

# The Influence of Product Quality and Price on Purchasing Decisions

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## ABSTRACT

This research is included in the type of explanatory research. This technique uses multiple regression analysis, where the technique will test the hypothesis that there is an influence between the independent variable and the dependent variable. Multiple regression analysis is an analysis of the relationship between one dependent variable and or more independent variables. The objects of this research are product quality, price, and purchasing decisions. The subject of this research is visitors who buy products at BINTANG Market. The types of data used are primary data in the form of questionnaires, and secondary data in the form of documentation information published by the company. The sampling technique used the Slovin formula, so that the sample in this study amounted to 80 respondents or BINTANG Market consumers. The data analysis technique in this study is descriptive statistical analysis, classical assumption test, and hypothesis testing. The results of this study indicate: 1) product quality has a significant effect on purchasing decisions; 2) price has a significant effect on purchasing decisions. 3) The Adjusted R Square value of 0.395 means that 39.5% of purchasing decisions are determined by product and price variables, while the other 60.5% is caused by other variables not examined.

## 1. INTRODUCTION

In the era of globalization, the world of trade is currently competing in marketing products or services. Marketing activities have a very important role in the business world, given its orientation toward consumers. The state of the business world changes dynamically along with changes in consumer tastes and changes that occur in the surrounding environment. Consumer needs that continue to increase, become a business opportunity. This is the basis for the thinking of business actors to meet the needs, desires, and expectations of consumers so that they do not turn to competitors despite changes.

The tighter business competition that exists, the more companies are required to move faster in terms of attracting consumers. So that companies that apply the marketing concept need to pay close attention to consumer behavior and the factors that influence their purchasing decisions in the marketing efforts of a product being carried out. This is because one of the ways to achieve company goals is to know what the needs and desires

of consumers or target markets are and to provide the expected satisfaction more effectively and efficiently than the competitors. (Kotler). Product quality which is a potential strategic weapon to defeat competitors (Kotler). So only companies with the best product quality will grow rapidly, and in the long run the company will be more successful than other companies. A company in issuing products should be adjusted to the needs and desires of consumers. The advantages of the product can be known by consumers and will create an awareness of the product brand.

The retail business in Indonesia has rapidly progressed in recent years. This can be seen from the number of minimarkets in various places. The progress of business in Indonesia is due to the development of manufacturing businesses and market opportunities that are quite open due to the impact of the community's economic pace. The presence of minimarkets almost adorns the corners of the city, and the growth of minimarkets cannot be separated from the consumption culture in society. The proliferation of minimarkets is a challenge for minimarket entrepreneurs, especially those in the city of Jember.

For this reason, every company or minimarket must always look for ways or sales strategies in order to win the hearts of consumers. Therefore, BINTANG Market really understands the wishes of consumers by providing complete and quality products. Price is also the most important thing that can influence consumer purchasing decisions. Determining the price of products carried out by the company greatly influences consumer decisions. BINTANG Market provides potential customers with the price listed on the item label, but in reality, there are still some consumers who say that the price offered is not comparable to the purchased product and tends to be more expensive than other stores.

## **2. LITERATURE REVIEW**

### **Product Quality**

A product is anything that can be offered to the market for attention, purchase, use or consumption that can satisfy a want or need (Kotler & Armstrong. 2001). Conceptually, a product is a subjective understanding of the producer of something that can be offered as an effort to achieve organizational goals through meeting the needs and activities of consumers, by the competence and capacity of the organization and the purchasing power of the market. Kotler and Gary Amstrong (2008:272) quality is a characteristic of the product in the capability to fulfill predetermined and latent needs. Quality in the view of consumers is something that has its own scope, which is different from the quality in the view of the manufacturer when issuing a product, which is commonly known as actual quality. Fandy Tjiptono (2008), suggests that product quality has several dimensions including 1) product performance; 2) specialty; 3) conformity to specifications; 4) reliability; 5) durability; 6) aesthetics; 7) perceived quality; and 8) the dimension of convenience.

## **Price**

According to Kotler and Gary Armstrong (2008: 345), price is the sum of all values provided by customers to benefit from owning or using a product or service. Everything given by customers to get the advantages offered by the company's marketing mix (Cannon). Companies may set prices to establish or maintain a prestigious image. In image-oriented goals, companies try to avoid competition by differentiating products or by serving special market segments. And this is most common in companies that sell products that are categorized as special goods or products that require high involvement in the buying process (Tjiptono, 2001).

## **Purchasing Decision**

A marketer must look at the things that influence purchasing decisions and determine how consumers make their purchasing decisions (Kotler&Amstrong, 2008 : 179). Consumers perform 5 (five) stages in making a purchase. These five stages do not always occur, especially in purchases that do not require high involvement in the purchase. The stages of consumer purchases include: 1) needs recognition; 2) information search; 3) evaluation of alternatives; 4) purchase decision; and 5) post-purchase behavior.

## **3. RESEARCH METHODS**

This research is included in the type of explanatory research, where this research explains the relationship between the independent variable, and the mediating variable to the dependent variable. According to Umar (1999: 36) explanatory research is research that aims to analyze the relationships between one variable and another or how a variable affects another variable.

This technique uses multiple regression analysis, where the technique will test the hypothesis that there is an influence between the independent variable and the dependent variable. Multiple regression analysis is an analysis of the relationship between one dependent variable and or more independent variables (Arikunto). The objects of this research are product quality, price, and purchasing decisions. The subject of this research is visitors who buy products at BINTANG Market.

The types of data used are primary data in the form of questionnaires, and secondary data in the form of documentation information published by the company. Testing research instruments using validity tests and reliability tests. The sampling technique used the Slovin formula, so that the sample in this study amounted to 80 respondents or consumers of BINTANG Market. The data analysis technique in this study is descriptive statistical analysis, classical assumption test, and hypothesis testing.

## **4. RESULTS AND DISCUSSION**

### **Results**

Validity is the accuracy of the measuring instrument in performing its function. An instrument can be said to have high validity if the tool performs its measuring function, and provides measurement results in accordance with the purpose of the measurement.

Testing the validity in this study using product moment correlation analysis, by correlating the score of each item with the total score as the sum of the item scores.

**Table 1.** Validity Test

| Variable                | Item | r Count | r Table | Conclusion |
|-------------------------|------|---------|---------|------------|
| Product (X1)            | X1.1 | 0,391   | 0,2199  | Valid      |
|                         | X1.2 | 0,623   | 0,2199  | Valid      |
|                         | X1.3 | 0,674   | 0,2199  | Valid      |
|                         | X1.4 | 0,595   | 0,2199  | Valid      |
|                         | X1.5 | 0,726   | 0,2199  | Valid      |
|                         | X1.6 | 0,557   | 0,2199  | Valid      |
|                         | X1.7 | 0,779   | 0,2199  | Valid      |
| Price (X2)              | X2.1 | 0,725   | 0,2199  | Valid      |
|                         | X2.2 | 0,670   | 0,2199  | Valid      |
|                         | X2.3 | 0,778   | 0,2199  | Valid      |
|                         | X2.4 | 0,693   | 0,2199  | Valid      |
| Purchasing Decision (Y) | Y1.1 | 0,465   | 0,2199  | Valid      |
|                         | Y1.2 | 0,542   | 0,2199  | Valid      |
|                         | Y1.3 | 0,427   | 0,2199  | Valid      |
|                         | Y1.4 | 0,634   | 0,2199  | Valid      |
|                         | Y1.5 | 0,515   | 0,2199  | Valid      |
|                         | Y1.6 | 0,362   | 0,2199  | Valid      |
|                         | Y1.7 | 0,48    | 0,2199  | Valid      |
|                         | Y1.8 | 0,672   | 0,2199  | Valid      |

**Source:** Processed Data, 2023

From the table above, it is known that the value of  $r_{\text{count}} > r_{\text{table}}$  for all variable items X1, X2, and variable Y. It can be said that all items on these variables are valid.

Reliability shows the extent to which the measurement results remain consistent if the measurement is carried out two or more times on the same symptoms. The reliability test was carried out using the Cronbach Alpha formula with a real level of 5%.

**Table 2.** Variable Reliability Test

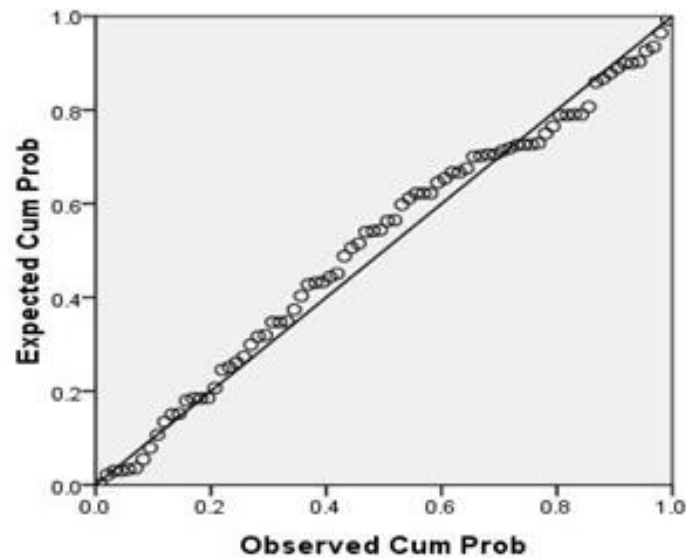
| Variable            | Cronbach's Alpha | r Table | Description |
|---------------------|------------------|---------|-------------|
| Product             | 0,734            | 0,2199  | Reliable    |
| Price               | 0,684            | 0,2199  | Reliable    |
| Purchasing Decision | 0,607            | 0,2199  | Reliable    |

**Source:** Processed Data, 2023

The reliability test results presented in the table above show that the reliability coefficient of variable X1 is 0.734, then the reliability coefficient value of variable X2 is 0.684 and the reliability coefficient value of variable Y is 0.607, all of which are greater than 0.2199 so that the instrument used is stated to be reliable.

In this study using the normal P-P Plot graph and Kolmogorov-Smirnov technique. In the normal P-P Plot, the principle is that normality can be detected by looking at the

distribution of data (points) on the diagonal axis of the graph or by looking at the histogram of the residuals.



**Figure 1.** Normality Test Results

**Source:** Processed Data, 2023

In the multicollinearity test, it can be shown that there is a linear relationship between the independent variables in the regression model. The multicollinearity test results in the regression model are presented in the following table:

**Table 2.** Multicollinearity Test Results

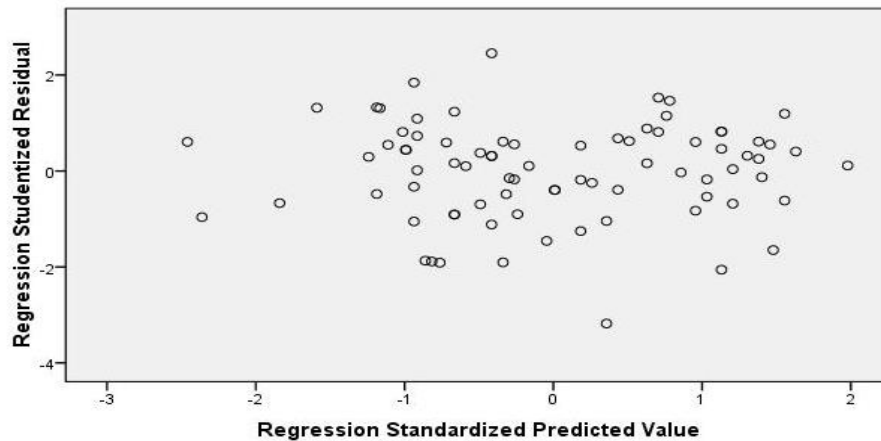
| Coefficients <sup>a</sup> |         |                        |       |
|---------------------------|---------|------------------------|-------|
| Model                     |         | Collinearity Statistic |       |
|                           |         | Tolerance              | VIF   |
| 1                         | Product | .743                   | 1.346 |
|                           | Price   | .743                   | 1.346 |

a. Dependent Variable: Purchasing Decision

**Source:** Processed Data, 2023

From the table above, it is known that the Tolerance value of variable X1 is 0.743 and the Tolerance value of variable X2 is 0.743, thus the Tolerance value of each independent variable is above the value of 0.10, meaning that in this regression model there are no multicollinearity symptoms. This is directly proportional to the Variance Inflation Factor (VIF) value where the X1 variable and the X2 variable are 1.346 each. This in this regression model there are no symptoms of multicollinearity.

Heteroscedasticity is needed to test whether in a regression equation there is an inequality of variance from the residuals of one observation to another.



**Figure 2.** Heteroscedasticity Test Results

**Source:** Processed Data, 2023

From the scatter graph, it is clear that there is no particular pattern because the points spread irregularly above and below the 0 axis on the Y axis. So it can be concluded that there are no symptoms of heteroscedasticity.

The data analysis used in this study is multiple linear regression analysis. To measure the effect of variables involving more than one variable is to use multiple linear regression analysis.

**Table 3.** Multiple Linear Regression Analysis

| Coefficients <sup>a</sup> |            |                             |            |                           |       |      |
|---------------------------|------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |            | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant) | 8.267                       | 2.733      |                           | 3.013 | .004 |
|                           | Product    | .406                        | .108       | .379                      | 3.720 | .000 |
|                           | Price      | .583                        | .165       | .361                      | 3.545 | .001 |

a. Dependent Variable: Purchasing Decision

**Source:** Processed Data, 2023

From the results of multiple linear regression analysis, the regression equation is obtained as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

$$Y = 8,268 + 0,405X_1 + 0,582X_2 + e$$

The multiple linear regression equation will be explained as follows:

The constant (a) is known to be 8.286, indicating the value of the Purchasing Decision variable (Y) if it is not influenced by the independent variables consisting of Product (X1) and Price (X2), it is assumed to be equal to zero, so that the Purchasing Decision variable (Y) is 8.286.

The regression coefficient of the Product variable (b1) is known to be 0.405, which shows the influence of the Product variable (X1) on Purchasing Decisions (Y). The regression coefficient results mean that the product has an influence of 0.405 on purchasing decisions, where the effect is positive (unidirectional). This means that if it is

assumed that the score of the Product variable (X1) increases by 1, it will cause the Purchasing Decision (Y) to increase by 0.405 assuming that the other independent variables, namely Price (X2) are constant. Conversely, if it is assumed that the score of the Product variable (X1) decreases by 1, it will cause the Purchasing Decision (Y) to decrease by 0.405, assuming that the other independent variables, namely Price (X2), are constant. This reflects that the better the Product (X1), the higher the Purchasing Decision (Y), and vice versa if the Product (X1) is bad, it will cause the Purchasing Decision (Y) to decrease.

The regression coefficient of the Price variable ( $b_2$ ) is known to be 0.582 which shows the magnitude of the influence of the Price variable (X2) on the Purchasing Decision (Y). The regression coefficient results mean that Price has an influence of 0.582 on Purchasing Decisions, where the effect is positive (unidirectional). This means that if it is assumed that the Price (X2) variable score increases by 1, it will cause the Purchasing Decision (Y) to increase by 0.582, assuming that the other independent variables, namely Product (X1) are constant. Conversely, if it is assumed that the Price (X2) variable score decreases by 1, it will cause the Purchasing Decision (Y) to decrease by 0.582 assuming that the other independent variables, namely Product (X1) are constant. This reflects that the cheaper the Price (X2), the higher the Purchasing Decision (Y), and vice versa if the Price (X2) is expensive, it will cause the Purchasing Decision (Y) to decrease.

## **Discussion**

Based on the results of the analysis, it shows that there is a positive and significant effect of product variables on purchasing decisions at BINTANG Market. These results indicate that the results of a good assessment of products that match the level of consumer desires will encourage consumers to make purchases.

These results indicate that good products influence consumer decisions to buy products at the Alfamart Kebonagung minimarket in Malang. A good product, is branded, has use value, is varied, and has adequate stock availability, will influence consumers to purchase products according to their needs, find out the advantages and disadvantages of products, try new experiences with new product quality, or because they are loyal to one brand.

Price has a significant influence on purchasing decisions. In this case, consumers will choose products at competitive prices and according to their needs. In this study, consumers assess that the prices at BINTANG Market are by the intended market. The results of the analysis indicate a positive and significant influence on purchasing decisions. These results indicate that consumers will purchase products at BINTANG Market minimarkets if the price is suitable for their needs. In addition, providing discounts in certain seasons and discounts for consumers who buy certain products in large quantities also attracts consumers to buy products at BINTANG Market minimarkets.

Based on the data analysis previously described, it can be seen the magnitude of the regression coefficient of each variable. The regression coefficient shows the magnitude of the influence of each independent variable on the dependent variable. Based on the results of multiple linear regression analysis tests, it is known that the variable with the

regression coefficient that has the dominant influence is the product variable with a coefficient value of 0.378.

## **5. CONCLUSION**

Based on the results of the research and discussion, the following conclusions were drawn: 1) For product variables, it can be done by maintaining quality, product stock availability, and increasing product variety because this can provide encouragement for consumers to purchase products at BINTANG Market. 2) For price variables, it can be done by providing discounts on an ongoing basis. 3) For the Adjusted R Square value of 0.395, it means that 39.5% of the Purchasing Decision is determined by the Product and Price variables, while the other 60.5% is caused by other variables not examined, including Service, Location, and Promotion.

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