ready-to-drink Nescafe coffee in the city of Surabaya. This study combines a purposive sample strategy with a method of non-probability sampling. sample from the population, specifically based on certain criteria. There were 104 responses in the samples. This study used a quantitative research methodology.

In this study, a questionnaire was employed as a data gathering tool. PLS, or partial least squares, is the method used in this study's data analysis.

## RESULTS



**Figure 2. Outer Model with loading factor, R-Square, and Path Coefficient**  
(Source: Data processing on the SmartPLS Application, 2023)

Above the arrow connecting the variables and indicators in Figure 2, the amount each indicator's factor loading value is displayed. Additionally, it can be shown that the path coefficients, which have values of 0.517 for product quality variables and 0.375 for the brand image variable, are above the arrow line between exogenous variables and endogenous variables. Additionally, it is obvious that the R-Square's value of 0.736 falls exactly inside the range of endogenous variables (variables affecting purchasing decisions).

The value of the factor loading on the outer loading can be used to determine the validity of the indicators in this study. When factor loading ( $Z$  value at  $= 0.05$ ) is more than 0.5 and/or the T-statistic value is greater than 1.96), it may be claimed that each indicator's validity is sufficient.

**Table 2. Outer Loadings**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )
X1.1 <- X1_ Product quality	0,831	0,826	0,040	20,676
X1.2 <- X1_ Product quality	0,828	0,825	0,035	23,972
X1.3 <- X1_ Product quality	0,871	0,867	0,028	30,869
X1.4 <- X1_ Product quality	0,835	0,831	0,038	22,077
X1.5 <- X1_ Product quality	0,790	0,787	0,045	17,577
X1.6 <- X1_ Product quality	0,806	0,802	0,036	22,214
X2.1 <- X2_ Brand Image	0,906	0,905	0,023	39,099
X2.2 <- X2_ Brand Image	0,923	0,922	0,017	53,824
X2.3 <- X2_ Brand Image	0,895	0,894	0,023	39,058
Y1.1 <- Y_ Buying decision	0,795	0,792	0,046	17,175
Y1.2 <- Y_ Buying decision	0,838	0,835	0,033	25,577
Y1.3 <- Y_ Buying decision	0,854	0,851	0,030	28,064
Y1.4 <- Y_ Buying decision	0,875	0,872	0,028	30,947

(Source: Data processing on the SmartPLS Application, 2023)

According to Table 2, every reflecting indicator for the variables of product quality, brand perception, and purchase decisions exhibits a substantial factor loading (T-statistic value  $>1.96$ ) and/or a factor loading (original sample)  $> 0.50$ . As a result, all estimation results for indicators have met the criteria for good or convergent validity.

The Average Variance Extracted (AVE) value, the following measurement model, is a number that represents the size a measure of the latent variable's indicator variance. Convergent AVE  $> 0.5$  denotes the validity of the latent variable. is sufficient. A reasonable If the AVE value for each structure is more than 0.5, a model is needed.

**Table 3. Average Variance Extracted (AVE)**

	<i>Average Variance Extracted (AVE)</i>
<b>Product quality (X1)</b>	0,685
<b>Brand Image (X2)</b>	0,825
<b>Buying Decision (Y)</b>	0,707

(Source: Data processing on the SmartPLS Application, 2023)

Table 3 demonstrates that the outcomes of the AVE test on the product quality are 0.685, the brand image is 0.825, and on the purchase decision is 0.707. So that all AVE values  $> 0.50$ , it may be said that the measurement satisfies the requirements for convergent validity and is deemed perfect.

The Composite Reliability measuring model comes next. If a questionnaire's Composite Reliability value limit is greater than 0.70, it is considered reliable. According to Table 4, the brand image, which affects purchase decisions, is 0.934, while the product quality variable is 0.929. Because

all All of the study's variables are considered reliable because three of them have a composite reliability score of > 0.70.

**Table 4. Composite Reliability**

	<i>Composite Reliability</i>
<b>Product quality (X1)</b>	0,929
<b>Brand Image (X2)</b>	0,934
<b>Buying Decision (Y)</b>	0,906

(Source: Data processing on the SmartPLS Application, 2023)

Exogenous and endogenous variables as well as exogenous and exogenous variables can be correlated with one another in PLS, as seen in the table of latent variable correlations below. the highest The correlation value of two variables is 1, and the nearer a number is to 1, the better the correlation.

**Table 5. Latent Variable Correlations**

	<b>Product quality (X1)</b>	<b>Buying Decision (Y)</b>	<b>Brand Image (X2)</b>
<b>Product Quality (X1)</b>	1,000		
<b>Buying Decison (Y)</b>	0,846	1,000	
<b>Brand Image (X2)</b>	0,834	0,813	1,000

(Source: Data processing on the SmartPLS Application, 2023)

Table 5 indicates that the purchasing decision variable and the product quality have the strongest correlation value. 0.846. It can be stated that among the variables in the research model, the relationship between the decision variables pembelian with product quality showing It is also possible to conclude that in this research model, the high and low variables have a stronger association than the relationship between the other variables. Product quality factors have a greater impact on purchasing decisions than brand. image variables.

Next, by examining the value of R-square, a test of the model's precision or fit is conducted. According to (Ghozali & Latan, 2015), when testing R-Square, a value of 0.750 indicates a strong model, a value of 0.500 indicates a moderate model, and a value of 0.250 indicates a weak model. The R2 score in Table 5 is 0.736, which denotes that the model is of a moderate nature. Furthermore, it should be highlighted that while other factors influence 26.4% of purchase decisions, aspects related to product quality and brand image influence 73.6% of them.

**Table 6. R-Square**

	<b>R Square</b>
<b>Buying Decision (Y)</b>	0,736

(Source: Data processing on the SmartPLS Application, 2023)

To determine the probability or level of significance of direct effects or direct impacts of X on Y, hypothesis testing is utilized. When a variable's effect

is substantial, the T-Statistic value must be greater than the T-Table value by 0.05 (5%). The T-Table is 1.96 overall, as can be shown. The T-Table in this study had a value of 1.98304, and it can also be noted that there were 104 respondents.

**Table 7. Path Coefficients**

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )
<b>Product Quality -&gt; Buying Decision</b>	0,517	0,521	0,074	6,963
<b>Brand Image -&gt; Buying Decision</b>	0,375	0,373	0,075	5,006

(Source: Data processing on the SmartPLS Application, 2023)

The conclusion drawn from Table 7 is that the theory that product quality positively influences purchase decisions is plausible, with If the T-Statistic score is  $6.963 > 1.96$ , the hypothesis is accepted or significant (positive). or higher than T-Table = 1.98304. With a T-Statistic value greater than or equal to T-Table of  $5.006 > 1.96 = 1.98304$ , the hypothesis that brand image influences purchasing decisions favorably is acceptable or significant.

## DISCUSSION

### *Effect of Product Quality on Purchasing Decisions*

The research's conclusions indicate that the variable affecting product quality has a positive and significant influence on consumers' purchasing decisions. packed Nescafe coffee that is ready to drink in Surabaya. The descriptive analysis's findings demonstrate that the product's quality One of the factors that has the biggest influence on purchasing decisions is conformance with specifications. since it provides a range of packing sizes. The results of this study are in line with those of Tritama et al. (2021), Aryani & Nastiti (2021), and Anggraini et al. (2020) investigations, which show that product quality has a favorable and significant impact on purchasing decisions.

### *The Effect of Brand Image on Purchasing Decisions*

According to the findings of the research, the brand image variable in the city of Surabaya had a favorable and significant impact on consumers' decisions to purchase ready-to-drink Nescafe coffee. The descriptive study's findings indicate that the brand image variable indicator that most significantly affects consumers' decisions to buy isAccording to the findings of the descriptive study, the brand image variable indicator that most significantly affects consumers' decisions to buy is brand uniqueness. So, in deciding to buy Nescafe coffee in ready-to-drink packages, consumers are encouraged to consume ready-to-drink coffee because Nescafe coffee in ready-to-drink packages has various flavors offered such as black, coffee cream, french vanilla, white coffee, original, latte, mocha, cappuccino, caramel macchiato, and ice black. The findings of this study



are consistent with studies by Ramadhan & Suprihhadi, Amin, and Qelbi et al. from 2021, 2021, and 2023, respectively, which demonstrate that a positive and significant effect on brand image consumers' purchasing decisions.

## **CONCLUSIONS AND RECOMMENDATIONS**

According to the research's findings, consumers' decisions to buy Nescafe coffee in ready-to-drink packaging in Surabaya are significantly and favorably influenced by the quality of the product they own. In other words, the better the product, the more probable it is that customers will buy something. In the same way, consumers' decisions to buy ready-to-drink Nescafe coffee in Surabaya are significantly and favorably influenced by the brand's image, the more positive the brand's reputation, the better the consumers' choices. According on the findings of the study, various recommendations were made that could be considered and used as material in future decision-making, including: 1) It is expected that Nescafe coffee in ready-to-drink packaging will be able to review the suitability of the specifications so that consumers feel satisfied when consuming it. This is an effort to encourage consumers to make Nescafe coffee in ready-to-drink packaging a permanent choice in buying and consuming ready-to-drink coffee. 2) It is hoped that Nescafe coffee in ready-to-drink packaging can review the uniqueness of the brand owned so that it always gives a good perception in the minds of consumers. So that the brand image of Nescafe coffee in ready-to-drink packaging can be better known and become the main choice of ready-to-drink coffee that consumers like.

## **FURTHER STUDY**

Suggestions future researchers are expected to develop research by adding and or using variables other than the variables used in this study such as promotions, prices, price perceptions, and so on.

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