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## THE ROLE OF BRAND IMAGE, PROMOTION, PRICE THERE IS TRUST, AND PURCHASING DECISIONS TOWARDS THE LOYALTY OF PRIVATE LABEL PRODUCTS OF THE TRADITIONAL RETAIL INDUSTRY IN NUNUKAN NORTH KALIMANTAN

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Received: 06-07-2022

Accepted: 10-07-2022

Published: 15-07-2022

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### **ABSTRACT**

*The purpose of this research is to examine, the effect of brand image, promotion, and price on trust, and purchasing decisions, the effect of trust on purchasing decisions, and customer loyalty, and the effect of purchasing decisions on loyalty. In this study, private-label brands in the retail industry in Yogyakarta are objects and the people of Yogyakarta are subjects with the minimum criteria for purchasing private labels three times. The sample is 272 respondents. The analytical tool used is SEM (Structural Equation Modeling) which is operated through the AMOS program. Sampling was carried out using a multistage random sampling technique. Furthermore, data collection is carried out by distributing questionnaires through a google form. The SEM method used in this study is the estimation of maximum probability and is used as a one-step approach in modeling the SEM approach. Descriptive statistical analysis and Cronbach's alpha were performed with SPSS 21. SEM analysis was performed using the AMOS program. These results indicate that there is a positive and significant influence between Brand Image, Promotion, and Price on Trust and Purchase decisions. Trust has a positive and significant effect on Purchase Decisions and Loyalty, Purchase Decisions have a positive and significant effect on customer loyalty.*

**Keywords:** Brand Image, Promotion, Trust, Purchase Decisions, and Consumer Loyalty.

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### **INTRODUCTION**

Nowadays, consumers always get satisfaction from the products they consume. One of them is to consume the same product at a cheaper price. The same product at a cheaper price is a private label from a store that has a good image in the eyes of consumers (White, 1997). So that some retail industries in Indonesia try to package the products they sell with their packaging and brands or under other names of private labels. This is done of course with the consideration that their company already has a good image in selling quality products and is firmly embedded in the minds of consumers because private label products are one of the considerations in meeting the needs of consumers.

From the company's point of view, private labels not only increase profits and differentiation but also attract consumers and increase market share (Yang et al., 2010). Therefore, a retailer that can maintain and improve its brand image can increase customer loyalty and higher purchasing

power toward the private label products offered (Yang et al., 2010). as many as 66% of consumers in the country have rated Privat Label products as improving, this indicates a positive perception of private label products (SWA, 2014). According to the Executive Director of Nielsen Indonesia, in Indonesia, the development of private label products is currently developing, and customer loyalty to the brand is very high. This poses a huge challenge for sellers selling Private Label products. Even in Indonesia, marketing activities for Private Label products are currently not active (SWA2014). Some of these reviews show that we need to understand the factors that drive consumer interest in buying Private Label products.

This study develops a model used to examine several factors that affect consumer loyalty to private label products. Reviewing (Sulibhavi & Shivashankar, 2017) Brand Image and Trust on Customers Loyalty: A Study on Private Label Brands in Hubli-Dharwad Conglomerate City of Karnataka. Furthermore, a little combination in this study by adding variables of promotion, price, and purchase decisions to be tested for their effect on consumer loyalty.

The study is focused. Reviewing private label products with the consumer product category. The study in this study focused on Nunukan North Kalimantan on Traditional Retail such as shops, kiosks, and stalls that are not in the market location. Researchers chose traditional retail because Nunukan North Kalimantan has a long distance from the First Lady. In addition, Nunukan North Kalimantan is almost on the Indonesia-Malaysia border so people there still rely on traditional retail.

## **METHOD**

The sample is a traditional North Kalimantan retail customer. Sampling was carried out using a multistage random sampling technique. Furthermore, data collection is carried out by distributing questionnaires through a google form. The questionnaire consists of three parts, namely the explanation related to the product, the characteristics of the respondent, the filling out of the questionnaire. Data collection was carried out for seven days so that the number of samples was 314 people, out of 314 people who filled out the questionnaire only 323 samples could be included in the next analysis because the answers to all questions were complete, and no data was lost.

This study used several data analysis techniques. Descriptive statistics are used to describe the characteristics of the respondents. Chronbach'alpha is used to test the reliability of measuring instruments. Structural Equation Modeling (SEM) is used in addition to testing the validity and reliability of measurement instruments, but also to test the relationships between hypothesized variables. The SEM method used in this study is the estimation of maximum probability and is used as a one-step approach in modeling the SEM approach. Descriptive statistical analysis and Cronbach' alpha were performed with SPSS 21. SEM analysis was performed using the AMOS program.

## **RESULTS AND DISCUSSION**

### **Result**

#### **1. Respondent Profile**

The descriptive results of respondents in this study showed that the number of male respondents (86%) was very different from that of female respondents (186%). Most of them are aged 21-30 (47.8%) with jobs, most of whom are still students /students (48.2%) and have the

last level of education of SMA / SMK (51.8%) and Bachelor of S1 (39%). For more details, please see table 1 below:

**Table 1. Respondent Profile**

	<b>Respond</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Gender	Man	86	31,6%
	Woman	186	68,4%
Age	17-20	59	21,7%
	21-30	130	47,8%
	31-40	67	24,6%
	41-50	16	5,9%
Work	Student	131	48,2%
	Private Employees	35	12,9%
	State Officer	28	10,3%
	Self-employed	41	15,1%
	Miscellaneous	37	13,6%
Recent Education	Junior High Schools/MTs	11	4%
	High School/Vocational School	141	51,8%
	Diploma	8	2,9%
	Bachelor	106	39%
	Graduate	6	2,2%

## 2. Validity and Reliability Analysis Results

Based on the results obtained, all indicators have a standardized estimate value of  $> 0.6$ , which means that the indicator can be said to be valid in explaining existing variables. Then it can be concluded that overall the points are valid or the appropriate/correct instruments to measure the auditor's competency variables. Likewise, the results of the reliability analysis showed that the C.R value in 6 research variables whose value of each variable was greater than 0.7. Based on these results, it can be concluded that the entire research instrument is reliable so that it can be used in this study. Clearly, the results of the validity and reliability test can be seen in Table 2 below:

Table 2. Validity and Reliability Test Results

Variable	Grain	Factor Loading	Factor Loading <sup>2</sup>	CR	Information
Brand Image	CM1	0,808	0,653	0,9131	Reliable
	CM2	0,803	0,645		
	CM3	0,819	0,671		
	CM4	0,805	0,648		
	CM5	0,716	0,513		
	CM6	0,833	0,694		
Promotion	PR1	0,840	0,706	0,8855	Reliable
	PR2	0,758	0,575		
	PR3	0,831	0,691		
	PR4	0,817	0,667		
Price	HA1	0,789	0,623	0,8558	Reliable
	HA2	0,758	0,575		
	HA3	0,742	0,551		
	HA4	0,802	0,643		
Belief	K1	0,792	0,627	0,8622	Reliable
	K2	0,717	0,514		
	K3	0,810	0,656		
	K4	0,803	0,645		
Purchasing Decision	KP1	0,825	0,681	0,9355	Reliable
	KP2	0,849	0,721		
	KP3	0,866	0,750		
	KP4	0,893	0,797		
	KP5	0,878	0,771		
Loyalty	LY1	0,740	0,548	0,8727	Reliable
	LY2	0,788	0,621		
	LY3	0,810	0,656		
	LY4	0,839	0,704		

3. Goodness of Fit

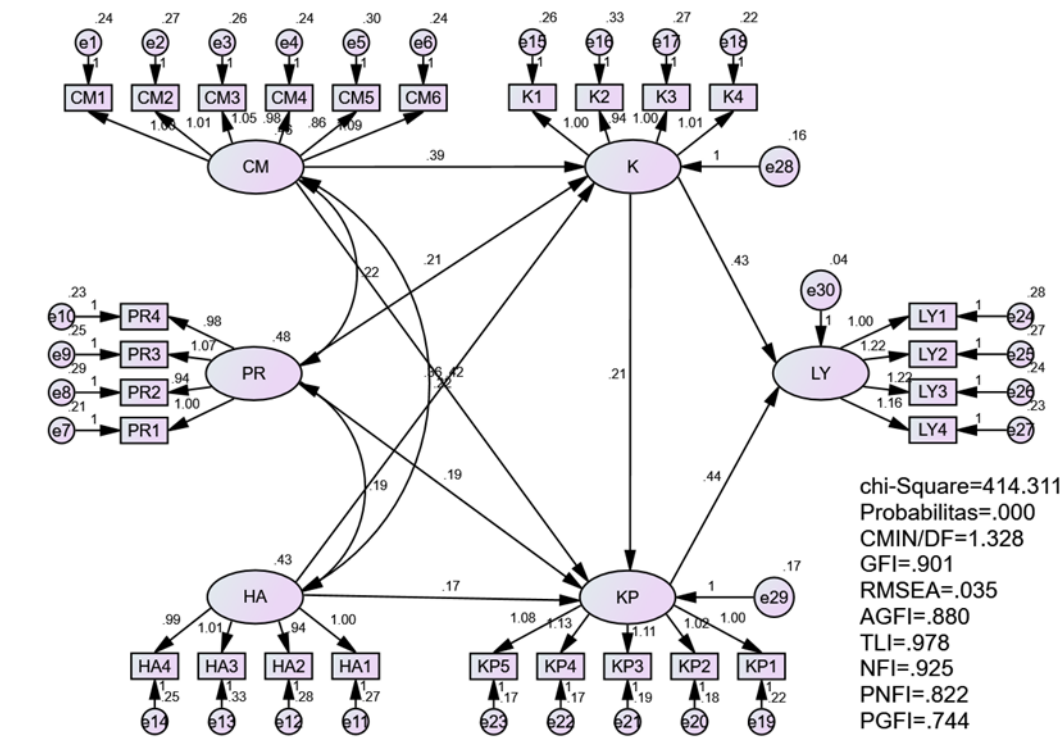


Figure 1. Full Model

Before testing the hypothesis, the researcher assessed the Goodness of Fit (GOF) model using the Maximum Likelihood (ML) method using AMOS Software. The test results of the GOF model in this study were quite good because the value of each fit test met the assumptions of using SEM. These results can be seen in the following table:

Table 3. Assessing Goodness of Fit

Goodness of fit index	Cut-off value	Research Model	Model
Chi-square	Expected small	414,311	Marginal
Significant probability	≥ 0.05	0,000	Marginal
CMIN/DF	≤ 2.0	1,328	Fit
GFI	≥ 0.90	0,920	Fit
RMSEA	≤ 0.08	0,035	Fit
AGFI	≥ 0.90	0,880	Marginal
TLI	≥ 0.90	0,978	Fit
NFI	≥ 0.90	0,925	Fit
PNFI	The Bigger, the Better	0,822	Fit

PGFI	The Bigger, the Better	0,744	Fit
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**4. Hypothesis Test**

Hypothesis testing in this study is intended to answer research questions by analyzing structural models. Structural analysis in this study can be seen from the standardized regression weight value, which explains the coefficient of influence between variables. In this study, there are nine hypotheses. The test was carried out by comparing the probability value of the significance level used in this study was 0.05. If the Critical Ratio (C.R.) value is 1.967 or the probability value (p) < 0.05, then H1 is accepted. Here is a picture of a structural model with a standardized factor loading value. Table 3 presents the results of testing the hypothesis of direct influence. As seen in the table, hypothesis 1 (H1) to Hypothesis 9 (H9) is accepted (P<0.05). It can be concluded that the brand image has a positive and significant effect on the trust and purchase decisions of private label products. Likewise, Promotions that are positive and have a significant effect on trust and purchase decisions, the price has a positive and significant effect on trust and purchase decisions, trust has a positive and significant influence on purchasing decisions and customer loyalty, and purchasing decisions have a positive and significant effect on the loyalty of private products label.

**Table 4. Relationships between Variables**

			Estimate	S.E.	C.R.	P	Hypothesis
Brand Image	→	Belief	0,390	0,063	6,201	0,000	Significant Positives
Brand Image	→	Purchasing Decision	0,423	0,069	6,100	0,000	Significant Positives
Promotion	→	Belief	0,211	0,057	3,731	0,000	Significant Positives
Promotion	→	Purchasing Decision	0,186	0,056	3,329	0,000	Significant Positives
Price	→	Belief	0,360	0,066	5,483	0,000	Significant Positives
Price	→	Purchasing Decision	0,174	0,068	2,584	0,010	Significant Positives
Belief	→	Purchasing Decision	0,207	0,089	2,336	0,020	Significant Positives
Belief	→	Loyalty	0,427	0,060	7,180	0,000	Significant Positives
Purchasing Decision	→	Loyalty	0,440	0,055	8,020	0,000	Significant Positives

**Discussion**

The first hypothesis test (H1), from the results of the analysis carried out by the researchers, proved that there was a positive and significant influence. This supports the hypothesis proposed by

researchers, namely the influence of brand image on trust. These results are supported by research by (Sulibhavi & Shivashankar, 2017) showing that there is a relationship between brand image and trust. Similarly, research conducted by (Alhaddad, 2015); (Puspita & Yunus, 2017) and (Faizal & Nurjanah, 2019) stated that brand image was found to have a positive effect on trust. So it is concluded that the better the brand image in the minds of consumers, also causes a high level of consumer confidence in the product.

In the second hypothesis test (H2), it was found that the results of this study supported the hypothesis proposed by the researcher, namely the influence of brand image on purchasing decisions. This is in line with research by (Adiwidjaja, 2017) also shows that there is a positive influence between brand image and purchasing decisions. The question is in line with the research of (Amron, 2018); (Putri & Sukaatmadja, 2018) and (Prasetya & Medinal, 2018) that brand image has a positive influence on purchasing decisions. So the better the brand image in the minds of consumers also causes a high level of purchasing decisions for the product.

The third hypothesis test (H3), in this hypothesis, also found that there is a positive and significant influence between promotions on trust. Supported by results research shows that there is an influence of promotion on trust. This is in line with research reported that promotion does have a positive influence on customer trust (Tajudin & Mulazaid, 2017); (Edyansyah, 2018).

In the fourth hypothesis test (H4), it was found that the results of data analysis supported the fourth hypothesis, namely good promotion, which would increase purchasing decisions. This is also supported by (Solihin, 2020) which states that there is a positive influence between promotion and purchasing decisions. Likewise, in his research, he emphasized that there is a positive influence between promotion and purchase decisions (Azzahra et al., 2021).

In the fifth Hypothesis Test (H5), the results of this hypothesis test show that price has a positive and significant influence on consumer confidence in private label products. In line with research by (Pratama & Santoso, 2018) states that prices have a positive influence on consumer confidence. This statement is supported by research by (Pratama & Santoso, 2018) and (Suhaily & Darmoyo, 2017) which also shows that there is a positive influence of Price on Trust.

In the sixth Hypothesis Test (H6), it was found that the results of this study supported the hypothesis proposed by the researcher, namely the influence of price on purchasing decisions. This is in line with the research of (Suhaily & Darmoyo, 2017) his research shows that there is a positive influence between prices on purchasing decisions. The results of the analysis stated that there is a positive influence between prices on purchasing decisions (Santri Zulaicha, 2016); (Supangkat & Supriyatin, 2017).

The seventh Hypothesis Test (H7), found that the results of data analysis support the seventh hypothesis, namely that trust in private label products will increase purchasing decisions. The results of this study supported by (Marwati & Amidi, 2019) show that there is an influence on trust in buying decisions. This statement is in line with the research of (Istiqomah et al., 2019) that increasingly high trust will make consumers decide to buy a product. (Amron, 2018) and (Miswanto et al., 2020) in research conducted proved that there is an influence of trust on purchasing decisions. This proves that increasingly trusting consumers in a food product will increase the decision to buy the product.

In the eighth Hypothesis Test (H8), the results of this hypothesis test show that trust in private label products has a positive and significant influence on customer loyalty to private label products. In line with research conducted by (Sarwar et al., 2012) also states that trust also has an influence on customer loyalty. In line with the research of (Chinomona & Ming-Sung Cheng, 2013); (Utami, 2015) and (Bahrudin & Zuhro, 2016) which shows that the more consumers trust a product, the more customer loyalty will also increase.

In the ninth Hypothesis Test (H9), it was found that the results of data analysis supported the ninth hypothesis, namely that the decision to release private label products would increase customer turnover. This is supported by previous research that shows that the purchase fee has an influence on customer loyalty (Diansyah & Putera, 2017). (Sulistiani, 2017) also showed the results of research that purchasing decisions on customer loyalty have a positive and significant influence. This is in line with research conducted by (Rauf et al., 2019) and (Mayrora & Basri, 2020) state that purchasing decisions have a good influence on customer loyalty. So we can conclude that the higher the level of purchasing decisions on a food product, the higher the customer's failure.

## **CONCLUSION**

According to the discussion above, the conclusions obtained are the influence of brand image on trust. The results of this study show that there is a positive and significant influence between brand image and trust. The influence of the brand image on the purchase decision. The results of this study show that there is a positive and significant influence between brand image and purchasing decisions. The effect of promotion on trust. The results of this study show that there is a positive and significant influence between promotion and trust. The influence of promotion on purchasing decisions. The results of this study show that there is a positive and significant influence between promotions and purchasing decisions. The effect of price on confidence. The results of this study show that there is a positive and significant influence between prices and confidence. The effect of price on purchasing decisions. The results of this study show that there is a positive and significant influence between prices on purchasing decisions. The influence of trust on purchasing decisions. The results showed that there was a positive and significant influence between the confusion and purchasing decisions. The influence of trust on customer loyalty. The results of this study show a positive and significant influence on trust in customer loyalty. The influence of purchasing decisions on customer loyalty. The results of this study show that there is a positive and significant influence between purchasing satisfaction and customer loyalty.

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