THE EFFECT OF WORD OF MOUTH, PRICE PERCEPTION, BRAND IMAGE AND TRUST ON PURCHASE DECISION USING PURCHASE INTENTION AS AN INTERVENING VARIABLE (Study at Middle Class Housing in Semarang)

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Abstract:
This study aims to analyze the effect of word of mouth, price perception, brand image and trust on purchase intention and to analyze the effect of word of mouth, price perception, brand image, trust and purchase intention upon purchase decision of middle class housing in Semarang. The sample used in this study was 100 people. Techniques used in analyzing the data were descriptive analysis and multiple linear regression analysis. Based on the results of the analysis, it can be concluded that: 1) word of mouth has a significant effect on purchase intention of middle class housing in Semarang, 2) price perception has a significant effect on purchase intention of middle class housing in Semarang, 3) there is a significant effect of brand image upon purchase intention of middle class housing in Semarang, 4) there is a significant effect of trust on purchase intention of middle class housing in Semarang, 5) word of mouth has a significant effect upon purchase decision of middle class housing in Semarang, 6) price perception gives a significant effect on purchase decision of middle class housing in Semarang, 7) there is a significant effect of brand image upon purchase decision of middle class housing in Semarang, 8) there is a significant effect of trust on purchase intention of middle class housing in Semarang, and 9) purchase intention can intervene the effect of word of mouth, price perception, brand image, trust and buying interest upon purchase decision.

Keywords: word of mouth, price perception, brand image, trust, purchase intention, purchase decision

INTRODUCTION
Currently the competition in business property sector, particularly housing, in Semarang is getting tighter. It makes the developers look for the right strategy to market their products. Property developers are increasingly interested in Semarang because the city has
the fifth largest population in Indonesia that reaches 2 million people so that in 2015 many new housing emerging in the development area (Semarang Government, 2015). The realization of middle class housing construction in Central Java in 2015 was 1,904 units. This number is far from the targeted one, which is 4,093 units. Meanwhile, the total realization of apartments selling in 2015 was 152 units. This amount is also far from the targeted one, that is 454 units. The high activity of house developers both private developers and government-owned enterprises to build housing in Semarang which is increasing from year to year indicates that the demand of housing in Semarang is increasing.

In marketing house products, developers have to be able to comprehensively understand their consumers for the sake of the company improvement. The need to understand the consumers is based on the idea that the consumer is the product targeted market. The fact that a marketed product is accepted or not will depend much on the customer acceptance. Conversely, if the product is considered having no capability to meet the needs and desires of the consumers, they will prefer not to buy it.

Consumer purchasing behavior is based on the awareness of the need approval (feeling satisfied) which is a manifestation of the fulfillment of needs and desires. Purchase decision is the consumer decision about what to buy, where to buy, when to buy, and how the purchase will be done (Engel, 2008). Purchase decision is stages used by customers in determining the choice of products and services to be purchased (Berkowitz in Tjiptono and Irawan, 2012).

Kotler and Keller (2009) explain that intelligent companies will try to fully understand the customer’s decision-making process, all experience in learning, selecting, using, even in disposing products. Among the alternative process and decision making there is consumer buying interest or commonly referred to as purchase intention. Purchase intention is something that is related to the consumer plan to buy certain products / services, and how many units of products / services are needed in a certain period (Kumala, 2012).

The object of the research was middle-class housing in Semarang which becomes one of the trends of house demand that attracted the attention of housing developers. Middle class housing is a type of housing that is usually intended for people who have middle and upper middle income in which the price of the unit is below Rp 1 billion or about 400 million to 900 million rupiah (Suparno, 2006). Graha Candi Golf, Graha Padma, Bukit Wahid Regency, Graha Estetika, Citra Sun Garden and some other are classified as middle class housing in Semarang. The phenomenon of housing business development makes this research interesting because of the fact that not all businessman is able to survive optimally. Consumer purchase decision is important to learn since it can decide strategies which are suitable to influence customers’ decision in buying the offered house. In purchase decision, a consumer is influenced by word of mouth, price perception, brand image and trust because they are attached to a product so that they are often used by consumers as the basis for deciding whether to buy or not the products or services offered.
LITERATURE REVIEW

Purchase decision

Purchase decision is buyer’s decision about which brand to buy (Kotler and Armstrong, 2012). Another definition of purchase decision is that it is the consumer’s decision regarding the preferences of the brands in the set of choices (Kotler and Keller, 2009). Purchase decision is the consumer decision about what to buy, where to buy, when to buy, and how the purchase will be done (Engel, 2008). Additionally, purchase decision is stages used by customers in determining the choice of products and services to be purchased (Berkowitz in Tjiptono and Irawan, 2012).

Purchase Intention

Palwa (2014) explains that intention is a person’s tendency to feel attracted to a particular object that is considered most important. Kotler and Keller (2009) argue that intention is a state within a person in the subjective dimension of possibilities that involves the relationship between people themselves and some actions. Moreover, consumer’s intention refers to the outcome of visible action in certain situations, that is, an intention to perform a specific realistic response which will be predicted.

Dodds, Monroe and Grewal (1991) in Palwa (2014) state that purchase intention is defined as the possibility of consumers being interested in buying a particular product which they see. Purchase intention is a consumer encouragement to make a purchase or a person’s encouragement to repurchase.

THE EFFECT AMONG VARIABLES

The Effect of Word of Mouth on Purchase Intention

Word of Mouth is considered as a very effective strategy in marketing because it can directly cause effects to potential customers. Someone will trust their family or friends more when they provide information about a product than the information posted on the ad. Word of Mouth basically will arise naturally when the individual has a sense of pleasure upon a product of the satisfaction that has been obtained from the product so as to create behavior that encourages, invites or advises other individuals to use the same product. Previous research reveals that there is a significantly positive relationship of word of mouth to purchase intention (Nurvidiana, (2016) and Princess, (2016)). Based on the above description, hypothesis 1 can be formulated as follows: 

H1: Word of mouth positively affects purchase intention

The Effect of Price Perception on Purchase Intention

According to Stanton (2004), the price is the amount of value that consumers exchange for the benefit of owning or using other products or services set by the buyer or seller in which a single price is used for all buyers. Setting too high price will decrease the sales, but if the price is too low it will reduce the profits that the organization can get. Price is one of the deciding factors in arousing both purchase intention and consumer purchase decisions. Based on the explanation, hypothesis 2 can be formulated as follows: 

H2: Price perception has a positive effect on buying interest
The Effect of Brand Image on Purchase Intention

Kotler (2009) defines brand image as a set of beliefs, ideas, and impressions that a person has for a brand. Simamora states that image is a relatively consistent perception over a long term. Stigler in Cobb-Walgren (1995) states that a brand known by the buyer will arouse the intention to make purchase decision. The impact of symbols of a product provides meaning in consumers’ decision making because symbols and images are important in advertising and they have effect on purchase intention. Previous research proves that there is a positive and significant relationship of brand image to purchase intention (Sulistyari (2012) and Yonathan (2016)). Based on the above description, hypothesis 3 can be formulated as follows:
H3: Brand image has a positive effect on purchase intention

The Effect of Trust on Purchase Intention

Trust arises from a long process. If trust has arisen between the customer and the company, the effort to build a cooperative relationship will be easier. Trust is shown by the existence of credibility gained form others because of having required skill to perform a task. Trust can also be obtained by doing something best to others through a relationship. (Hermawan, 2004). Trust is referred as customer’s belief in the product offered by an organization. This belief will create a close relationship between the parties involved in the exchange, in the form of purchase intention in the company’s products. Related research proves that there is a positive and significant relationship between trust and purchase intention (Yusnindar, 2014). Based on the above description, hypothesis 4 can be formulated as follows:
H4: Trust positively affects on buying interest

The Effect of Word of mouth on Purchase Decision

Fadhila (2013) states WOM has a relationship with the purchase decision. In this case when individuals or other personal sources whom we already know tell about positive things of certain product, the consumers’ intention to buy the product increases. When a consumer tells positive things about a product to other consumers, it will become a consideration of potential new consumers in determining the decision to purchase products or services. The more frequency of having positive conversation about a product, the higher the consumers’ purchase decision in choosing a product will be. Based on the above description, the formulation of the hypothesis is as follows:
H5: Word of mouth positively affects on purchase decisions

The Effect of Price Perception on Purchase Decision

The price effect of a product is also very important. If the price is low, the demand for the offered product increases and if the price of the product gets higher, the product demand is lower. When the product’s price is rightly set in accordance with the consumers’ purchasing power, they will choose the product (Purwati, 2012). Prior research had proved that there is a positive and significant correlation of price to purchase decision (Sari, 2016). However, there is also a study which did not find any effect of price perception on purchase decision (Jayanti (2015).) Based on above description, hypothesis 6 can be formulated as follows:
H6: Price perception has positive effect on purchase decision
The Effect of Brand Image on Purchase Decision

Wicaksono (2007) points out the importance of developing brand image in purchasing decisions. A well-managed brand image will produce positive consequences, including improving the understanding of consumer behavior aspects in making purchasing decisions, enhancing consumption orientation over things that are more symbolic than functional. A study done by Sari (2016) revealed that there is positive and significant relationship of brand image to purchase decision. Nevertheless, Wardani 2013 did not find any effect of brand image on purchasing decision. Based on the above explanation, the formulation of the hypothesis 6 is as follows:

H7: Brand image positively affects purchase decision

The Effect of Trust on Purchase Decision

Trust is a willingness to believe in exchange partners who have confidences (Arifin, 2011). Trust is a commitment to another company’s positive performance outcome. Furthermore, trust is a belief that service providers can use it as an instrument to make long term relationship with customers to be served. When the trust increases, the purchase decision increases as well. A study conducted by Wardani (2013) and Jayanti (2015) revealed that trust had certain effect on purchase decision but Yusnindar (2014) did not found any significant relationship between the two variables. Based on the description, the formulation of the hypothesis can be seen as follows:

H8: Trust positively affects on purchase decisions

The Effect of Purchase Intention On Purchase Decision

Bhaduri (2011) argues that intention plays an important role in determining how people behave. The term purchase intention has a purposeful meaning and it is generally used to understand the purpose of the consumer in making a purchase decision. The better the image of the product or brand, the higher the consumer’s decision to make a purchase of a product or brand will be. Previous research revealed that there was a positive and significant relationship of purchase intention on purchase decisions (Yusnindar (2014), Nurvidiana (2015) and Princess (2016)). Based on the above description, hypothesis 9 can be formulated as follows:

H9: Purchase intention has a positive effect on purchase decision
Theoretical Thinking Framework

Figure 1 Theoretical Thinking Framework

Research methods
The population of this study is consumers who buy and inhabit the medium housing complex in Semarang in which the exact number is not known. 100 respondents are involved in this study. Sampling technique used in this research is purposive sampling. The analysis used to answer the hypothesis is quantitative analysis. In this data, quantitative data analysis is used to process data obtained from the answers questionnaire. Primary data are direct data obtained from the respondents, then they are processed and finally hypothesis test is done by using SPSS.

THE RESULTS OF THE RESEARCH
Multiple Linear Regression Analysis Model 1

Table 1. Results of Regression Analysis and Hypothesis Testing Model 1

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>β</th>
<th>t statistic</th>
<th>Sign</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention (Y₁)</td>
<td>Word of Mouth (X₁)</td>
<td>0,198</td>
<td>2,349</td>
<td>0,021</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>Purchase Intention (Y₁)</td>
<td>Price Perception (X₂)</td>
<td>0,280</td>
<td>3,906</td>
<td>0,000</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>Purchase Intention (Y₁)</td>
<td>Brand Image (X₃)</td>
<td>0,330</td>
<td>2,837</td>
<td>0,006</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>Purchase Intention (Y₁)</td>
<td>Trust (X₄)</td>
<td>0,160</td>
<td>2,417</td>
<td>0,016</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>F statistic</td>
<td></td>
<td>-</td>
<td>55,570</td>
<td>0,000</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td>0,688</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Based on Table 1, it can be concluded that Word of Mouth, price perception, brand image and trust have a positive effect on purchase intention.

**Multiple Linear Regression Analysis Model 2**

**Table 2. Results of Regression Analysis and Hypothesis Testing Model 2**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>$\beta$</th>
<th>t statistic</th>
<th>Sign</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Decision</td>
<td><em>Word of Mouth</em> ($X_1$)</td>
<td>0.161</td>
<td>2.199</td>
<td>0.030</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td></td>
<td>Price Perception ($X_2$)</td>
<td>0.166</td>
<td>2.537</td>
<td>0.013</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td></td>
<td>Brand Image ($X_3$)</td>
<td>0.231</td>
<td>2.259</td>
<td>0.026</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td></td>
<td>Trust ($X_4$)</td>
<td>0.248</td>
<td>2.575</td>
<td>0.012</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td></td>
<td>Purchase Intention ($Y_1$)</td>
<td>0.210</td>
<td>2.418</td>
<td>0.018</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td>F statistic</td>
<td></td>
<td>0.777</td>
<td>70.063</td>
<td>0.000</td>
<td><strong>Ha Accepted</strong></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 2 it can be concluded that Word of Mouth, price perception, brand image, trust and purchase intention have a positive effect on purchase decision.

**Coefficient of Determination**

The value of coefficient of determination (Adjusted R Square) model 1 is 0.688 which means that the variation of change of purchase intention is affected by Word of Mouth, perception of price, Brand image and Trust variables by 68.8% and rest 31.2% is influenced by other factors outside the research variable.

The value of coefficient of determination (Adjusted R Square) model 2 is to 0.777 which means that variation of change of decision of purchase intention is influenced by Word of Mouth, perception of price, Brand image, Trust , and purchase intention variables by 77.7% and the rest 22.9% is influenced by other factors outside the research variable.

**Sobel Test**

The Sobel test is used to prove that the purchase intention ($Y_1$) can mediate the effect of Word of Mouth ($X_1$), price perceptions ($X_2$), brand image ($X_3$), and trust ($X_4$) variables on purchase decision ($Y_2$). Calculation of Sobel formula is calculated with standardized coefficient value and error standard from model 1 and model 2 which obtains these results: 1) purchase intention can mediate the effect of word of mouth on purchase decision. 2) purchase intention can mediate the effect of price perceptions on purchase decision. 3) purchase intention can mediate the effect of brand image on purchase decision. 4) purchase intention can mediate the effect of confidence on purchase decision.

**DISCUSSION**

**The Effect of Word of Mouth on Purchase Intention**

From the results of the study, it can be noted that there is a significant effect of Word of Mouth on purchase intention. In other words, it can be said that purchase intention can
arise because of the role of word of mouth both derived from the reference group (family, close friends and colleagues) and opinion leaders. By the existence of word of mouth of from reference group and one’s opinion leader, someone will have a sense of curiosity upon middle-class housing in Semarang. Thus, they will look for information about middle-class housing in Semarang, interested in visiting the place and finally buy the product offered. This means that if Word of Mouth increases, purchase intention will increase as well. This finding is in line with the result of research conducted by Nurvidiana, (2016) and Princess (2016). This phenomenon gives an indication that word of mouth plays an important role that can affect consumer purchase intention for subjective assessment of consumers to middle-class housing in Semarang can be an advantage to compete with other middle-class housing.

The Effect of price perception on Purchase Intention

From the results of the study, it can be noted that there is a significant effect of the perception of price on purchase intention. This result is in line with the finding of Sulistyari’s research in 2013. By the existence of significant relationship between the two variables, it shows that the increase or decrease of perception of price influences the level of interest to buy middle class housing in Semarang. These results explain that the role of pricing will be very important especially in the situation of competition which is becoming harder and the limited demand development. In current situation of competition, particularly in buyers market, pricing takes a definitely important role to stabilize and improve the company’s position in the market, which is reflected in market share, to increase sales and profits.

The Effect of brand image on Purchase Intention

From the results of the research, it can be stated that that there is significant effect of brand image on purchase intention and this finding is in line with the result of research done by Sulistyari (2012) and Yonathan (2016). The existence of significant correlation between the two variables indicates that the increase or decrease of brand image influences the level of purchase intention of middle class housing in Semarang. This result explains that consumers are looking for some information about the product they want to buy. The brand image can be considered as a kind of association that comes to the consumers’ mind of when they remember a particular brand. It can be in the forms of thought and image related to the brand.

The Effect of trust on Purchase Intention

From the results of the study, it is noted that there is a significant effect of trust on purchase intention. The result of this study is in line with the result of Yusnindar’s research, (2014). The existence of a significant effect of trust on purchase intention indicates that the increase or decrease of trust affect the level of intention to purchase middle class housing in Semarang. These results explain that consumers’ trust has a role in influencing their purchase interest. Consumer trust is related to beliefs, or the willingness to believe that one can rely on the goodness and capabilities of others as a seller or a buyer.
The Effect of Word of Mouth on purchase decisions

From the research results it is known that there is a significant effect of Word of Mouth on purchase decision. This finding is in line with the result of research conducted by Nurvidiana, (2015), Princess, (2016) and Sari (2016). This means that if word of Mouth increases, purchase decision will increase as well. This finding indicates that in the stage of purchase after knowing and recognizing the problem, consumers will look for information as accurate and as complete as possible about the products/services to be purchased. Information spread out through word of mouth activities among individual give certain effect on individual’s purchase intention. Once individual’s purchase intention arises and his or her trust on a certain product increases, purchase decision will be made.

The Effect of price perceptions on purchase decision

From the results of the study, it can be revealed that there is a significant effect of price perception on purchase decisions. This result is line with the finding of as research conducted by Sari, (2016). The existence of a significant effect of price perception on purchase decision indicates that consumers will buy a branded product if the price is considered feasible for them. Price is the value of a product in which managers must firstly set the goal of the setting. This goal comes from the company itself that always tries to establish products and services as quickly as possible. Therefore, the observation of the study begins with the company management dealing with a good pricing in accordance with consumers’ desire. Knowing the set price, consumers can decide whether to buy the product or not because a price is consumers’ sacrifice that must be spent to get the product.

The effect of brand image on purchase decisions

From the results of the study it can be described that there is a significant effect of brand image on purchase decisions and this is in line with the result of research conducted by Sari (2016). The existence of a significant effect of brand image on purchase decision indicates that once the brand image of a product increases, the customers intensity on purchasing the middle class housing in Semarang increases as well.

The effect of trust on purchase decisions

From the results of the study, it can be noted that there is a significant effect of trust on purchase decisions. This result is line with the result of a study conducted by Wardani (2013) and Jayanti (2015). The existence a significant effect in this study indicates that the increase or decrease of trust affects the level of purchase decision of middle class housing in Semarang. In this study the improvement of purchase decision cannot be achieved directly through Word of Mouth, the developers have to enhance word of mouth strategy that encourages consumers’ trust. The enhancement of customers’ trust of a certain product will increase purchase decision.

The Effect of Purchase Intention on Purchase

Based on the result of the study, it can be revealed that there is a significant effect of purchase intention upon purchase decision. This result is in line with the result research.
done by Yusnindar (2014), Nurvidiana (2015) and Putri (2016). This finding indicates that if purchase intention increases, purchase decision will increase as well. A customer’s purchase intention emerges because of the existence of outside stimulation. Others’ information is one of the extrinsic stimulation. Therefore, the quality of the information got from others will influence the existence of the customer’s purchase intention.

CLOSING

Conclusions

Based on the results of the research, conclusions can be drawn as the following: 1) word of mouth has a significant effect on purchase intention of middle class housing in Semarang, 2) price perception has a significant effect on purchase intention of middle class housing in Semarang, 3) there is a significant effect of brand image upon purchase intention of middle class housing in Semarang, 4) there is a significant effect of trust on purchase intention of middle class housing in Semarang, 5) word of mouth has a significant effect upon purchase decision of middle class housing in Semarang, 6) price perception gives a significant effect on purchase decision of middle class housing in Semarang, 7) there is a significant effect of brand image upon purchase decision of middle class housing in Semarang, 8) there is a significant effect of trust on purchase intention of middle class housing in Semarang, 9) there is a significant effect of purchase intention upon purchase decision of middle class housing in Semarang, 10) purchase intention can intervene the effect of word of mouth upon purchase decision so that purchase intention can function as an effective moderator of word of mouth upon purchase decision, 11) purchase intention can effectively intervene the effect of price perception on purchase decision, 12) purchase intention can effectively intervene the effect of brand image on purchase decision, 13) there is a significant effect of purchase intention upon purchase decision of middle class housing in Semarang, and 14) purchase intention can effectively intervene the effect of trust upon purchase decision.

Suggestions

1. Consumers should consider using a property agent that has experiences and capabilities in terms of documentation to know the appropriate perception of the market price with the property type. Thus, they can guarantee the legal procedure of selling property, such as the need of title transfer, certificate, and others.
2. Consumers who want to buy a house have to check the example by observing the quality of buildings, the design of the house, and the location of the unit whether it is strategic and prestigious or not.
3. Middle class housing developers in Semarang need to inform the housing products through mass media and social media (Blog, Facebook, Twitter, Youtube, Instagram, Path, etc.) by offering the concept of residential with a touch of nature combined with modern cluster design in various sizes, type and equipped with various supporting facilities. This can be a solution to answer the peoples’ needs related to comfortable place to live.
4. The middle-class housing developers in Semarang should create close relationship with customers because a good relationship is not only important before the sales services but it is also important after the sales service. The goal of creating close relationship is to pay
close attention to all consumer complaints related to the condition of the house so that the information can be used to encourage the developers in building better houses.

5. Middle class housing developers in Semarang are expected to provide better facilities and improve existing housing facilities. The price perception of the product still needs to be adjusted so that complaints from the consumers will not happen.

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