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The Impact of Price, Brand Image, and Service Quality on Consumer Purchase Decisions

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ABSTRACT

This study aims to comprehensively analyze the influence of price, brand image, and service quality on the purchase decision of vehicle insurance products at PT Asuransi Etiqa Internasional Indonesia, Palembang Branch. Vehicle insurance is a crucial form of financial protection favored by consumers to mitigate the risks of damage, loss, or accidents involving motor vehicles. In the face of increasing competition within the insurance industry, companies are required to understand the factors influencing consumer behavior in order to develop effective marketing strategies. This research adopts a quantitative approach through a survey method, collecting data from 85 respondents who are active policyholders. The data were analyzed using multiple linear regression with SPSS version 25.

The results reveal that all three independent variables-price, brand image, and service quality-have a statistically significant influence on purchase decisions, both individually and collectively. Among these factors, service quality emerges as the most dominant variable affecting consumer choices in purchasing vehicle insurance products. These findings indicate that consumers consider not only price and brand reputation but also place high importance on the service experience they receive, from the initial engagement to post-purchase interactions. Therefore, in order to foster customer loyalty and expand market share, insurance providers are advised to continuously enhance service quality, maintain competitive and reasonable pricing strategies, and consistently strengthen brand image through effective communication and positive customer relations.

Keywords: *price, brand image, service quality, purchase decision, vehicle insurance*

INTRODUCTION

Vehicles are an essential means of transportation in modern society. They enable time efficiency and high mobility, both for short and long-distance travel. However, alongside these benefits, vehicles also carry significant risks, such as damage, accidents, or theft, which can lead to substantial financial losses for owners. Vehicle insurance thus becomes a suitable choice for protecting against such risks. Insurance services provide protection and compensation for losses

experienced by the insured as a result of unforeseen events in the future (Hasrina, 2018).

Insurance companies, as non-bank financial institutions, play a crucial role in offering products that safeguard customers from financial risks. PT Asuransi Etiqa Internasional Indonesia, for instance, offers a variety of insurance products, including vehicle insurance, which protects policyholders from losses due to accidents or theft (Indrawati, 2014; Makmur, 2016). The insurance industry in Indonesia has experienced significant growth since the 1980s, further reinforced by the enactment of Law No. 2 of 1992 concerning Insurance, encouraging insurance companies to provide value-added products to attract consumers.

One of the flagship products of PT Asuransi Etiqa Internasional Indonesia, Palembang Branch, is vehicle insurance. Based on sales data, vehicle insurance is among the most popular products, although there has been a decline in the number of policyholders over the years. In 2022, the company recorded 550 active policyholders in its Palembang branch. Given the number of insurance companies operating in the same competitive market, it is crucial for PT Asuransi Etiqa to understand the key factors that influence consumer purchase decisions in choosing vehicle insurance products.

Three primary factors that may influence consumer decisions in purchasing vehicle insurance are price, brand image, and service quality. Price is often a major consideration for consumers, as affordable premiums can be a significant attraction. Brand image also plays an important role, as consumers tend to choose products from insurance companies they trust. Additionally, the quality of service provided—such as the speed of claim processing and responsiveness to customer complaints—significantly impacts purchase decisions (Hidayatillah, Suryoko, & Prabawani, 2015; Salim & Sijabat, 2021).

This study aims to examine the influence of price, brand image, and service quality on the purchase decisions of vehicle insurance products at PT Asuransi Etiqa Internasional Indonesia, Palembang Branch. It seeks to identify the extent to which each factor, both partially and simultaneously, affects customer purchasing decisions. Furthermore, the study aims to determine which of these variables is the most dominant in influencing purchase behavior. The findings of this research are expected to provide valuable insights for the company in formulating more effective and efficient marketing strategies.

LITERATURE REVIEW

Price

Price is a crucial element in the marketing mix that influences consumer decisions when selecting a product. According to Kotler and Armstrong (2012), price refers to the amount of money a consumer must pay to obtain a desired product or service. In marketing, price not only reflects the value of a product but also serves as an indicator of quality, particularly in the context of intangible products such as insurance. The price offered by an insurance company should reflect the value of protection received by the consumer. Consequently, price becomes a primary consideration that drives consumers to choose one insurance product over another.

Furthermore, Tjiptono (2014) explains that price is one of the most flexible elements in the marketing mix, as it can change rapidly in response to market conditions. Price can also be adjusted according to market demand and the purchasing power of consumers. In the context of vehicle insurance, insurance companies must set premium prices that are appropriate for their target market segments. Consumers' purchasing decisions are heavily influenced by their ability to obtain adequate protection without feeling burdened by high costs. Therefore, it is essential for insurance companies to determine competitive prices that align with consumer expectations.

Brand Image

Brand image is the perception or mental representation formed in the minds of consumers regarding a brand, influenced by factors such as experience, communication, and information received about the brand. According to Kotler and Keller (2016), brand image functions to differentiate a company's products or services from those of competitors and can significantly influence purchasing decisions. A positive brand image enhances consumer trust in the quality of the products offered, making them more likely to select and purchase the product. In the insurance industry, for example, companies with a strong brand image are generally more trusted by consumers to provide the protection they need.

Brand image is shaped not only by the quality of the product but also by consumer experiences and interactions with the company. Indrasari (2019) states that brand image can be established through effective communication between the company and consumers, as well as through consistent service delivery. A strong brand image allows insurance companies to build greater customer loyalty, which in turn affects purchasing decisions, as consumers tend to choose companies with a well-established and trustworthy reputation. Conversely, a negative brand image diminishes consumer interest and trust in the insurance products being offered.

Service Quality

Service quality refers to the degree to which a company's services meet consumer expectations, encompassing various dimensions such as reliability, responsiveness, assurance, empathy, and tangible elements (Tjiptono, 2014). In service-based industries like insurance, service quality plays a vital role in influencing customer satisfaction. High-quality service enhances the customer experience, which in turn increases the likelihood of purchase and customer loyalty. On the other hand, poor service quality—characterized by delays, lack of responsiveness, or unmet expectations—can lead to customer dissatisfaction and harm the company's reputation.

According to Tjiptono (2014), good service quality is composed of several measurable dimensions, including reliability, responsiveness, assurance, and empathy. In the context of insurance, the company's reliability and responsiveness in handling customer claims are particularly crucial. Fast, transparent, and courteous service helps create a positive experience for consumers. Salim and Sijabat (2021) emphasize that service quality has a positive impact on insurance

purchase decisions, where superior service increases satisfaction and encourages consumers to purchase or renew their insurance policies.

Purchase Decision

Purchase decision refers to the process by which consumers determine whether or not to buy a product. According to Kotler (2014), purchase decisions are influenced by a variety of internal and external factors that shape how consumers evaluate available product alternatives. In the context of insurance, purchase decisions are typically based on factors such as price, brand image, service quality, and the perceived need for protection. Consumers assess whether the insurance product meets their needs, whether the price fits their budget, and whether the company offers satisfactory service.

Hidayatillah, Suryoko, and Prabawani (2015) explain that purchasing decisions are strongly influenced by a combination of factors, particularly price, brand image, and service quality. Consumer perceptions of the benefits they receive and their trust in the insurance provider also significantly affect purchasing behavior. Therefore, insurance companies must carefully consider these three factors when designing marketing strategies to attract consumer interest and increase sales of insurance products.

METHODS

This study was conducted at PT Asuransi Etiqa Internasional Indonesia, Palembang Branch, with the objective of analyzing the influence of price, brand image, and service quality on customer purchase decisions for vehicle insurance products. A quantitative approach was used, employing a descriptive method to explain the current conditions related to the research variables. Data were collected through online questionnaires distributed via Google Forms to 85 customers, selected randomly from a total population of 550 customers, using Slovin's formula with a 10% margin of error.

The data used in this study comprised both primary and secondary sources. Primary data were obtained directly from respondents through questionnaires and interviews, while secondary data were collected from internal company records such as sales reports and organizational documents. The questionnaire was structured using a Likert scale ranging from "strongly agree" to "strongly disagree" to capture perceptions, attitudes, and opinions.

Data collection methods included interviews with company representatives, structured questionnaires, and direct observation of company activities. The collected data were analyzed using multiple linear regression with the aid of SPSS version 25 for Windows, to examine the partial and simultaneous effects of the independent variables—price, brand image, and service quality—on the dependent variable, namely purchase decision.

Before analysis, the data were tested for validity and reliability. Validity tests ensured that the questionnaire items accurately measured the intended constructs, while reliability tests assessed the consistency and stability of the responses. Hypothesis testing was conducted using t-tests to evaluate the individual effects of each independent variable, and F-tests to determine the overall simultaneous effect on purchase decisions. The results of these tests

provided empirical support for evaluating the significance of each factor influencing consumer behavior.

RESULTS AND DISCUSSION

Research Findings

This study aimed to examine the influence of price, brand image, and service quality on the purchase decision of vehicle insurance products at PT Asuransi Etiqa Internasional Indonesia, Palembang Branch. Based on the results of multiple linear regression analysis, it was found that price, brand image, and service quality simultaneously have a significant effect on purchase decisions. The adjusted R Square value of 0.806 indicates that these three variables explain 80.6% of the variation in purchase decisions, while the remaining 19.4% is influenced by other factors not examined in this study.

Table 1 presents the results of the multiple linear regression analysis, showing that price, brand image, and service quality each have a positive and significant effect on purchase decisions.

Table 1: Results of Multiple Linear Regression Analysis

Variable	Regression Coefficient	t-value	Significance
Price	0.203	2.196	0.031
Brand Image	0.477	3.438	0.001
Service Quality	0.334	7.103	0.000
R Square	0.806		

The Effect of Price on Purchase Decision

The regression results indicate that price has a positive and significant influence on the purchase decision of vehicle insurance products. The regression coefficient for price is 0.203, meaning that each one-unit increase in the price variable results in a 0.203-unit increase in purchase decision. The t-value for price is 2.196, which exceeds the t-table value of 1.989, and the significance value of 0.031 is less than 0.05, confirming the statistical significance of the relationship.

Price is one of the main factors affecting consumer purchase decisions, as customers consider the premium cost relative to the protection benefits received. This result aligns with the findings of Yustinus Riyan Adiputra and Imroatul Khasanah (2016), which also found that price positively affects purchase decisions. In the context of vehicle insurance, pricing must reflect consumer purchasing power and the quality of the insurance offered. A competitive and affordable price increases the likelihood of consumer purchase.

Table 2: t-Test for the Effect of Price on Purchase Decision

Variable	t-value	t-table	Significance
Price	2.196	1.989	0.031

The Effect of Brand Image on Purchase Decision

Brand image also has a significant influence on purchase decisions, with a t-value of 3.438, exceeding the t-table value of 1.989, and a significance level of 0.001, which is less than 0.05. This indicates that a strong and positive brand image plays a major role in shaping consumer purchase decisions. This finding supports

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Kotler and Keller's (2016) theory, which states that a strong brand image enhances consumer trust in the products being offered.

Brand image is shaped not only by product quality but also by the customer's experience and interaction with the company. A strong brand image leads to greater customer loyalty and preference, particularly in the insurance industry, where trust is critical. Consumers tend to choose insurers with a tested and reputable brand image.

Table 3: t-Test for the Effect of Brand Image on Purchase Decision

Variable	t-value	t-table	Significance
Brand Image	3.438	1.989	0.001

The Effect of Service Quality on Purchase Decision

Service quality was found to have a highly significant positive effect on the purchase decision of vehicle insurance products. The t-value for service quality is 7.103, which is far greater than the t-table value of 1.989, and the significance value of 0.000 confirms the strength of this relationship.

Good service quality—reflected in efficient claims processes, responsiveness to complaints, and professional, friendly interactions—is essential in the insurance industry. Customers who experience high-quality service are more satisfied and more likely to remain loyal. These findings align with those of Salim and Sijabat (2021), who demonstrated that service quality strongly affects customer satisfaction and purchase decisions. Therefore, insurers must prioritize the quality of services provided to attract and retain customers.

Table 4: t-Test for the Effect of Service Quality on Purchase Decision

Variable	t-value	t-table	Significance
Brand Image	3.438	1.989	0.001

Simultaneous Test (F-Test)

The F-test was conducted to examine the simultaneous effect of the three independent variables (price, brand image, and service quality) on the dependent variable (purchase decision). The F-value obtained was 117.150, which is significantly higher than the F-table value of 2.72, with a significance level of 0.000 ($p < 0.05$). This indicates that, collectively, the three variables have a statistically significant impact on purchase decisions.

This result demonstrates that the combination of price, brand image, and service quality exerts a strong influence on consumer purchasing behavior. Therefore, insurance companies should consider these three factors in an integrated manner when designing marketing strategies to attract more customers and increase sales of their insurance products.

Table 5: F-Test for the Simultaneous Effect of Price, Brand Image, and Service Quality on Purchase Decision

F-value	F-table	Significance
117.150	2.72	0.000

CONCLUSION

Based on the findings of the study conducted at PT Asuransi Etiqa Internasional Indonesia, Palembang Branch, it can be concluded that price, brand

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image, and service quality have a significant and positive influence on the purchase decision of vehicle insurance products. Partially, price demonstrated a positive effect on purchase decisions with a regression coefficient of 0.203; brand image showed a stronger effect with a coefficient of 0.477; and service quality also had a positive influence, with a coefficient of 0.334. The results of the simultaneous test revealed that these three variables-price, brand image, and service quality-collectively have a significant impact on purchase decisions, as indicated by an F-value of 117.150, which exceeds the F-table value of 2.72, and a significance level of 0.000, which is less than 0.05. These findings suggest that the combination of these three factors plays a critical role in shaping consumer purchase decisions.

Based on these conclusions, several recommendations can be proposed. First, the company is advised to set insurance prices that align with consumers' purchasing power and the quality of the products offered, in order to enhance purchase decisions. Second, improving service quality-particularly in claims processing and responsiveness to customer complaints-is essential for delivering a better customer experience and fostering satisfaction and loyalty. Third, maintaining and strengthening the company's brand image through effective communication and consistent service delivery is crucial to sustaining consumer trust. Finally, it is recommended that PT Asuransi Etiqa Internasional Indonesia, Palembang Branch, develop a more comprehensive marketing strategy that incorporates all three variables as integral components of its marketing mix, in order to attract more consumers and expand market share.

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