

## ANALYSIS OF THE EFFECT OF CORPORATE REPUTATION, PRODUCT QUALITY, AND RESIDENTIAL AREA FACILITIES ON CUSTOMER PURCHASE INTENTION THROUGH CUSTOMER PERCEPTION AT KAHURIPAN NIRWANA

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**Abstract:** Increasing competition in the property industry requires developers to establish a strong corporate reputation, provide high-quality products, and offer adequate residential facilities to create positive customer perceptions and enhance purchase intention. This study aims to analyze the influence of corporate reputation, product quality, and residential area facilities on customers' purchase intention through customer perception at Kahuripan Nirwana. This study employed a quantitative approach using a survey method. Data were collected through questionnaires distributed to customers and prospective customers of Kahuripan Nirwana selected using a purposive sampling technique. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results indicate that corporate reputation, product quality, and residential area facilities have a positive and significant effect on customer perception. Furthermore, corporate reputation, residential area facilities, and customer perception have a positive and significant effect on customers' purchase intention, whereas product quality does not have a significant direct effect on purchase intention. Customer perception mediates the relationship between corporate reputation and purchase intention as well as between product quality and purchase intention. However, customer perception does not mediate the relationship between residential area facilities and purchase intention. The findings reveal that corporate reputation is the most dominant factor influencing customers' purchase intention, while product quality contributes indirectly through the formation of positive customer perception. Therefore, property developers should strengthen their corporate reputation, maintain product quality, and continuously improve residential area facilities as strategic efforts to increase customers' purchase intention.

**Keywords:** *Corporate reputation, product quality, residential area facilities, customer perception, purchase intention*

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## **1. Introduction**

The property sector in Indonesia has shown positive growth, characterized by rising domestic and international investment. According to JLL and LaSalle (2024), Indonesia's global real estate transparency index ranks 40th, indicating growing investor trust. However, despite the macro-level growth and infrastructure improvements, such as the new Djuanda Flyover in Sidoarjo which increased the regional new housing inventory by 215% in Q3 2024 (Pinhome.id, 2024), specific developers face unique challenges. Kahuripan Nirwana, a township developer in Sidoarjo, experienced a significant sales decline from 249 units in 2021 to merely 2 units by Q1 2025. This paradox between industry growth and declining localized sales highlights the critical need to understand the determinants of consumers' purchase intention.

Based on Signaling Theory (Spence, 1973; Connelly et al., 2011), in high-involvement purchases like real estate, buyers rely on signals to reduce information asymmetry. A robust corporate reputation serves as a crucial signal of a developer's credibility, track record, and professionalism (Fombrun, 1996). Similarly, product quality—encompassing construction materials, design, and security (Garvin, 1987; Kotler & Keller, 2016)—and area facilities (Kapferer, 2012; Tjiptono, 2019) such as green spaces and security systems, act as tangible signals that shape buyer evaluations.

These attributes do not merely affect buying decisions in a vacuum; they interact through the psychological mechanism of customer perception (Zeithaml, 1988). Perception forms the cognitive bridge between a company's offerings and the consumer's purchase intention (Schiffman & Kanuk, 2008). Previous studies have explored these variables in isolation or distinct sectors, but empirical evidence mapping their complex interplay within the suburban property market remains scarce. Therefore, this study aims to examine the direct effect of corporate reputation, product quality, and area facilities on purchase intention, as well as their indirect effect mediated by customer perception at Kahuripan Nirwana.

The hypotheses formulated for this research are:

- H1: Corporate reputation positively affects customer perception.
- H2: Corporate reputation positively affects purchase intention.
- H3: Product quality positively affects customer perception.
- H4: Product quality positively affects purchase intention.
- H5: Area facilities positively affect customer perception.
- H6: Area facilities positively affect purchase intention.
- H7: Customer perception positively affects purchase intention.
- H8: Customer perception mediates the effect of corporate reputation on purchase intention.
- H9: Customer perception mediates the effect of product quality on purchase intention.
- H10: Customer perception mediates the effect of area facilities on purchase intention

## **2. Research Method**

This study employs a quantitative explanatory design using a survey method. The research was conducted at the Kahuripan Nirwana residential development in Sidoarjo. The population consisted of prospective buyers and recent residents. Due to the unavailability of an exact sampling frame, a non-probability purposive sampling technique was used. The sample size was determined based on Hair et al.'s (2019) heuristic guideline (10 times the number of indicators), resulting in 200 respondents.

Data were collected via structured questionnaires using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The measured variables included Corporate Reputation (X1), Product Quality (X2), Area Facilities (X3), Customer Perception (M), and Purchase Intention (Y). The data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) via SmartPLS software, encompassing the evaluation of the measurement model (outer model) and structural model (inner model).

### 3. Results and Discussion

#### 3.1. Results

The demographic profile of the 200 respondents showed a dominance of individuals aged 30–35 years (39.0%), mostly working as entrepreneurs (38.0%) and private employees (25.0%). A significant portion (63.0%) do not yet own a home, indicating they are prime targets for first-time home buying.

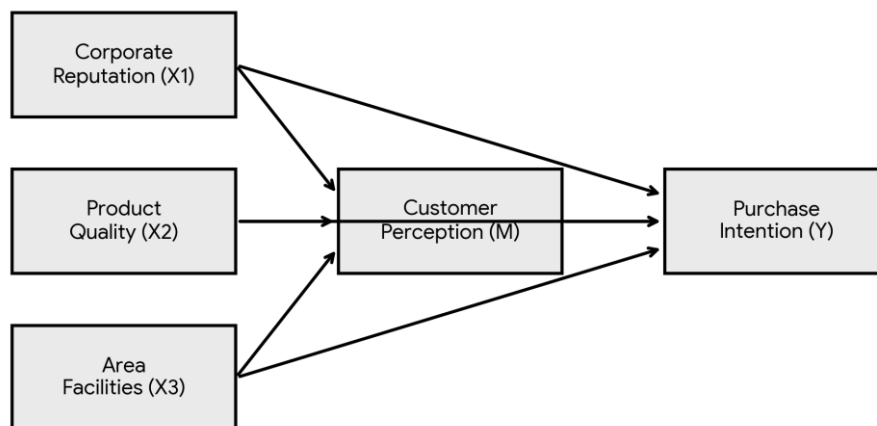


**Figure1.** Conceptual Framework  
 Source: Processed Data (2026)

The outer model evaluation confirmed that all constructs met the criteria for convergent validity (Outer Loadings > 0.70, AVE > 0.50), discriminant validity (HTMT < 0.90, Fornell-Larcker criteria), and internal consistency reliability (Cronbach's Alpha and Composite Reliability > 0.70). The R-square values for the inner model were 0.652 for Purchase Intention and 0.487 for Customer Perception, indicating a moderate to strong predictive power.

Table 1 summarizes the results of the structural model (inner model) hypotheses testing for direct and indirect effects generated via the bootstrapping procedure.

**Table 1.** Inner Model Results

| Hypothesis (Path)            | Path Coefficient | P-Value | Decision |
|------------------------------|------------------|---------|----------|
| H1: Reputation -> Perception | 0.279            | 0.001   | Accepted |
| H2: Reputation -> Intention  | 0.474            | 0.000   | Accepted |
| H3: Quality -> Perception    | 0.243            | 0.033   | Accepted |
| H4: Quality -> Intention     | -0.145           | 0.098   | Rejected |
| H5: Facilities -> Perception | 0.254            | 0.039   | Accepted |

|                                 |       |       |          |
|---------------------------------|-------|-------|----------|
| H6: Facilities -> Intention     | 0.292 | 0.005 | Accepted |
| H7: Perception -> Intention     | 0.279 | 0.000 | Accepted |
| H8: Rep -> Percep -> Intention  | 0.062 | 0.032 | Accepted |
| H9: Qual -> Percep -> Intention | 0.090 | 0.027 | Accepted |
| H10: Fac -> Percep -> Intention | 0.063 | 0.109 | Rejected |

Source: Processed Data (2026)

### 3.2. Discussion

The empirical results confirm that corporate reputation positively and significantly influences both customer perception and purchase intention. Aligning with Fombrun (1996) and Signaling Theory (Spence, 1973), an established reputation reduces perceived risk, signaling developer credibility and reliable project completion. In real estate, where investment values are substantial, buyers prioritize track records. Thus, strong reputation naturally bridges information asymmetry and fosters strong purchasing intent.

Product quality significantly impacts customer perception but fails to show a direct significant impact on purchase intention. The negative direct coefficient paired with a non-significant p-value suggests that quality alone is an insufficient immediate trigger for purchase. However, the mediation analysis (H9) proves that product quality operates via full mediation. Quality shapes the buyers' cognitive and affective evaluation (Zeithaml, 1988), which subsequently cultivates the intent to purchase.

Conversely, area facilities display a direct significant effect on both perception and purchase intention, but customer perception fails to mediate this relationship (H10). This indicates that the tangible benefits of amenities—such as security, green spaces, and accessibility (Kapferer, 2012)—are directly factored into the buyer's utility calculus. Buyers do not necessitate complex psychological processing to appreciate these physical benefits; the presence of excellent facilities directly incentivizes the purchase.

### 4. Conclusion

Corporate reputation is the most dominant catalyst for purchase intention at Kahuripan Nirwana, both directly and indirectly. Product quality requires the bridge of positive customer perception to translate into actual buying intent, indicating full mediation. Meanwhile, residential area facilities provide immediate, tangible value that directly elevates purchase intention without relying on mediation. To revitalize sales, developers should prioritize reputation management by maximizing transparency and leveraging social proof. Furthermore, the communication of product quality should be enhanced through interactive open-house experiences, while the prompt delivery of functional area facilities should be prioritized in early developmental phases.

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