

CHAPTER I

INTRODUCTION

1.1 Background

The presence of various large-scale businesses on the one hand is very encouraging for consumers. They offer various positive things, including comfort, safety, convenience, increasingly diverse product variations, improved product quality and of course cheaper prices so that they can influence consumer purchasing decisions. According to Kotler and Keller (2016): Price perception is the difference between a product's perceived price and the prices of similar products in the market. Consumers then choose one of these various product options. In certain situations, customers will consider the goods or services they will buy and will take time to make a decision after evaluating. Therefore, every business must compete competitively in terms of building and maintaining loyal customers.

Every business believes that its corporate image is crucial, as it represents the public's overall perception of the organization. A company's image can be influenced by its name, its architectural style, the diversity of its products, its traditions, its ideologies, and how it comes across to customers during their interactions with the firm. In order to cultivate a positive public perception of their brand, businesses must be able to articulate precisely how they address the needs and wants of their customers (Alfian1, Wendrita2 2023).

Consumers assess and understand the price of a good or service as a complex cognitive process that shapes their price perception. According to Lee and Lawson Body (2011: 532) assert that consumers' assessments of whether the price a seller is offering and the price in comparison to other parties are reasonable, acceptable, or justifiable are reflected in their emotional shape and constitute price perception. As a result, the first factor that draws in or fascinates customers is the price they must pay for the given good.

In light of the fact that customers now value information highly, promotion aspects must also be taken into account. Promotion is a marketing component that influences consumer purchase decisions, but not significantly. The ability of the business to take other factors, such marketing communication, into account will determine how well the marketing plan draws in customers. To support marketing services, distribution management is also essential. Promotion is an offer that is usually carried out in marketing activities with the aim of

introducing products to people around the world. According to Assauri (2018), a company's attempt to sway and entice consumers through the use of every component of the marketing mix is called promotion. Since promotional policies differ from the integrated policies of the marketing mix, other marketing policies taken as a whole have a significant impact on how well promotional policies work.

Better strategic marketing decisions regarding positioning a product and focusing on particular market segments are based on brand image. However, different academics have given varied definitions and applications to the term "brand image." When measuring brand image, it might be perplexing to see how different definitions are used and evaluation of brand positioning and equity that follows.

Brand image, also called brand image, is a generalized image of the brand based on information and past experiences. Brand image is related to opinions, beliefs, and preferences. According to Nurhalim (2020), brand image or brand image is a representation of all perceptions about a brand based on previous data and experience. However, according to Supriyadi, Fristin, and Nugraha (2016), Consumers' overall impression of the product is influenced by brand image. The author discovers that a person's viewpoint, method of thinking, or interpretation of a brand identity is predicated on a variety of presumptions and firsthand accounts from brand advocates.

A consumer's decision to make a purchase is influenced by many factors, one of which is service. The better the company appreciates, serves, and facilitates customers, the consumers will always make the decision to make a purchase. Consumer behavior and the decisions made by consumers to purchase a product or service are essentially closely related. Businesses must understand consumer behavior since it plays a significant role in product marketing efforts. The trend showing how location, price, and service quality affect consumers' purchasing decisions suggests that business management should take consumer behavior into account, particularly when it comes to the decision-making process involved in purchases (Puspa, et al., 2020). Customers have the power to make decisions about what to buy if the products are complete, of high quality, reasonably priced, and placed in a convenient area (Febriansyah & Reni, 2020).

Purchasing decisions are behaviors that refer to the purchasing behavior of end consumers, both individuals and families, buying goods and services for personal use. This is known as a purchase decision. Purchasing decisions are the process of selecting and assessing various options based on importance, choosing one because it is considered more favorable than other options. In addition, purchasing decisions can also be described as an integrating process in which knowledge is combined to assess alternative behaviors and choose one among them. However, according to Kotler and Keller (2016: 194), a component of consumer behavior is the choice, acquisition, and use of products, services, ideas, or experiences by individuals, groups, and organizations to satisfy their needs and desires.

Wedang uwuh is a drink whose ingredients are leaves that are similar to spices. In Javanese, wedang means brewed beverage, while uwuh means waste. Wedang uwuh served hot or warm has a sweet and spicy taste with a bright red color and fragrant aroma. The spiciness is caused by ginger, while the red color is due to the presence of sappan. Wedang uwuh is Yogyakarta's signature drink. In the beginning, Wedang Uwuh was still in the form of whole ingredients in the form of original spices, but along with the times and the need for practicality, Wedang Uwuh has now developed into an instant form, as well as a dipped form.

Along with its development, Wedang Uwuh is now not just a specialty drink. However, Wedang Uwuh has been named an intangible heritage that has great value. In Yogyakarta itself, Wedang Uwuh is very easy to find. Starting from the traditional market tradisional, restaurants, cafes, souvenir shops, and even many hotels and inns provide Wedang Uwuh for their visitors. In addition, Wedang Uwuh is also one of the typical souvenirs of Yogyakarta that tourists always look for when visiting Yogyakarta. In its place of origin, Yogyakarta. There are many brands of Wedang Uwuh that are traded. Not only selling Wedang Uwuh with an offline system, due to the large number of enthusiasts today, Wedang Uwuh can also be easily found through online stores.

In this study, improving network quality in several regions including the farthest ones and improving the quality of security in long-distance or out-of-town shipments can improve the Wedang Uwuh MIMIKU brand image so that consumers make the decision to buy Wedang Uwuh MIMIKU without worry. Price perceptions and promotions that have been carried out by Wedang Uwuh MIMIKU make consumers interested in buying, and increase consumer purchasing decisions for Wedang Uwuh MIMIKU. The very vigorous promotion of Wedang

Uwuh MIMIKU has increased the purchasing decision for Wedang Uwuh MIMIKU. Wedang Uwuh MIMIKU's brand image is an important consideration for consumers to buy and increase consumer purchasing decisions for Wedang Uwuh MIMIKU.

1.2 Research Problem

Based

on the background that has been described, the following problem formulation is obtained:

1. Does Price Perception impact on Brand Image?
2. Does Price Perception impact on Purchasing Decisions?
3. Does Promotion impact on Brand Image?
4. Does Promotion impact on Purchasing Decisions?
5. Does Brand Image impact on Purchasing Decisions?

1.3 Research Aims

1. To analyze the effect of price perception on brand image.
2. To analyze the effect of price perception on purchasing decisions.
3. To analyze the effect of promotion on brand image.
4. To analyze the effect of promotion on purchasing decisions.
5. To analyze the effect of brand image on purchasing decisions.

1.4 Significant of the study

The benefits that can be taken from this research are:

1. Theoretical Benefits

To benefit those with marketing knowledge by referring to scientific research on how the effect of price perceptions and promotions affects brand image and purchasing decisions. It also provides information, insights, references, and readings to increase the knowledge of readers.

2. Practitioner Benefits

The results of this study are expected to be useful for the owner of Wedang Uwuh MIMIKU to increase knowledge about the factors of brand image and purchasing decisions and make policies that are in accordance with the current situation. These findings are expected to be taken into consideration for further research.