THE INFLUENCE OF PRICE AND PRODUCT INNOVATION ON THE PURCHASE INTENTION OF WULING ELECTRIC CARS WITH BRAND IMAGE AS AN INTERVENING VARIABLE: A STUDY ON PROSPECTIVE ELECTRIC CAR CONSUMERS IN EAST JAVA

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ABSTRACT

This research aims to examine the influence of price and product innovation on the purchase intention of Wuling electric cars through brand image among prospective Wuling electric car consumers in East Java. This study adopts a descriptive and explanatory research design with a quantitative approach. Structural Equation Modeling-Partial Least Squares (SEM-PLS) is used for data analysis. Survey questionnaires are collected through both online means using Google Forms and offline methods through the distribution of printed questionnaires. The sample size for this study comprises 217 prospective Wuling electric car consumers in East Java. The findings indicate that price and product innovation have a positive and significant impact on brand image. Moreover, brand image, price, and product innovation have a positive and significant effect on purchase intention, with brand image mediating the relationship between price, product innovation, and purchase intention. These results highlight the crucial role of brand image in mediating the effects of price, product innovation, and purchase intention among prospective Wuling electric car consumers. The implications of this research suggest that companies should continuously develop their brand image to enhance the sales of Wuling electric cars. Additionally, the study's findings can contribute to the advancement of marketing management knowledge.

Keywords:
Price, Product Innovation, Purchase Intention, Brand Image

INTRODUCTION

Consumer purchase intention is a consumer behavior in which individuals have a desire to buy or choose a product based on their experiences in selecting, using, consuming, or even desiring a particular product (Kotler and Keller, 2003). Understanding these desires for a product is crucial for manufacturers to ensure that their products are well-received by consumers. According to Swastha and Irawan (2001), factors influencing purchase intention are related to feelings and emotions. If someone feels happy and satisfied with a purchase of goods or services, it will reinforce their purchase intention, while dissatisfaction usually reduces the intention to purchase. However, purchase intention fundamentally represents one of the desires of consumers. Therefore, companies need specific marketing strategies to cope with such competition. One effective strategy may include pricing and product innovation. Correct, the factors that can influence purchase intention include perception of price and product innovation. Swastha and Irawan (2000:241) state that price is the amount of sacrifice made to obtain a combination of goods and services. Pricing is a crucial

element in decision-making, as setting the right price, aligned with consumer needs and the value of the product, is essential for companies. Providing a price that matches the perceived value of the product they offer is important.

Product innovation is also a significant factor influencing purchase intention. Innovation represents an idea, practice, or object perceived as something new by individuals or other users. Creating product innovations is a key element in winning the competition, as innovation serves as a source of company growth (Suyaman et al., 2021). By continuously innovating, companies can meet changing consumer demands and preferences, leading to increased interest in their products.

The price and product innovation of a product should be accompanied by a strong brand image for the company. Brand image is something that needs to be carefully considered and attended to by the company because it can influence consumers' perceptions of the product. A good brand image can evoke emotional value in consumers and create positive feelings when purchasing or using a branded product. Consumer purchase intention is also influenced by brand image, acting as a mediating variable. The brand image indicates a certain level of quality for a product, making satisfied buyers more likely to choose the same product again easily (Kotler, 2009, p. 259). According to Kotler and Armstrong (2016, p. 257), brands are more than just names and symbols; they are key elements in the company's relationship with consumers. Brands play a crucial role in fostering a strong connection between the company and its customers.

The sales of Wuling electric cars have been rapidly increasing compared to other electric cars, making Wuling the number one electric car brand in Indonesia. This success can be attributed to Wuling offering electric cars at prices that are affordable for the Indonesian market and providing excellent product innovations that attract the interest of Indonesian consumers. Additionally, Wuling has established a positive brand image in Indonesia, leading to high purchase intention among consumers for Wuling electric cars compared to other electric cars. Based on the above description, the researcher intends to conduct a study with the title "The Influence of Price and Product Innovation on the Purchase Intention of Wuling Electric Cars with Brand Image as an Intervening Variable."

METHOD

This type of research is descriptive and explanatory research, with a quantitative approach. Descriptive research is used to explain issues related to price, product innovation, purchase intention, and brand image among potential consumers of Wuling electric cars. While explanatory research is used to determine the relationship between variables regarding price, product innovation, purchase intention, and brand image. In this research design, the analysis used is SEM-PLS analysis. The instrument used was a questionnaire conducted via Google Forms with a 5-point Likert scale. The research instrument was tested for validity and reliability. The research design model in this study is described in the following figure
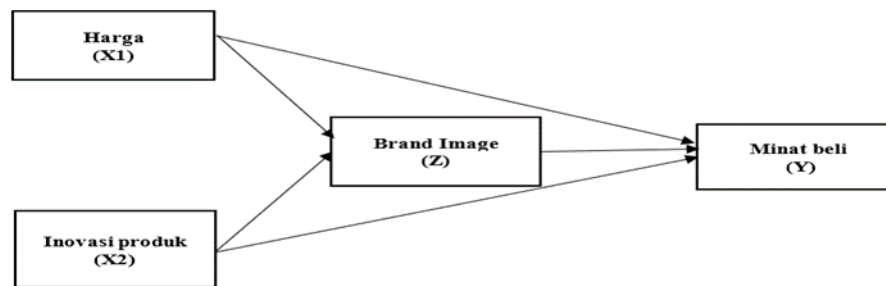
Figure 1. Research Design Model

Description on the picture:

Harga (XI)   Price (XI)
Inovasi Produk (X2)   Product Innovation (X2)
Brand Image (Z)   Brand Image (Z)

The population of this study is infinite where the population under study is unknown, that is, all of the prospective Wuling electric car consumers. The sample in this study was taken from an unknown population (infinite population), therefore it is necessary to estimate the proportion of the population. The sampling technique used in this study is one of the non-probability sampling techniques, namely purposive sampling. Based on the processing of the initial survey data, it was found that the proportion of prospective consumers who had an interest in buying was found to be 83%, so the sample size was calculated using the Sample Size Calculator. Thus, from the data collection results that have been obtained, it can be determined that the sample is 217 respondents.

RESULTS AND DISCUSSION

Descriptive Analysis

1. Interest to Buy (Y)

Buying interest in this study was measured by 4 indicators, namely transactional interest, reference interest, preferential interest, and explorative interest. The average purchase interest variable is 3.91. So that the class interval includes 3.40-4.19 or the effective/high category. It can be concluded that the interest in buying a Wuling electric car is already high but needs to be increased again, because the higher the interest in buying a Wuling electric car product, the higher the consumer's willingness to buy the electric car product.

2. Price (X1)

Price (X1) in this study has 3 indicators, namely price affordability, price competitiveness, and price suitability. Variable average of 4.17. so that in class intervals 3.40-4.19 or the effective/high category. it can be concluded that the price of electric cars is already high but needs to be increased again. Because the more the price offered matches the consumer, the more it will sell.

3. Product Innovation

Product innovation (X1) in this study has 3 indicators, namely product quality, product variants, product style, and design. an average of 4.40 with the meaning of very effective / very high. Prospective consumers of Wuling electric cars are interested in the innovation of Wuling electric car products because they have an attractive appearance.

4. Brand Image

Brand image in this study is measured by 3 indicators, namely maker image, user image, and product image with an average of 4.36 with very effective/very high meaning.

Outer Model Analysis

Analysis of the measurement model (outer model) is carried out to ensure that the measurement used is appropriate or used as a measurement;

TABLE 1: Outer Model Analysis Result

Variabel	Indikator	Outer Loading	P-Value	Outer VIF	Keterangan
Harga	HA1	0.782	0.000	1.351	Valid
	HA2	0.825	0.000	1.424	Valid
	HA3	0.778	0.000	1.390	Valid
Inovasi produk	INO1	0.863	0.000	1.667	Valid
	INO2	0.842	0.000	1.717	Valid
	INO3	0.819	0.000	1.674	Valid
Minat beli	MI 1	0.778	0.000	1.523	Valid
	MI 2	0.721	0.000	1.392	Valid
	MI 3	0.737	0.000	1.448	Valid
	MI 4	0.751	0.000	1.325	Valid
Citra merek	CI 1	0.850	0.000	2.158	Valid
	CI 2	0.890	0.000	2.297	Valid
	CI 3	0.727	0.000	1.249	Valid

The variables in this study met the criteria, namely the loading factor value > 0.7 which proved that the entire instrument was valid. The overall significance value indicated by a p-value <0.05 proves that the research instrument is significant. Next is the formative measurement model (outer VIF) where the estimation results for the entire instrument show outer VIF values <5 which proves that there is no multicollinearity between measurement items. This proves that each variable has been able to be explained by its indicators because it has met the requirements of convergent validity.

Determinant Coefficient (R^2) and (Q^2)

The inner model aims to examine the relationship between latent variables by seeing how much variance can be explained. The R Square and Q Square values in this study are to determine the predictive power of the structural model of each endogenous latent variable

TABLE 2: Outer Model Analysis Result

Variable	R-square	Q^2 predict
Minat beli	0.681	0.572
Citra merek	0.206	0.602

The R-squares value of the customer loyalty variable is 68.1%. This shows that the purchase intention variable can be explained by the price variable, product innovation, and brand image of 68.1%. Meanwhile, the remaining 31.9% is explained by other variables not discussed in this study. Furthermore, the effect of price and product innovation on brand image is 20.6%. The remaining 79.4% is explained by other constructs that are not explained in this study. It can be concluded that the R square value on purchase intention and brand image variables is <0.75. This shows that the variables of purchase intention and brand image have a moderate relationship.

The Q square predicts value > 0 in this study indicating that the purchase intention variable with a value of 0.572 and brand image with a value of 0.602 has predictive relevance. This states that the variable in this study has a high level of predictive accuracy. So any change in the price, product innovation, and brand image variables can predict any changes in the customer loyalty variable.

Hypothesis test

Hypothesis testing is carried out to find out whether a hypothesis can be accepted or rejected by looking at the t-statistic value > 1.96 and p-value < 0.05, it is stated that the relationship between variables is significant. The hypothesis analysis test was carried out with smartPLS 4.0 software

TABLE 3: Path Coefficient

Hypothesis	Path Coefficient	P-value	F-Square	Information
Price -> Brand image	0.371	0.000	0.175	Accepted
Product Innovation -> Brand image	0.310	0.000	0.122	Accepted
Price -> buying interest	0.185	0.040	0.030	Accepted
Product Innovation -> Buying interest	0.282	0.003	0.093	Accepted
Brand Image -> Buying interest	0.283	0.001	0.082	Accepted

TABLE 4: Mediation Analysis

Hypothesis	Path Coefficient	P-value	Information
Price -> Brand Image -> Buying Interest	0.105	0.023	Accepted
Product Innovation -> Brand Image -> Buying Interest	0.087	0.016	Accepted

Based on the results of testing the hypothesis above, the influence between variables can be explained as follows;

H1: There is a positive and significant influence between price and brand image for potential Wuling electric car consumers. Based on Table 3 it is explained that if the path coefficient is 0.371 with a p-value of 0.000, then H1 is accepted.

H2: There is a positive and significant influence between Product Innovation on Brand Image for potential consumers of Wuling Electric Cars. Based on Table 3, it is explained that if the path coefficient is 0.310 with a P value of 0.000, then H2 is accepted.

H3: There is a positive and significant influence between price and buying interest in potential Wuling electric car consumers. Based on Table 3, it is explained that if the path coefficient is 0.185 with a P value of 0.040, then H3 is accepted.

H4: There is a positive and significant influence between Product Innovation and Purchase Interest in potential consumers of Wuling Electric Cars. Based on Table 3 it is explained that if the path coefficient is 0.282 with a P value of 0.003, then H4 is accepted. Purchase decision

H5: There is a positive and significant influence between Brand Image and Purchase Intention for consumers of Something beauty products. Based on table 3 it is explained that if the path coefficient is 0.283 with a P value of 0.001, then H5 is accepted.

H6: There is an indirect effect between price and purchase intention through potential Wuling electric car consumers, according to Table 4. It is explained that if the price path coefficient on purchase interest through brand image is 0.105 with a P value of 0.023, then H6 is accepted.

H7: There is an indirect effect between Product Innovation on Purchase Intention through the brand image of prospective Wuling electric car consumers based on Table 4. It is explained if the path coefficient of the influence of Product Innovation on Purchase Intention through Brand Image is 0.087 with a P value of 0.016, thus H7 is accepted

CONCLUSION

There is a positive and significant influence between price and brand image for potential consumers of Wuling electric cars. That is, the higher the price, the brand image will increase. There is a positive and significant influence between Product Innovation on Brand Image for Prospective Wuling Electric Car Consumers. That is, the higher the product innovation, the brand image will increase. There is a positive and significant influence between price and purchase intention. The higher the price, the more buying interest will increase. There is a positive and significant influence between Product Innovation on Buying Interest in potential Wuling electric car consumers. That is, the higher the Product Innovation, the higher it will be. There is a positive and significant influence between Brand Image and Purchase Interest in potential Wuling electric car consumers. That is, the higher the Brand Image, the Purchase Intention will increase. Price has a positive and significant effect on Purchase Intention through Brand Image on potential consumers of Wuling Electric Cars. That is, the higher the Brand Image of Wuling Electric Car Products due to the Price, can increase Buying Interest of Prospective Wuling Electric Car Consumers. Product Innovation has a positive and significant effect on Purchase Intention through Brand Image on potential consumers of Wuling Electric Cars. That is, the higher the brand image of the Wuling electric car caused by product innovation, the higher the interest in buying a Wuling electric car.

Based on these results, the advice that can be given is that Wuling can create new stimuli, namely promoting more actively and holding exhibitions more frequently to build a better brand image. The Wuling Company also introduces the general public to convince the public to use electric cars, eliminating the bad reputation of electric cars. For future researchers, the results of this study can be used as reference material to develop and consider other factors that can influence variables by adding variables such as loyalty, e-trust, brand image, brand loyalty, and so on.

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