

MSME Dynamics: The Effect of Brand Image, Product, and Service Quality on Purchasing Decisions at a Cake Shop

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Abstract

Monthly purchases at Happiness Cake Shop in Kota Gajah fluctuate because of shifts in consumer preference toward other brands, inconsistent product quality, and suboptimal service quality. This study examines the effect of brand image, product, and service quality on purchasing decisions at the shop. A quantitative explanatory survey design was applied, with a sample of 100 customers selected through accidental sampling, and the data were analysed using multiple linear regression in SPSS, preceded by classical assumption tests. The results show that brand image, product, and service quality each have a positive and significant partial effect on purchasing decisions, and that the three variables jointly exert a significant simultaneous effect, explaining 60.2 percent of the variance in purchasing decisions. Service quality recorded the largest standardised effect and is therefore the most dominant determinant, with physical evidence as its most dominant dimension, while brand quality and product durability were the most dominant dimensions of brand image and product, respectively. These findings indicate that, although brand image and product quality matter, excellent and responsive service is decisive in shaping purchasing decisions. The study contributes to marketing-mix research for small food enterprises and recommends that the shop prioritise service quality while sustaining brand consistency and product quality.

Keywords: *Brand image; Product quality; Service quality; Purchasing decision; MSMEs*

1. Introduction

Competition among micro, small, and medium enterprises (MSMEs) in Indonesia is intensifying, particularly in sectors that serve everyday needs such as food, beverages, and retail. MSMEs must adapt and compete not only with one another but also with larger firms that use digital technology, which requires them to offer distinctive products and to maintain consistent quality. A common weakness of MSMEs is the lack of effective marketing and branding, so that their products are less recognised in the market (Esch et al., 2006; Keller, 1993).

In the food sector, and specifically cake shops, brand image, product quality, and service quality are widely regarded as determinants of purchasing decisions. However, prior evidence is inconsistent: some studies report that brand image, product, and service quality positively and significantly affect purchasing decisions, while others report negative or non-significant effects (Aminah & Widowati, 2023; Tsotsou, 2006; Wang & Tsai, 2014). These divergent results indicate the need for further investigation in specific MSME contexts.

Happiness Cake Shop in Kota Gajah is a cake MSME known for offering varied products at affordable prices. Its sales fluctuated during 2024, falling short of the monthly target of 800 pieces in some months, with a notable decline from July to October. A pre-survey indicated that the shop faces

challenges in building a strong brand image and maintaining consistent product quality, and that some first-time visitors found its service less responsive than that of competitors, which led them to favour other shops.

Service quality is a key factor in retaining customers, yet small-town cake shops often struggle to provide consistent and responsive service because of limited staff or training, which can reduce satisfaction and prompt switching (Brady & Cronin, 2001; Parasuraman et al., 1988). These observations, together with the inconsistent prior findings, motivate a re-examination of how brand image, product, and service quality shape purchasing decisions at the shop.

Accordingly, this study examines the effect of brand image, product, and service quality on purchasing decisions at Happiness Cake Shop. The study contributes to marketing-mix research for small food enterprises and provides practical guidance for strengthening competitiveness. The objectives are to analyse the partial and simultaneous effects of the three variables on purchasing decisions.

2. Literature Review and Theoretical Framework

2.1 Theoretical Foundation

Brand image is the representation of a product's identity that distinguishes it from competitors and is closely linked to consumer preference and loyalty, formed through experience and information (Esch et al., 2006; Keller, 1993). A positive image fosters trust and loyalty, with significant effects on purchasing decisions. Product quality is the totality of attributes that meet consumer needs and expectations, conceptualised through dimensions such as performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality (Garvin, 1987; Tsotsou, 2006).

Service quality is the consumer's assessment of the correspondence between expectations and the perceived service, captured by the dimensions of reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al., 1988). These dimensions jointly shape perceptions of service and influence satisfaction and behaviour (Brady & Cronin, 2001; Cronin et al., 2000). Purchasing decisions, finally, are the outcome of a process of need recognition, information search, and evaluation, closely tied to satisfaction (Kotler & Keller, 2016; Oliver, 1980).

2.2 Hypothesis Development

Drawing on the literature and prior evidence, a stronger brand image is expected to raise purchasing decisions through preference and trust (Keller, 1993; Wang & Tsai, 2014), higher product quality is expected to raise purchasing decisions through perceived value (Garvin, 1987), and higher service quality is expected to raise purchasing decisions through a better service experience (Parasuraman et al., 1988). The hypotheses are therefore:

H1: Brand image has a positive and significant effect on purchasing decisions.

H2: Product quality has a positive and significant effect on purchasing decisions.

H3: Service quality has a positive and significant effect on purchasing decisions.

H4: Brand image, product, and service quality jointly have a significant effect on purchasing decisions.

3. Research Methodology

3.1 Research Design

This study employed a quantitative explanatory survey design to explain the causal relationships between brand image, product, and service quality and purchasing decisions at Happiness Cake Shop in Kota Gajah.

3.2 Data Collection

A non-probability accidental sampling technique was used, and the sample size was determined using the rule of thumb of five to ten times the number of indicators. With 20 indicators, the study reached 100 respondents. Data were collected through a Likert-scale questionnaire that was tested for validity and reliability.

3.3 Data Analysis

Data were analysed using multiple linear regression in SPSS 25, preceded by normality, linearity, and homogeneity tests. Hypothesis testing was conducted through the partial t-test, the simultaneous F-test, and the coefficient of determination.

4. Results and Discussion

4.1 Results

The monthly sales that motivated the study are summarised in Table 1, showing fluctuations around the monthly target of 800 pieces and a decline in the latter months of the year.

Table 1. Monthly sales at Happiness Cake Shop, 2024 (pieces)

Month	Target	Realisation	Status
January	800	780	Below target
February to August	800	810 to 900	Above target
September	800	750	Below target
October	800	600	Below target

Source: Happiness Cake Shop records, 2024

The classical assumption tests, summarised in Table 2, confirmed that the model met the required conditions: the variables were normally distributed, the relationships were linear, and the variances were homogeneous.

Table 2. Classical assumption test results

Test	Significance	Conclusion
Normality (all variables, K-S)	> 0.05	Normal
Linearity (deviation, X1)	0.693	Linear
Linearity (deviation, X2)	0.689	Linear
Linearity (deviation, X3)	0.172	Linear
Homogeneity (X1; X2; X3)	0.459; 0.867; 0.659	Homogeneous

Source: Primary data processed with SPSS 25, 2026

The multiple linear regression results are presented in Table 3. The estimated equation is $Y = 4.011 + 0.229X_1 + 0.296X_2 + 0.416X_3$. All three predictors recorded significance values below 0.05, so H1, H2, and H3 are supported, with service quality exhibiting the largest standardised coefficient.

Table 3. Multiple linear regression coefficients

Model	B	Std. Error	Beta	t / Sig.
(Constant)	4.011	3.691	-	1.087 / 0.280
Brand image (X1)	0.229	0.082	0.263	2.795 / 0.006

Product (X2)	0.296	0.115	0.228	2.577 / 0.011
Service quality (X3)	0.416	0.099	0.392	4.194 / 0.000

Source: Primary data processed with SPSS 25, 2026. Dependent variable: purchasing decision.

The simultaneous F-test, summarised in Table 4, produced a value of 48.357 with a significance of 0.000, confirming that the three variables jointly affect purchasing decisions, so H4 is supported. The coefficient of determination is 0.602, indicating that the three variables explain 60.2 percent of the variance in purchasing decisions, while the remaining 39.8 percent is attributable to other factors.

Table 4. Simultaneous test and coefficient of determination

Statistic	Value	Conclusion
F-value (Sig.)	48.357 (0.000)	Significant
R	0.776	-
R-squared	0.602	60.2% explained
Adjusted R-squared	0.589	-

Source: Primary data processed with SPSS 25, 2026

4.2 Discussion

The significant effect of brand image on purchasing decisions supports H1 and indicates that consumer perceptions of brand quality and reputation underpin purchase choices, with brand quality the most dominant dimension. This finding is consistent with research linking brand image to preference, trust, and purchase intention (Esch et al., 2006; Keller, 1993; Wang & Tsai, 2014), and it underscores the importance of strengthening brand image through consistent quality and professional communication.

The significant effect of product quality supports H2 and shows that quality, particularly durability, drives purchasing because consumers value products that deliver lasting value (Garvin, 1987; Tsotsou, 2006). The significant effect of service quality supports H3 and, with the largest standardised coefficient, identifies service as the most dominant determinant, with physical evidence the most dominant dimension. This result aligns with service-quality theory, in which tangibles and responsiveness strongly shape perceptions and behaviour (Brady & Cronin, 2001; Parasuraman et al., 1988).

Jointly, the three variables significantly affect purchasing decisions, explaining 60.2 percent of the variance, with service quality the most influential. This indicates that influencing purchasing decisions requires not only a strong brand and good product but also excellent, responsive, and professional service. Theoretically, the study clarifies the relative importance of marketing-mix elements in small food enterprises, while practically it implies that the shop should prioritise service quality, particularly its physical evidence, while sustaining brand consistency and product quality.

5. Conclusion

This study examined the effect of brand image, product, and service quality on purchasing decisions at Happiness Cake Shop in Kota Gajah. Brand image, product, and service quality each have a positive and significant partial effect on purchasing decisions, and the three variables jointly have a significant effect, explaining 60.2 percent of the variance, with service quality as the most dominant determinant. Brand quality, product durability, and physical evidence were the most dominant dimensions of the three variables, respectively.

The study recommends that the shop strengthen its brand image through consistent quality, professional communication, and loyalty programmes; maintain and improve product quality,

including durability and presentation; and prioritise service quality, particularly the cleanliness and comfort of the premises, staff appearance, and responsiveness. Because service quality is the dominant factor, management should make it a central priority while sustaining brand and product quality. Future research should incorporate additional variables such as price and promotion, and extend the study to other enterprises or larger samples to improve generalisability.

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