The Effect of Perceived Product Quality and Brand Image on Purchase Decision with Trust As Mediation

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ARTICLE INFO

ISSN: 2723-1097

Keywords:
Perceived Product Quality; Brand image; Trust; Purchase Decision

ABSTRACT

This study aims to determine the effect of perceived product quality and brand image on purchase decisions mediated by trust in consumers of Innisfree products in Surabaya and Malang City, East Java. Collecting data using non-probability sampling. There were 150 respondents collected in this study. The data analysis method used a structural equation model (SEM) based on partial least squares (PLS). SmartPLS software application 3.2.9 Research findings note that Perceived Product Quality has a direct effect on Purchasing Decisions. Brand image has a direct effect on purchasing decisions. Trust has a direct effect on purchasing decisions. In addition, the effect of perceived product quality and brand image will be better if it is supported by consumer confidence in increasing purchasing decisions, in other words, trust is a variable that is able to bridge the relationship between perceived product quality and brand image on purchasing decisions.

Introduction

Indonesia is one of the countries in Southeast Asia that has many industrial sectors, various industrial sectors are growing well and can play a major role in supporting economic growth in Indonesia. One industry that is experiencing rapid growth from year to year and affecting economic growth in Indonesia, one of which is the beauty industry(Kemenperin, 2018). This condition is marked by an increase in Gross Domestic Product (GDP) which reached 1.92 percent or grew by IDR 4.44 trillion in 2021 (BRIN, 2022) The Indonesian beauty industry is fairly promising and capable of becoming one of the industries that has consistent growth. Skincare products have become a primary need for women who are the main target of the beauty industry. Along with the times, the beauty industry has also begun to innovate in skin care products for men and children (Kemenperin, 2018).
South Korea is a country that is the center of attention in the world, where this beauty trend has had such a big impact on the beauty market around the world through fashion products, idol groups, beauty products to trends in makeup. Indonesia is one of the countries that has caught the fever of the South Korean beauty trend, or better known as the Korean wave (BRIN, 2018). The Korean wave or Hallyu is defined as a phenomenon of Korean pop culture, such as Korean TV dramas, movies, pop music, fashion and Korean beauty which are popular and spread among the people of Japan, China, Hong Kong, Taiwan and other Asian countries. (Oh & Lee, 2013). The existence of the Korean wave phenomenon that has hit Indonesia is one of the driving factors for the emergence of this trend, so that this is widely used by Korean beauty brands that are starting to enter the beauty market in Indonesia.

Innisfree is one of the most popular cosmetic brands in South Korea. The company has a market share of 4.1 percent in 2016. The brand concept is based on the natural green image of Jeju Island (Statista, 2021). According to a survey conducted in 18 countries around the world, respondents reported that Korean beauty products were "very popular" in their country, so that sales of innisfree products in the world also had a very significant impact as shown from 2016 innisfree sales in the world reached 767.88 billion won Korea, where this sales is the highest sales compared to previous years (Statista, 2022). However, sales of innisfree products from 2017 to 2021 have decreased drastically from previous years. This decrease reached 41% from 2020 with sales figures of 348.6 billion Korean won to 307.17 billion Korean won in 2021 (Statista, 2022). This decrease was caused by the increasing number of skin care brands from Korea that have been circulating all over the world. Along with the many skin care brands being marketed, this will lead to a lot of competition between skin care brands getting tougher, so this causes consumers to have many desires and choices in deciding to make a purchase.

The condition of the beauty market in Indonesia that runs dynamically makes many consumers not only fixated on one choice of product or brand. The high demand for very high skin care products has also become a tough competition between skin care brands. This is considered to have contributed to increasing business competition in the beauty sector (Moslehpour et al., 2017). Consumer interest in buying a skincare product can be influenced by various factors. According to Peter and Olson, (2010) Purchase decision is a process carried out by consumers to combine all the knowledge obtained into a value consideration that is useful in choosing two or more alternatives, which can be used in deciding to purchase a product (Pather, 2017). One of the things that consumers pay special attention to when deciding to buy a product or service is the quality of the product or service itself. Consumer perception of the quality of a product can be a cognitive
factor that can influence consumers in making purchases. When a company offers high quality product features, customers will be willing to buy that product compared to other competitive products (Navitha Sulthana & Vasantha, 2021).

Consumer perceptions of a good brand image are considered capable of playing an important role in differentiating brands from similar product categories or brands. Brand image is also considered as one of the most important intangible assets that has an impact on consumer perceptions of the company (Agmeka et al., 2019). In research conducted by Ulfat, Muzaffar and Shoib, (2014); Perera and Dissanayake, (2013) and Namrata and Aradhana, (2022) explains that perceived product quality has a positive impact on purchasing decisions. Different results are shown by Sengkey, Mandey and Soegoto, (2021); Hafiz and Ali, (2017), Nekmahmud and Fekete-Farkas, (2020) that perceived product quality has no influence on purchase decision. As well as research conducted by Lamasi & Santoso, (2022); Kaddafi et al. (2021) and Boonmee, (2015) shows that brand image has an influence on purchasing decisions. The results of these findings differ from research conducted by Sone, (2018); Kathrine & Kyla, (2022) and Malini, (2021) that brand image has no influence on purchase decisions.

There are differences in findings, which become an interesting research gap for further research on how perceived product quality and brand image actually influence purchase decisions. To close the research gap in this study, the trust variable was included. The choice of trust was chosen as a mediating variable because consumer satisfaction arises from the trust in the products/services provided by the company. Trust will trigger consumers to continue using a product/service for a long time continuously until the level of trust disappears and switches to another product. Some research support that has been conducted previously by Suhaily & Darmoyo, (2017) explains that there is a significant influence between perceived quality, price perception and brand image on purchasing decisions mediated by trust. These results are also in line with research conducted by Navitha Sulthana & Vasantha, (2021) which explains that there is a positive relationship between trust and purchasing decisions. Trust is an important factor attached to customers in every business. Customers have a desire to buy if they have confidence in a product/service. Hence, this study is intended to examine the mediating effect of trust on the relations between perceived product quality and brand image to purchase decision.

Literature Review

Relationship between perceived product quality on purchase decision

Quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to the intended purpose (Aaker,
Meanwhile, according to Zeithaml (1998) Perceived Quality is a model used to measure the perfection of a product. A customer can be satisfied simply because he has expectations of the performance of a product. A consumer purchases a product not only based on the physical form of a product, but the usability and reliability that exists in a product whether it has functions and benefits that match the needs of the consumer or not. Consumer perceptions of quality can also provide value to consumers by giving them reasons to keep buying and can differentiate brands from competing brands (Asshidin et al. 2016). According to research conducted by Hanaysha, (2018), explains that there is a significant positive relationship between perceived product quality and purchase decision. This is in line with research conducted by Naeem & Abdul Sami, (2020); Hafiz & Ali, (2018); and Kealesitse & Kabama, (2012) and who also explained the same thing that there is a positive and significant relationship between perceived product quality and purchase decision. Based on previous studies, the first hypothesis can be formulated as follows:

Hypothesis 1: Perceived product quality has a significant effect on purchase decision.

**Relationship between brand image on purchase decision**

In a definition often cited by Keller (2013) brand image is described as a perception of a brand that is reflected by brand associations stored in memory. According to Hewer, et al. (2013) a strong brand can be used to express consumer habits. Brands are also used as a tool to attract recognition and status through strategic identity management. The image of a company is developed through the company logo, name, mission statement, vision statement, organizational culture, variety of products/services, and advertisements, and the appearance of the company's headquarters building. Brand identity can be used by companies to differentiate brands from service providers or manufacturers of similar products (Lin, et al. 2021). In research conducted by Amron, (2018) explained that there is a significant positive relationship between brand image and purchase decision. This research is also in line with research conducted by Hafiz & Ali, (2017), Chakraborty & Sheppard, (2016), and Sone, (2018). Based on previous studies, the second hypothesis can be formulated as follows:

Hypothesis 2: Brand image has a significant effect on purchase decision.

**Relationship between perceived product quality on trust**

Perceived product quality, in fact, is a relative concept of what consumers have felt from experience and expectations about a product, which can later form a trust from the consumer itself (Assaker et al. 2020). Consumers' belief that service
providers can be trusted to keep their commitments is known as trusts (Konuk, 2018). Trust is built when the customer has faith in the reliability and integrity of the service provider. Consumers’ trust in service providers can help reduce their cognitive risks and insecurities. The more customers trust the lower the perceived risk, and the greater the intention to buy (Lien et al., 2015). Research conducted by Assaker et al. (2020) and Erçiş et al. (2012) explains that there is a significant positive relationship between perceived product quality and trust, this is also in line with research conducted by Atulkar, (2020), Cakmak, (2016), and Chen et al. (2020). Based on previous studies, the third hypothesis can be formulated as follows:

Hypothesis 3: Perceived product quality has a significant effect on trust.

Relationship between brand image on trust

Brand image is an important antecedent in determining trust, reflecting that an attractive and valuable brand will increase consumer confidence in the products/services associated with that brand (Lien, et al. 2015). Brand image can create brand attitudes which then form associations, and the resulting brand attitudes trigger purchase intentions or intentions to repurchase. Brand attitude can be defined as the overall consumer in evaluating a brand. This can have a positive or negative impact depending on the knowledge experience or reflective experience of the consumer (Ramesh, et al. 2019). According to research conducted by Lien et al. (2015), Han et al. (2019), Alwi et al. (2016), and Chinomona, (2016), explain that there is a significant positive relationship between brand image and trust, which is also in line with research conducted by and Erkmen & Hancer (2019) which also explains the same thing. Based on previous studies, the fourth hypothesis can be formulated as follows:

Hypothesis 4: Brand image has a significant effect on trust.

Relationship between trust on purchase decision

Consumer buying behavior contains several meanings, namely those related to individual activities directly involved in exchanging money for goods or services in a decision-making process. The consumer’s decision to buy a product always involves physical activity (in the form of direct consumer activity through the stages of the buying decision-making process) or mental activity (ie when the consumer evaluates the product according to certain criteria set by the individual). The purchase decision taken by the buyer is actually a collection of a number of organized decisions (Setiadi, 2015). Purchase decision is usually influenced by brand trust. Brand trust can have a positive effect on purchasing decisions. This can be used to reduce the risk of uncertainty and can later encourage a purchase Alwi et
al. (2016). According to research conducted by Oghazi et al. (2018), Mahliza, (2020), and Irshad et al. (2020) in this study explained that there is a significant positive relationship between trust and purchase decision. This research is also in line with the research conducted by Patel et al. (2020) and Neumann et al. (2020) which also explains that there is a significant positive relationship between trust and purchase decision. Based on previous studies, the fifth hypothesis can be formulated as follows:

Hypothesis 5: Trust has a significant effect on purchase decision.

**Relationship between perceived product quality on purchase decision mediated by trust**

According to research conducted by Suhaily & Darmoyo, (2017) and Chinomona et al, (2013) explains that purchasing decisions made by consumers can occur due to several factors including product quality which can create consumer trust. So in this study it can be concluded that indirectly there is an influence from product quality on purchase decisions mediated by trust. This research is the basis for the formulation of the sixth hypothesis as follows:

Hypothesis 6: There is a positive and significant effect of perceived product quality on purchase decisions mediated by trust

**Relationship between brand image on purchase decision is mediated by trust**

Trust in a brand plays an important role in consumer purchasing decisions. Consumers will buy products or brands that can meet their needs in buying and they will make purchasing decisions that are closely related to their feelings towards the brands offered (Akbarsyah, 2012). According to the results of research conducted by Amron, (2018), Anwar et al. (2015) and Deheshti et al, (2016) explain that purchasing decisions are influenced by brand image and trust. So it can be concluded that there is an indirect influence from brand image on purchase decisions mediated by trust. This research is the basis for the formulation of the seventh hypothesis as follows:

Hypothesis 7: There is a positive and significant influence of brand image on purchase decisions mediated by trust

**Method**

Respondents in this study totoles 150 people. Data collection using questionnaire. This type of research is explanatory research with a quantitative approach and the method used non-probability sampling using a purposive sampling technique, according to Hair et al. (2010) non-probability sampling is a
sampling technique in which not all elements of the population have the same opportunity to become research samples. The characteristics of the respondents in this study were that respondents were at least 17 years old, came from/domiciled in the Surabaya and Malang areas and had purchased Innisfree skin care products.

The data analysis method uses SEM (Structural Equation Modeling) based on Partial Least Square (PLS) using the SmartPLS 3.2.9 software application. All indicators used to measure variables in this study were adopted from several previous studies. Perceived Product Quality variable indicator adopted from Garvin (1987), which consists of four indicators. Brand Image is measured using three indicators that refer to research by Aaker & Biel (2009), and Ambolau et al. (2015). The Trust variable is measured using three indicators adopted from Mayer et al (1995); Rofiq, (2007). The purchase decision variable is measured using five indicators adopted from Kotler & Armstrong, (2008); Salem, (2018); and Hanaysha, (2018).

**Result and Discussion**

Statistical tests were conducted to measure the validity and reliability of this study. Table 1 shows that the scale, magnitude and statistical fit were accepted. The average variance extract (AVE) value for all latent variables shows a score of 0.574 for the variable Perceived product quality, 0.738 for the variable Brand image, 0.781 for the Trust variable, and 0.667 for the Purchase decision variable. The Cronbach alpha value for the reliability criterion is quite high; Perceived product quality has the highest Cronbach's alpha value. Sequentially, the Composite Reability and Cronbach Alpha values are greater than 0.6. This means that the measurement instruments for all latent variables in this study are reliable and feasible to use.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Composite reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPQ</td>
<td>0.843</td>
<td>0.750</td>
<td>0.574</td>
</tr>
<tr>
<td>BI</td>
<td>0.793</td>
<td>0.620</td>
<td>0.738</td>
</tr>
<tr>
<td>TR</td>
<td>0.820</td>
<td>0.679</td>
<td>0.781</td>
</tr>
<tr>
<td>PD</td>
<td>0.840</td>
<td>0.760</td>
<td>0.667</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2023

Composite reliability (CR) values are 0.750, 0.620, 0.679, and 0.760 (above 0.60). It can be concluded that all constructs are reliable, both according to composite reliability and Cronbach's alpha. The result of the calculation of Goodness of Fit (GoF) is 0.499 or 49.9%. This shows that the model obtained is good for making predictions. This means that the model has a high ability to explain empirical data.
Table 2 Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationships between Variables</th>
<th>Path coefficient</th>
<th>t-statistics</th>
<th>p-values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Perceived product quality → Purchase decision</td>
<td>0.291</td>
<td>3,261</td>
<td>0.001</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Brand image → Purchase decisions</td>
<td>0.158</td>
<td>2017</td>
<td>0.044</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Perceived product quality → Trusts</td>
<td>0.207</td>
<td>2,364</td>
<td>0.018</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Brand image → Trusts</td>
<td>0.429</td>
<td>4,715</td>
<td>0.000</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H5</td>
<td>Trust → Purchase decision</td>
<td>0.429</td>
<td>5,482</td>
<td>0.000</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H6</td>
<td>Perceived product quality → Trust → Purchase decision</td>
<td>0.089</td>
<td>2.137</td>
<td>0.033</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H7</td>
<td>Brand image → Trust → Purchase decision</td>
<td>0.184</td>
<td>3,513</td>
<td>0.000</td>
<td>Significant Accepted</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2023

Based on the analysis result in table 2, it is known that the effect of Perceived product quality on Purchase Decision has a t-statistic value that is greater than the t-table value (3.261 > 1.96). It can be concluded that the variable Perceived product quality has a significant effect on the Purchase decision, so that H1 is accepted. The effect of brand image on purchase decisions has a t-statistic value greater than the t-table value (2.017 > 1.96). It can be concluded that the brand image variable has a significant effect on the purchase decision, so that H2 is accepted. The effect of the perceived product quality variable on trust has a t-statistic value greater than the t-table value (2.362 > 1.96). It can be concluded that the variable perceived product quality has a significant effect on trust, so that H3 is accepted. The effect of brand image on trust has a t-statistic value greater than the t-table value (4.715 > 1.96). It can be concluded that the brand image variable has a significant effect on trust, so that H4 is accepted. The effect of trust has a t-statistic value greater than the t-table value (5.482 > 1.96). It can be concluded that the trust variable has a significant effect on the purchase decision, so that H5 is accepted. The effect of perceived product quality on purchase decisions through trust has a t-statistic value greater than the t-table value (2.137 > 1.96). It can be concluded that the variable perceived product quality has a significant effect on purchase decisions through trust, so that...
H6 is accepted. The effect of brand image on purchase decisions through trust has a t-statistic value greater than the t-table value (3.513 > 1.96).

Discussion

The effect of Perceived product quality on Purchase decision

Based on the results of this study, it is known that perceived product quality has a significant positive influence on purchase decisions. The accepted hypothesis indicates that the perceived product quality possessed by innisfree products has the ability to provide good benefits and can be felt by consumers. The better the perceived quality in accordance with consumer expectations, the greater their desire to buy the product. This is in accordance with research conducted by Ulfat et al. (2014), Perera & Dissanayake, (2013) and Namrata & Aradhana, (2022) which explains that perceived product quality has a positive impact on purchasing decisions. Consumers will tend to prefer products with good quality from the beauty brands they buy.

The effect of Brand image on Purchase decision

Based on the results of this study, it is known that brand image has a significant positive influence on purchase decisions. The accepted hypothesis indicates that the brand image of Innisfree products circulating among the public is very good and is able to make consumers want to decide to buy beauty products from Innisfree. The better the brand image built by the company, the higher the consumer's desire to to buy the product. The results of this study support the theory of Kotler and Armstrong which states that brand image can be used to tell consumers how high the quality of the product is. Consumers who have a positive image of a brand will be more likely to decide on a purchase. The results of this study are in line with research conducted by Lamasi & Santoso, (2022), and Boonmee, (2015) which states that the brand image variable has a significant effect on the purchase decision variable.

The effect of Perceived product quality on Trust

Based on the results of this study, it is known that Perceived product quality has a significant positive effect on Trust. The accepted hypothesis indicates that with the quality perception of consumers towards a brand, based on the experience they receive, so that this can form a trust in the better brand. If the consumer's quality perception of a brand is getting better, then a sense of trust in the brand will be formed stronger.

The results of this study are in line with research conducted by Assaker et al. (2020) and Ercişet al. (2012) which states that the variable perceived product
quality has a significant effect on the Trust variable. According to Kim et. al (2012) argues that perceived trust will have a strong effect on consumers in making a purchase for both potential customers and regular customers.

**The effect of Brand image on Trust**

Based on the results of this study, it is known that brand image has a significant positive effect on trust. Innisfree has a good image in the minds of consumers, where Innisfree products are known as products that utilize all the original natural wealth of Jeju Island, and have been widely distributed throughout the world. This indicates that the popularity of Innisfree products throughout the world will make consumers not hesitate to put their hopes and trust in Innisfree products, so this creates an opportunity for the company to maintain its circulating image in the community so that it remains well instilled in the minds of consumers. The results of this study are in line with research conducted by Lien et al. (2015), Han et al. (2019), Alwi et al. (2016), and Chinomona, (2016) which explains that there is a significant positive relationship between brand image and trust.

**The effect of Trust on Purchase decision**

Based on the results of this study, it is known that Trust has a significant positive influence on Purchase decisions. This shows that consumer confidence in Innisfree products is very good. Consumers believe that Innisfree uses natural ingredients taken directly from Jeju Island to manufacture each of its products. This has always made Innisfree's products more trusted by consumers to be able to influence purchasing decisions. The results of this study are in line with research conducted by Oghazi et al, (2018), Mahliza, (2020), and Irshad et al. (2020) in the results of this study explained that there is a significant positive relationship between trust and purchase decision.

**The effect of Trust as mediation of Perceived product quality on Purchase decision**

The sixth hypothesis shows significant positive results on the trust variable as a mediation for the perceived product quality variable on the purchase decision. This result is in line with the findings Suhaily & Darmoyo, (2017) and Chinomona et al, (2013) which explains that purchasing decisions made by consumers can occur due to several factors, including using product quality as a support in creating consumer trust. So it can be concluded that indirectly there is an influence from product quality on purchase decisions mediated by trust.

**The effect of Trust as mediation of Brand image on Purchase decision**

The final hypothesis in this study shows that there is a significant positive effect
of the trust variable as a mediating variable for brand image on purchase decisions. Trust in a brand plays an important role in consumer purchasing decisions. Consumers will buy products or brands that can meet their needs in buying and they will make purchasing decisions that are closely related to their feelings towards the brands offered (Akbarsyah, 2012). These results support the findings of research conducted by Amron, (2018), Anwar et al. (2015) And Deheshti et al, (2016) which explains that consumer purchasing decisions can be influenced by brand image and trust.

Conclusion

Perceived Product Quality is able to increase Purchase Decision. The better the quality of a product, the more consumers' decisions to make purchases of Innisfree skin care products will increase. Brand Image is able to increase Purchase Decision. The better the image formed by the company, the more opportunities there are to get more consumers to make purchases. Perceived Product Quality is able to increase Trust. Good quality skin care products can directly increase positive trust for consumers. Brand Image is able to increase Trust. The formation of a good brand image of the Innisfree company will help the company increase consumer purchasing decisions. Trust is able to increase Purchase Decision. The higher the trust that consumers build in a product, the more likely someone is to decide to make a purchase of that product. Trust provides a partial mediating effect on the effect of Perceived Product Quality on Purchase Decision. This explains that Trust is able to bridge the relationship between Perceived product Quality and Purchase Decision. This also means that without the mediating variable Trust, the Perceived product Quality variable can still influence Purchase decision directly. Partial mediation effect on the Trust variable is also the effect of Brand Image on Purchase Decision. This result explains that the Trust variable is able to bridge the relationship between Brand Image and Purchase Decision. However, without the mediating variable Trust, the Brand image variable can still influence Purchase Decision directly.

Limitations and Future Research Development

The sample in this study only used consumers who had purchases of Innisfree products in all skin care product categories. In future research it is expected to be able to consider research on product categories, such as cosmetic product categories, fragrance products, hair care products, and package or gift product categories. For further research, other variables such as Perceived Price, Store atmosphere, Discount, Promotion variables can be developed one of the factors that influence consumer purchasing decisions that aim to enrich the research concept. In addition, it is expected to use a wider population and sample, classify the types of products in research, and not only focus on the Innisfre brand or consider using
local cosmetic company objects as a comparison for consumers.

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