

THE EFFECT OF BRAND IMAGE, WORD OF MOUTH, AND PRICE PERCEPTION ON LUWAK WHITE KOFFIE PURCHASE DECISIONS IN MAKASSAR CITY

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Abstract

This study aims to analyze the influence of Brand Image, Word of Mouth, and Price Perception on Purchase Decisions of Luwak White Koffie products in Makassar City. This research used a quantitative approach with an explanatory research type and causal design. The population in this study consisted of all consumers of Luwak White Koffie in Makassar City who had purchased the product. The sampling technique used was non-probability sampling with a purposive sampling approach, involving 120 respondents. Data were collected through questionnaires and analyzed using multiple linear regression analysis with the assistance of the Statistical Package for the Social Sciences (SPSS). The results showed that Brand Image, Word of Mouth, and Price Perception partially had a positive and significant effect on Purchase Decisions. Simultaneously, Brand Image, Word of Mouth, and Price Perception also had a positive and significant effect on Purchase Decisions of Luwak White Koffie products in Makassar City.

Keywords: *Brand Image, Word of Mouth, Price Perception, Purchase Decision*

1. INTRODUCTION

The coffee industry is one of the sectors that is experiencing rapid growth in the beverage industry in Indonesia. The change in the lifestyle of modern society has led to an increase in the consumption of instant coffee that is practical and easy to consume. According to Kotler and Keller (2021), consumer behavior is a process that includes individual activities in choosing, buying, using, and evaluating products to meet their needs and desires.

In the perspective of *Consumer Behavior Theory*, purchasing decisions are influenced by internal and external factors such as cultural, social, personal, and psychological (Schiffman & Wisenblit, 2019). These factors shape consumer perception of a product, including *Brand Image*, *Word of Mouth*, and price perception.

Brand image is one of the important factors in influencing purchasing decisions because it reflects consumer perception of a brand. A good brand image can increase consumer trust and preference for products (Hassan & Shamsudin, 2020; Putra & Santosa, 2022). In addition, *word of mouth* also plays an important role in the decision-making process because consumers tend to trust information from other people's experiences (Ismail & Spinelli, 2020; Setiagraha et al., 2021).

Furthermore, price perception is a factor that influences purchase decisions, where consumers will assess the suitability between the price paid and the benefits obtained. According to Zeithaml (1988), price perception reflects the consumer's evaluation of the value received compared to the sacrifice made. This is in line with Sari and Kurniawan (2022) who stated that price perception affects consumer purchasing decisions.

The purchase decision process can also be explained through *the Engel-Kollat-Blackwell* (EKB Model), which states that consumers go through the stages of need recognition, information search, alternative evaluation, purchase decision, and post-purchase evaluation (Engel et al., 2019). At the stage of searching for information and evaluating alternatives, *Brand Image*, *word of mouth*, and price perception are factors that play an important role in influencing purchasing decisions.

In addition, *the Theory of Planned Behavior* (Ajzen, 1991) explains that consumer behavior is influenced by intentions formed from attitudes, subjective norms, and perceived behavioral control. In this context, attitudes towards brands, social influence through *word of mouth*, and price perceptions can shape consumers' intention to make purchases.

Luwak White Koffie is one of the instant coffee products that compete in the Indonesian market. Based on the *Top Brand Award* (2024), there have been fluctuations in the position of the Luwak White Koffie brand which shows that there is fierce competition in the instant coffee industry. In addition, the Central Statistics Agency of South Sulawesi (2023) shows that the people of Makassar City have a high level of consumption of packaged food and beverage products, including instant coffee.

2. RESEARCH METHOD

This study uses a quantitative approach with a type of causal explanatory research. This approach is used to analyze the influence of independent variables on dependent variables through statistically analyzed numerical data. The independent variables in this study include *Brand Image* (X1), *Word of Mouth* (X2), and price perception (X3), while the dependent variable is the purchase decision (Y). This study aims to test the cause-and-effect relationship between independent variables and dependent variables using multiple linear regression analysis.

This research was carried out in Makassar City, South Sulawesi. The selection of this location is based on the characteristics of Makassar City as a trade and economic center in the Eastern Indonesia region with a high level of consumption activity. This condition makes Makassar City a relevant location to research consumer behavior towards instant drink products, especially Luwak White Koffie.

The population in this study is all consumers of Luwak White Koffie in Makassar City who have purchased the product. The sampling technique used purposive sampling with the criteria of respondents who were domiciled in Makassar City, had bought and consumed White Koffie Luwak, and were at least 17 years old. The determination of the number of samples refers to the opinion of Hair et al. (2019) who suggested that the sample size be 5–10 times the number of research indicators. Based on 12 research indicators, the number of samples used in this study was 120 respondents.

The data in this study consists of primary data and secondary data. Primary data was obtained through the distribution of questionnaires to respondents who met the research criteria. The questionnaire was compiled based on variable indicators of *Brand Image*, *word*

of mouth, price perception, and purchase decisions. The data was measured using a five-point Likert scale with a range of values from strongly disagree to strongly agree. The distribution of the questionnaire was carried out online using *Google Form* to facilitate the data collection process. In addition, secondary data is obtained through documentation from various sources such as *Top Brand Index* reports and Katadata publications relevant to the research.

The data analysis technique in this study was carried out using the help of *the Statistical Package for the Social Sciences* (SPSS) software. Data analysis includes descriptive analysis to describe respondent characteristics and responses to research variables. Furthermore, an instrument test was carried out consisting of validity and reliability tests to ensure the feasibility of the questionnaire. The classical assumption test which includes normality, multicollinearity, and heteroscedasticity tests was carried out before the regression analysis. Multiple linear regression analysis was used to determine the influence of *Brand Image* (X1), *Word of Mouth* (X2), and price perception (X3) on purchase decisions (Y). Hypothesis testing was carried out through t-test, F test, and determination coefficient (R^2) to determine the magnitude of the influence of independent variables on dependent variables.

3. RESULTS AND DISCUSSION

This study aims to analyze the influence of *Brand Image*, *Word of Mouth*, and Price Perception on the Purchase Decision of Luwak White Koffie products in Makassar City. The results show that all independent variables affect purchase decisions, both partially and simultaneously.

3.1 The Influence of *Brand Image* on Purchase Decisions

The results of the study show that *Brand Image* has a positive and significant effect on the Purchase Decision of Luwak White Koffie products in Makassar City. This shows that a positive brand image can increase consumer confidence in making purchasing decisions.

Based on the analysis of indicators, trust in brands is the most dominant indicator. This shows that consumers tend to choose products with a good reputation and have been widely known. However, the brand uniqueness indicator has the lowest value, which indicates that product differentiation still needs to be improved for the brand to have more prominent characteristics. This finding is in line with the theory of Kotler and Keller (2021) which states that brand image is a consumer's perception of a brand that influences purchasing decisions.

3.2 The Influence of *Word of Mouth* on Purchase Decisions

The results of the study show that *Word of Mouth* has a positive and significant effect on the Purchase Decision of Luwak White Koffie products in Makassar City. This shows that communication between consumers has an important role in influencing purchasing decisions.

Online review indicators are the most dominant indicators, which show that consumers get a lot of product information through other consumer experiences on digital platforms. Meanwhile, the social media indicator has the lowest value, which shows that the use of social media as a means of disseminating information still needs to be improved. These findings support the theory of Kotler and Keller (2021) who state that *Word of Mouth* is an effective communication between consumers in influencing purchasing decisions.

3.3 The Influence of Price Perception on Purchase Decisions

The results of the study show that Price Perception has a positive and significant effect on the Purchase Decision of Luwak White Koffie products in Makassar City. This shows that a positive price perception can increase consumer confidence in making purchases.

The price affordability indicator is the most dominant indicator, which shows that the consumer's ability to reach the price is the main consideration in purchasing products. In contrast, the benefit value indicator has the lowest value, which indicates that the perception of product benefits still needs to be strengthened. These findings are in line with the theory of Kotler and Keller (2021) which states that price perception reflects consumers' assessment of the suitability between price and the value of the product received.

3.4 The Simultaneous Influence of Brand Image, Word of Mouth, and Price Perception on Purchase Decisions

The results of the study show that *Brand Image*, *Word of Mouth*, and Price Perception simultaneously have a positive and significant effect on the Purchase Decision of White Koffie Luwak products in Makassar City. This shows that consumers' purchasing decisions are influenced by a combination of several factors that complement each other.

Based on the Standardized Coefficients Beta value, the *Word of Mouth* variable is the most dominant variable in influencing purchasing decisions. This shows that consumers trust information obtained from other consumers' experiences, both through direct recommendations and digital reviews. These findings support the theory of Kotler and Keller (2021) which states that purchasing decisions are influenced by various factors, including brand image, communication between consumers, and price perception.

4. CONCLUSION

Based on the results of the study, it can be concluded that *Brand Image*, *Word of Mouth*, and Price Perception affect the Purchase Decision of Luwak White Koffie products in Makassar City, both partially and simultaneously. *Brand Image* shows that a good brand image and a positive reputation can increase consumer confidence in choosing products. *Word of Mouth* has an effect on increasing consumer trust through recommendations, online reviews, and information from other consumers, and is the most dominant variable in influencing purchasing decisions. In addition, Price Perception also affects purchase

decisions, where prices that are considered in accordance with quality and affordable are able to increase consumer interest in buying products. Simultaneously, these three variables play a role in improving purchasing decisions for Luwak White Koffie products in Makassar City.

Based on the results of the study, it can be concluded that companies need to continue to maintain and improve *their Brand Image* through strengthening a positive image in the eyes of consumers, maximizing the role of word of mouth, especially through reviews and consumer experiences, and ensuring that price perceptions remain in accordance with the value and benefits of products felt by consumers in order to maintain and improve purchase decisions.

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