

# The Effect of Product Quality, Brand Image, Celebrity Endorsers, and Promotional Strategies on Consumer Purchase Intention of Cooperatives and Micro, Small, and Medium Enterprises (MSMEs)

Da'isyia Arumanda Chitta Fataya<sup>1</sup>, Haryono Subiyakto<sup>2</sup>, Miswanto Miswanto<sup>3\*</sup>, Lita Kusumasari<sup>4</sup>, Rusmawan Wahyu Anggoro<sup>5</sup>  
{arumandachitta@gmail.com<sup>1</sup>, haryono.subiyakto@yahoo.com<sup>2</sup>, miswanto@stieykpn.ac.id<sup>3\*</sup>, Lkusumasari@yahoo.com<sup>4</sup>, rusmawan.a@gmail.com<sup>5</sup>}

YKPN School of Business (STIE YKPN) Yogyakarta, Indonesia<sup>12345</sup>

**Abstract.** The purpose of this study is to test the effect of product (good or service) quality, brand image, celebrity endorser, and promotion strategy on the purchase intention of consumers of cooperatives and MSMEs in the Province of the Yogyakarta Special Region, Indonesia. This study examines the causal relationship with quantitative analysis. This study uses primary data collected through questionnaires. The selection of samples used a non-probability sampling method and a purposive sampling type. The sample is 170 cooperative and MSME consumer respondents. Researchers tested the hypothesis by using PLS-SEM. Referring to the test results, the findings of this study are as follows. First, product quality has a positive influence on consumer purchase intentions. Second, the brand image does not affect consumer purchase intention. Third, endorser of celebrity has a positive influence on consumer purchase intentions. Fourth, or finally, the promotion strategy has a positive influence on purchase intentions.

**Keywords:** Purchase Intention; Brand Image; Celebrity Endorser; Promotion Strategy; Cooperatives; MSMEs

## 1 Introduction

One of the important marketing research is examining consumer purchase intention and the influencing factors. Cooperatives and micro, small, and medium enterprises (MSMEs) management is required to have knowledge and innovation to create new products. The resulting product must be superior and feature characteristics [1]. Cooperatives and MSMEs must pay attention to product quality to generate purchase intention [2]. Cooperatives and MSMEs must also maintain a good brand image so that consumers have purchase intentions [3]. Broad product introduction can be done by using a celebrity endorser (advertising by celebrities). Celebrity endorsers will have a major influence on the target market's interest in owning the advertised product, causing purchase intention [4].

Considering product quality is a natural thing for consumers to do when doing a purchase decision. Product quality reflects the dimensions of the product offering that deliver results in the form of benefits. Consumers are very concerned about product quality and choose the best

quality based on their needs. Referring to Brata *et al.*, (2017), product quality is product performance in providing results that are aligned with consumer needs. If the product quality meets or exceeds expectations, then consumers have a positive assessment that the product is good for consumption [7]. Good product quality can create purchase intention to consider purchasing decisions.

If the consumer considers the brand image of a quality product, then the consumer has a intention of purchasing for the product [4]. A good brand image is expected to cause purchase intention. The more attractive the promotional strategies used by Cooperatives and MSMEs in promoting their products, the more they will create a purchase intention [12]. Previous research has proven that product quality has a positive effect on purchase intention [2]. Brand image has a positive effect on purchase intention [3]. Celebrity endorsers have a positive effect on purchase intention [4].

## **2 Literature Review**

### **2.1 Theory review**

According to Periyadi *et al.*, (2020) "consumers have the intention to buy the most preferred brand." It means that consumers have a desire that is formed due to a feeling of wanting to buy a product at a particular brand. Purchase intention is the heart's desire to make transactions that arise as proceeds of a response to an object in a short time [1]. The second factor usually arises because of the influence of other people in providing information on a product being offered, so it is known as the extrinsic factor. Things that affect purchase intention can be determined by the feelings and emotions of consumers [12].

### **2.2 Hypothesis development**

Product quality shows the level of ability of a good or service to show its usefulness [14]. Product quality is very important for the development of cooperatives and MSMEs [15]. This expression is supported by a study done by Satria (2017) that product (good and service) quality has a positive influence on consumer purchase intentions.

H1: Product (good or service) quality has a positive influence on consumer purchase intentions.

Brand image is a measure used to assess the suitability and acceptability of a brand [16]. When consumers and customers do not have experience with a brand, then they try to choose the preferred brand [17]. Consumers always choose a brand based on its image. According to Sari & Wijastuti (2021), image of brand has a positive influence on consumer purchase intention.

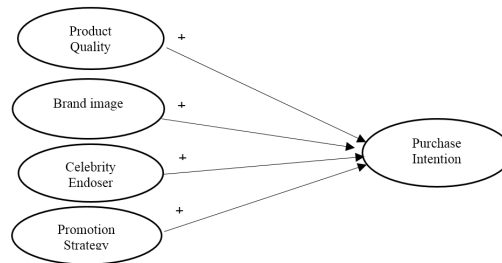
H2: Brand image has a positive influence on consumer purchase intentions.

One of the steps taken by consumers is to adopt products advertised by celebrities. If advertisements made by celebrities can be trusted and are attractive to consumers, consumers will assume that these products can strengthen their self-identity. As a result, consumers have a purchase intention for products advertised by celebrities.

H3: Celebrity endorser has a positive influence to consumer purchase intentions.

According to Muhtarom *et al.* (2022) promotion strategies carried out by cooperatives and MSMEs can be in the form of direct marketing, publicity, sales promotion, and advertising. Based on research by Ningsih *et al.* (2020), states that promotional strategies have a significant positive influence on consumer purchase intentions.

H4: Promotional strategies have a positive influence on consumer purchase intentions.



**Fig. 1.** Research model

### **3 Research Methods**

#### **3.1 Research Sample and Data**

The sample selection for this study used a method of non-probability sampling and a purposive sampling type. Only respondents with certain assessments or criteria can participate as respondents. The criteria needed in this study are consumers of cooperatives and MSMEs in the Yogyakarta Special Region. By these criteria, this study used 170 samples. Researchers will distribute questionnaires to respondents who live in each district in the Special Province of Yogyakarta. Researchers use primary data. Research data was collected through a questionnaire made for online. The study used a Likert scale of points 1 to 5.

#### **3.2 Analysis Methods and Techniques**

Researchers tested the hypothesis by using PL-SEM. PLS-SEM is recommended as an analytical tool in research because it is easy to use and effective. This analytical technique tool allows researchers to analyze the relationship of a large number of independent variables simultaneously even when multicollinearity occurs.

### **4 Research Results and Discussion**

#### **4.1 Validity test**

The convergent validity test is done to get whether the indicator variable is valid or not in measuring the latent variable. The validity test is declared valid if the outer loading value is  $\geq 0.70$ . The proceeds of the convergent validity test of this study can be stated that the variable indicators in this study are valid because the outer loading is  $\geq 0.70$ . The discriminant validity test of the Fornell Larcker criteria states that the test results are valid if the correlation value of the indicator variable with the latent variables is more than the correlation between the latent variables [27]. The Fornell Larcker discriminant validity test showed valid because the correlation value of the underlying variables is greater than the correlation value between variables. The cross-loading validity test is declared valid because the AVE value is  $> 0.50$ .

#### **4.2 Reliability test, R square ( $R^2$ ), and fit goodness of fit (GoF) model**

The reliability test in this study is reliable. This is due to the results of Cronbach's Alpha  $> 0.70$ . R square ( $R^2$ ) acts as a tool to measure all independent variables in their ability to describe

variations in the dependent variable value. The results of this research  $R^2$  are explained that all the independent variables in this structural mode can explain the moderate variation in purchase intention at 59.7%. As much as 40.3% is explained by other variables that are not present in the regression model. The GoF proceeds of this study are explained that the structural model has a GoF value of 0.605 with high status. This means that the structural model is feasible to use in research.

#### 4.3 Hypothesis testing

The path coefficient is the regression coefficient of the independent variable on the dependent. The proceeds of the research hypothesis test are explained in the following table.

**Table 2.** Hypothesis test results

| Hypothesis  | <i>p</i> -Value | <i>Path Coefficient</i> | Supported/Unsupported |
|---|-----------------|-------------------------|-----------------------|
| H1: Product quality has a positive influence on consumer purchase intentions.         | <0.001          | 0.261                   | Supported             |
| H2: Brand image has a positive influence on consumer purchase intentions.             | 0.433           | 0.013                   | Unsupported           |
| H3: Celebrity endorser has a positive influence on consumer purchase intentions.      | 0.001           | 0.224                   | Supported             |
| H4: Promotional strategies have a positive influence on consumer purchase intentions. | <0.001          | 0.433                   | Supported             |

Source: Data processed by WarpPLS 7.0

#### 4.4 Discussion

Hypothesis one is supported. This finding is consistent with the findings of a previous study [2] which indicates that product (good or service) quality has a significant positive influence on consumer purchase intentions. Hypothesis two is not supported. This finding is consistent with the research [28] which states that brand image has no significant effect on consumer purchase intention. The third hypothesis is supported. This finding is consistent with a previous study [4] which stated that celebrity endorsers have a significant positive effect on consumer purchase intention. The fourth hypothesis is supported. This finding is consistent with a previous study [5] which stated that promotional strategies had a significant positive influence on consumer purchase intentions. These findings are an important consideration for cooperatives and MSMEs to carry out the very tight business competition in the current era. Cooperatives and MSMEs can increase consumer purchase intention through efforts to improve product quality, celebrity endorsers, and promotion strategies. Cooperatives are an important pillar of the Indonesian economy [19]. Therefore, cooperatives must continue to progress and develop. One of the marketing strategies to develop cooperatives, cooperatives have to recognize the purchase intention of consumers and the factors that influence it

## 5 Conclusion

This study has the following findings. First, product quality has a positive influence on consumer purchase intentions. Second, brand image has no positive effect on consumer purchase intention. Third, celebrity endorser has a positive influence on consumer purchase intentions. Fourth, or finally, the promotion strategy a positive influence on consumer purchase

intentions. With these findings, cooperatives and MSMEs can increase consumer purchase intention through efforts to improve product quality, celebrity endorsers, and promotion strategies. The researcher hopes that future research will be able to add variables related to the research topic. Researchers suggest the addition of variables such as hedonic motivation, service quality, and website quality.

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