



The Effect of Price Perception, Product Variations, and Brand Ambassador on Purchase Decisions of Aice Products in Gresik Regency

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ABSTRACT

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The development of science and technology changed various sectors, especially in the food and beverage sector. Using Aice as the research object at the Gresik Regency, this study sought to explain how perceived pricing, product diversity, and brand ambassadors affect shopping decisions. Purposive sampling and a quantitative strategy were both used in this study. The Gresik Regency's Aice consumers made up the study's sample population. Consumers who resided in Gresik Regency and were at least 18 years old made up the sample for this study. According to the criteria, 110 Aice customer respondents made up the sample for this study. All tests using the Smart PLS Application showed that all tests got scores above the required values, so the tests were declared reliable. The study's findings demonstrated that pricing perceptions significantly influenced consumers' decisions to buy. Purchase decisions were significantly influenced favorably by product variation. In a similar vein, the brand ambassador variable significantly improved decision-making.

KEYWORDS:

Price perception;
Product Variations;
Brand Ambassadors;
Purchase Decisions

1. INTRODUCTION

In Indonesia, the current economic growth in the food and beverage industry is substantial. This growth is attributed to the abundant natural resources of Indonesia that support the food and beverage sector. According to data from the Central Statistics Agency (BPS or Badan Pusat Statistik), In 2022, the food and beverage sector's Gross Domestic Product (GDP) at constant prices amounted to Rp813.06 trillion. In comparison to the Rp775.10 trillion of the previous year, this amount climbed by 4.90%. Over the previous ten years, the industry's performance has consistently improved. The 2012 growth rate, which was 10.33%, was the highest. On the other side, the food and beverage sector experienced the smallest increase in 2020, at 1.58%. This was mostly brought on by the Covid-19 pandemic's effects in Indonesia.

Hence, the competition in the food and beverage industry, especially in the ice cream sector, is extremely fierce. Ice cream is a dessert favored by nearly all segments

of society, spanning all age groups, from children and teenagers to adults. Initially, ice cream was served solely as a dessert; however, over time, its role has shifted to that of a snack that can be enjoyed on a daily basis and easily obtained (Fatimatuzzahro, 2018).

In Indonesia, ice cream has a significant potential of reaching 60 million liters per year; however, this potential has only been realized to the extent of 47 million liters per year. Nevertheless, the market share for ice cream in Indonesia has been experiencing an annual increase of approximately 5-10%. The substantial business potential of ice cream has prompted every ice cream company to compete for its market share by offering various products that are anticipated to fulfill consumer needs and desires. According to data from the Central Statistics Agency (BPS), Indonesia consistently imports ice cream from countries including China, France, Japan, South Korea, Thailand, Malaysia, Singapore, and even the United States. The import values are as follows: USD 50.43 million in 2018, USD 25.18 million in 2019, USD 34.68 million in 2020, USD 32.69 million USD in 2021, and USD 18.01 million USD in 2022

Aice offers a variety of ice cream products, including sticks, cups, cones, and more. Aice ice cream quickly became a favorite among the public due to its diverse flavors. Another advantage of Aice ice cream is its affordability, which is an effort by Aice to cater to all market segments. With an

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experienced Research and Development (R&D) team, Aice can select cost-effective and high-quality raw materials. Additionally, Aice utilizes advanced mass-production technology. They employ a Cold Chain system not only for distribution but also to determine pricing. Simatupang (2016) explains that the cold chain is a component of the supply chain aimed at maintaining product temperature during collection, processing, and distribution until it reaches the consumer. The analysis, measurement, control, documentation, and validation processes involved in cold chain management all cooling chain activities to ensure they operate effectively and efficiently in terms of technically and economically (aice.co.id).

The sales of Aice ice cream in several stores in the Manyar area experienced an increase in December due to Aice becoming an official partner of the Qatar 2022 World Cup. Sales saw another surge in April because of the holy month of Ramadan, during which many consumers chose Aice ice cream as their "takjil" (breaking of fast snack). Apart from being an official Qatar 2022 World Cup partner, Aice also announced its collaboration with Lionel Messi and Kylian Mbappe. Both of these star football players have been appointed as brand ambassadors. These two iconic figures in the world of football are sources of inspiration for many, symbolizing hard work and determination in achieving success and bringing joy through their beautiful game, delighting football fans everywhere.

The sales phenomenon of Aice experiences fluctuations attributed to both internal and external factors. This necessitates that Aice as a company should strive to capture a larger market share, leading to monthly sales increases. One approach to boost sales is to convince consumers to choose Aice products. An aspect that significantly affects consumer behavior is pricing. Price perception serves as a signal for some consumers to discern product characteristics by assessing the ratio of quality received to the price paid during transactions (Seto Putro, 2019).

Another factor affecting purchasing decisions is product variety. According to Wijayasari (2018), product variety is a marketing strategy to retain consumers, ensuring that consumers do not become bored with the product. Through product variety, consumers are more likely to be enticed to make purchasing decisions regarding the product.

Furthermore, other factors can support and reinforce purchasing decisions toward a product, such as the presence of a brand ambassador. According to Sadrabadi et al. (2018:55), a Brand Ambassador is a representative of the brand who strengthens the brand with its reputation. Generally, a Brand Ambassador is a brand representative who mediates between the company and consumers, significantly influencing consumer perceptions about the brand.

This study was conducted in Gresik Regency due to the consideration of the community's well-being and the

achievements in its urban development. In fact, over 200 stores are selling Aice products scattered across Gresik Regency. This serves as evidence that Aice is capable of competing with other ice cream brands in the market, offering substantial opportunities for resellers. This observation is supported by data from the Central Statistics Agency (BPS) of Gresik Regency for the year 2022, which states that the population in Gresik Regency reached 1,291,518 individuals (gresikkab.go.id).

The objectives of this study were to: 1) ascertain the influence that price perception may have on consumers' decisions to buy Aice products; 2) examine the influence that product variety may have on consumers' decisions to buy Aice products; and 3) investigate the influence that a brand ambassador may have on consumers' decisions to buy Aice products.

II. LITERATURE REVIEW

Price Perception

Chang and Wildt, in the journal by Krisdiyantono and Bagus (2020), define price perception as consumers' representation or subjective perception of the objective price of a product. In today's increasingly competitive market, the perceived price difference has become a significant factor in purchase decisions, where consumers typically opt for the lowest price among the offered products or services.

According to Lee and Lawson-Body (2011: 532), as cited in the journal by Lily & Yurike (2015), price perception is considered consumers' evaluative and emotionally-linked judgment about whether the offered price by the seller and the price compared to others is reasonable, acceptable, or justifiable.

Kotler claims that there are a number of indices of price perception, such as price affordability, price competitiveness, price appropriateness related to product quality, and price appropriateness relative to benefits, in the journal by Dewi & Suprapti (2018).

Product Variation

According to Gito Sudarmo (2012:226), Product Attributes represent a product's characteristics, ensuring that the product can fulfill the needs and desires expected by consumers.

According to Mikell P. Groover (2010:6), as cited in the journal by Krismonanda & Iskandar (2021), product variation can be defined as products with different designs or types manufactured by a company. Product variation is what distinguishes products between companies within the same product category.

There are 3 indicators of product variation according to Kotler, Philip & Keller (2008:82): a) Size, b) Appearance, and c) Availability.

Brand Ambassador

According to Firmansyah (2019:125), Trendsetter brand ambassadors are often used as brand advocates in marketing. A Brand Ambassador is an individual who is enthusiastic about a product and can persuade or encourage consumers to purchase or use it.

According to (Sadrabadi et al., 2018, p. 55), as cited in the journal by Destiani et al. (2020), generally, a Brand Ambassador is a brand representative who reinforces the brand with its reputation. In essence, a Brand Ambassador acts as an intermediary between internal and external brand management and can significantly affect consumers' perceptions of both the brand and the organization.

According to (Prawira et al., 2012), as cited in the journal by Iswanto & Sanaji (2021), there are several indicators of a brand ambassador, namely: a) Visibility, b) Credibility, c) Attraction, d) Power.

Purchase Decisions

According to Kotler (in Rissa Mustika Sari & Prihartono, 2021:5), a purchase decision is a situation in which a consumer buys a desired product. However, in this context, two components are involved: the purchasing intention and the purchase choice.

According to Arianty (2016, in Nel Arianty & Ari Andhira, 2021:3), a purchase decision is an action taken by consumers to fulfill or resolve a problem by making quick and cost-efficient steps.

According to Pradana (2018, in Eggy Tionanda K.P, 2022:30–31), four indications can be used to gauge indicators of purchase decisions: A buyer's confidence in their purchase is influenced by a number of factors, including information about the goods, brand preference, compatibility with requirements and goals, and recommendations from others.

Price Perception and Purchase Decisions

Price perception is one of the factors of consumer consideration and becomes a consumer sacrifice because of the expenses made in determining the choice of purchasing the desired product. According to Hidayat, 2018 (in Eggy Tionanda K.P, 2022: 31) that price is frequently employed as a measure of value from the perspective of the consumer if the price is correlated with the advantages experienced by the consumer.

Price perception is one of the sensitive indicators because it involves personal business people and consumers, so that as much as possible business people set prices according to the production costs incurred in accordance with the target market, consumers also need to consider this based on the benefits they get. This is supported by research conducted by Rissa Mustika Sari and Priharto (2020), whose research shows that product price perceptions have a positive and significant impact on purchasing decisions.

H1 : Purchase decisions are positively impacted by price perception.

Product Variation and Purchase Decisions

According to Kotler (in Anggraeni et al, 2016) product diversity is a collection of products that companies offer to consumers. Asep 26 (in Anggreani et al, 2016) says that product diversity is where goods in number and type are very varied, thus providing consumers with a learning process and consumption choices. According to Kotler (in Faradisa et al., 2016), product variety is a separate thing in a product that can be distinguished based on size, price, appearance and characteristics.

Research with the title "The Effect of Product Variants and Brand Image on Purchasing Decisions for Pucuk Harum Tea in Langsa City". stated that product variants have a significant effect on purchasing decisions for Pucuk Harum Tea in Langsa City.

H2 : Product Variety Influences Purchase Decisions in a Positive Manner

Brand Ambassador and Purchase Decisions

The use of brand ambassadors with the aim of attracting consumers and buying the products they sell. Brand ambassadors are intended to communicate a product and shape the identity of a company. The use of brand ambassadors is considered to be able to influence consumer preferences because brand ambassadors can become references that can influence consumer behavior. Human relations where we as human beings must be gentle towards all humans. The link with brand ambassadors is gentle speech in terms of reminding consumers about a product so that they are interested and satisfied with the product.

In research with the title "The Effect of Brand Ambassador, E-Wom, and Brand Trust on Purchasing Decisions for Erigo Products". The results showed that Brand Ambassador had a positive and significant effect on purchasing decisions..

H3 : Brand Ambassador has a positive effect on Purchasing Decisions

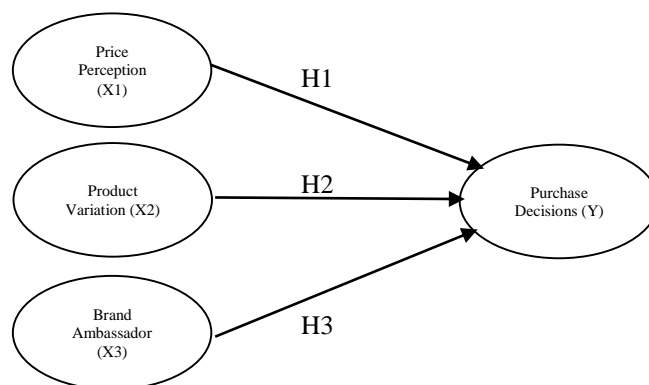


Fig 1. Conceptual Framework

III. RESEARCH METHODS

The research used for this study was a quantitative approach using a purposive sampling technique. In this study,

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the target population consisted of Aice consumers aged 18 years and above residing in Gresik Regency, with a sample size of 110 respondents. Data collection was conducted through an online survey using a Google Form questionnaire. The data analysis method utilized in this research was the Partial Least Squares (PLS) technique with Smart PLS software.

IV. RESULTS AND DISCUSSION

Through the results of distributing questionnaires, there were 58 female and 52 male respondents out of a total of 110 respondents. Most of the respondents were aged <25 years with a total of 68 people. Most of the respondents profession a student as much as 37 people.

Validity and Reliability Test

Table 1. Average Extracted (AVE) and Composite Reliability

| | AVE | Composite Reliability |
|-------------------|--------|-----------------------|
| Brand Ambassador | 0.6636 | 0.875 |
| Purchase Decision | 0.612 | 0.863 |
| Price Perception | 0.688 | 0.868 |
| Product Variation | 0,579 | 0,800 |

Source : Data Processed 2023

An indicator of a measuring device's reliability that can be trusted and depended upon is called Composite Reliability. The tool is considered reliable if it is used again to measure the same symptoms and the outcomes are largely consistent. Measurement of construct dependability using the composite reliability value It can be argued that the indicator is reliable for measuring the latent variable if it has a value higher than 0.7. The outcomes of this study's composite reliability test are as follows:

The Avarage variation Extracted (AVE) value, which represents the amount of indicator variation that the latent variable contains, is the following measurement model. Additionally, convergent AVE values over 0.5 suggest that latent variables have enough validity. The average variance extracted (AVE) value for each construct (variable) in reflective indicator variables reveals this. If the AVE of any construct is more than 0.5, a good model is necessary. According to the test results, the construct (variable) Price Perception, Product Variety, Brand Ambassador, and Decision has an AVE value greater than 0.5, indicating that it is genuine.

When a construct's reliability is determined by its composite reliability value, which must be more than 0.70, the indicator is said to be consistent in measuring the latent

variable. According to the test results, the constructs (variables) Price Perception, Product Variety, Brand Ambassador, and Purchase Decision all have composite reliability values that are higher than 0.7. So it is trustworthy.

Inner Model (Structural Model Testing)

Table 2. R-Square

| | R-square |
|--------------------|----------|
| Pruchase Decisions | 0.701 |

Source : Data Processed 2023

R2 has a value of 0.701. It can be inferred that the model can account for 70.10% of the phenomenon or issue surrounding purchasing decisions. While the remaining factors (other than Price Perception, Product Variety, and Brand Ambassador) that were not included in the model and mistakes account for the remaining 29.90% of the explanation. This indicates that 70.10% of purchasing decisions are impacted by price perception, product variety, and brand ambassadors, while the remaining 29.90% are influenced by other factors.

Hypothesis Testing

The following figure 2 illustrates the importance of the Bootsraping TStatistic value result:

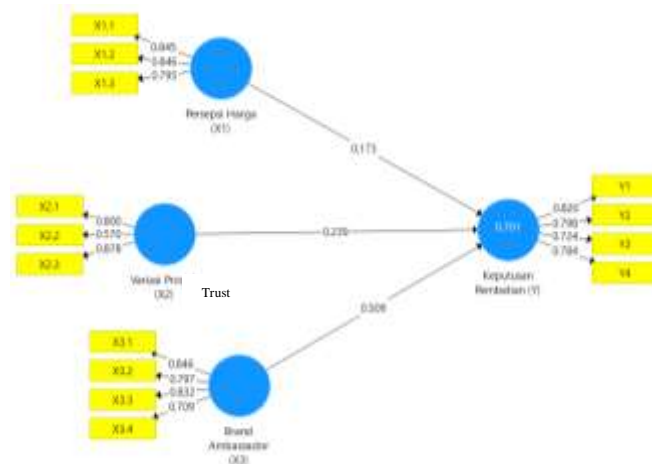


Fig 2. T-Statistic Bootstrapping

Source : Data Processed 2023

The magnitude of the factor loadings for each indicator, which are shown above the arrows between variables and indicators, can be seen in the PLS output diagram above. Additionally, the coefficients of the path, also known as path coefficients, can be seen above the arrow lines connecting exogenous variables to the endogenous variable. All indicators for Price Perception (X1), Product Variation (X2), Brand Ambassador (X3), and Purchase Decision (Y) are greater than 0.50 and/or significant. Therefore, all indicators used in this study have satisfied convergent validity, indicating good validity.

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Table 3. Path Coefficients (Mean, STDEV, T-Values, PValues).

| Path Coefficients | | | | | |
|--|---------------------|-----------------|----------------------------|--------------------------|----------|
| Mean, STDEV, T-Values, P-Values | | | | | |
| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
| Brand Ambassador (X3) -> Keputusan Pembelian (Y) | 0.509 | 0.512 | 0.114 | 4.449 | 0.000 |
| Persepsi Harga (X1) -> Keputusan Pembelian (Y) | 0.173 | 0.174 | 0.075 | 2.328 | 0.022 |
| Variasi Produk (X2) -> Keputusan Pembelian (Y) | 0.239 | 0.238 | 0.089 | 2.688 | 0.007 |

Source : Data Processed 2023

Through table 3, it can be concluded that the hypothesis is explained:

1. Price Perception has a statistically significant positive effect on Purchase Decision, with a path coefficient of 0.173. The p-value of 0.022 is smaller than the significance level (α) of 0.05 (5%).
2. Product Variation has a statistically significant positive effect on Purchase Decision, with a path coefficient of 0.239. The p-value of 0.007 is smaller than the significance level (α) of 0.05 (5%).
3. Brand Ambassador has a statistically significant positive effect on Purchase Decision, with a path coefficient of 0.509. The p-value of 0.000 is smaller than the significance level (α) of 0.05 (5%)

VI. DISCUSSION

The Effect of Price Perception (X1) on Purchase Decision (Y)

According to the research's findings, Gresik Regency consumers' decisions to buy Aice items are positively and significantly influenced by their perception of price. Therefore, it is possible to accept the idea.

Price Competitiveness (X1.2) has the largest percentage of indicators according to the findings of the descriptive analysis of the Price Perception variable. This is where consumers compare similar products, such as other brands, with higher prices than Aice products but with a taste that is not significantly different from Aice products. This indicates that the price evaluation from the consumer's perspective and the emotional aspect of comparing it with similar products are acceptable and reasonable for prospective consumers to make a Purchase Decision.

This study's findings align with the research conducted by Boggy Nugraha Pramana and Ugy Soebiantoro (2023), indicating that the Price Perception variable affects Purchase Decisions.

The Effect of Product Variation (X2) on Purchase Decision (Y)

According to the research's findings, Product Variation significantly and positively influences Gresik Regency

consumers' decisions to buy Aice items. Therefore, it is possible to accept the idea.

The results of the descriptive analysis of the Product Variation variable show that the third indicator has the highest factor loading compared to the other indicators. This indicator is product availability. The availability of desired products will enhance the Purchase Decision as consumers can easily find these products. The high availability of products is due to Aice products utilizing a cold chain system that facilitates distribution.

This study is consistent with the research conducted by Nanang et al. (2023), which demonstrates that Product Variation has a significant positive effect on Purchase Decisions. This indicates that prospective and existing consumers consider Product Variation alongside similar products when making a Purchase Decision.

The Effect of Brand Ambassador (X3) on Purchase Decision (Y)

According to the findings of the research, Brand Ambassador has a good and significant impact on Gresik Regency consumers' decisions to buy Aice products. Therefore, it is possible to accept the idea.

The results of the descriptive analysis of the Brand Ambassador variable reveal that the first indicator has the highest factor loading compared to the other indicators. This indicator is 'visibility' or popularity. Visibility represents the extent of popularity held by Lionel Messi and Kylian Mbappe, who act as Brand Ambassadors for Aice products. This implies that Aice is more trusted by consumers and has the ability to attract consumers to make a Purchase Decision.

According to studies by Rennie et al. (2023), brand ambassadors have a sizable beneficial impact on purchase decisions. This study supports that finding. It is clear that a Brand Ambassador is one of the elements that can influence buying decisions. This illustrates consumers' favorable perception, showing how the Brand Ambassador might influence potential customers to decide to buy Aice products.

V. CONCLUSION

Based on the findings of this research conducted among Aice consumers, it can be concluded that the variables of price perception, product variety, and brand ambassador affect purchasing decisions for Aice products in Gresik Regency. The hypothesis testing results indicate that price perception has a positive effect on purchasing decisions for Aice products in Gresik Regency. Consumer price comparisons drive purchasing decisions towards the prices set by Aice in Gresik Regency. The hypothesis testing results also show that product variety has a positive effect on purchasing decisions for Aice products in Gresik Regency. It can be inferred that an increasing number of product variants leads to a greater number of consumers interested in making purchasing decisions for Aice products. Furthermore, the

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hypothesis testing results indicate that Brand Ambassadors have a positive effect on purchasing decisions for Aice products in Gresik Regency. With the increasing popularity of brand ambassadors, consumers, especially those who are fans of a particular brand ambassador, are inclined to make purchasing decisions for Aice products in the Gresik Regency.

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