

PURCHASE DECISION ANALYSIS THROUGH PRICE AND PRODUCT QUALITY

by Edi Rahmat Taufik

Submission date: 10-May-2023 02:29PM (UTC+0700)

Submission ID: 2089304041

File name: PURCHASE_DECISION_ANALYSIS_THROUGH_PRICE_AND.pdf (227.15K)

Word count: 2773

Character count: 15934



PURCHASE DECISION ANALYSIS THROUGH PRICE AND PRODUCT QUALITY

By

Edi Rahmat Taufik

Department of Management, Faculty of Economics and Business, UNTIRTA, Indonesia

Email: ertaufik707@untirta.ac.id

Article Info

Article history:

Received July 11, 2021

Revised August 13, 2021

Received Sept 26, 2021

Keywords:

Price, Product Quality,
Purchase Decision

ABSTRACT

The purpose of this study is to determine the results of the analysis of purchasing decisions through price and product quality. This type of research is quantitative analysis using survey methods and sampling techniques using incidental sampling techniques, where consumers who come to marketing locations fill out questionnaires. The number of samples analyzed was 97 respondents. The data analysis method used is multiple regression analysis, using SPSS software (*statistical package for social science*) version 26.0 as a data analysis tool. The results showed that the price variable had a significant positive effect on purchasing decisions and product quality had a positive and significant effect on purchasing decisions. Furthermore, price and product quality simultaneously have a positive and significant effect on purchasing decisions

This is an open access article under the [CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



Corresponding Author:

Eddie Rahmat Taufik

Department of Management, Faculty of Economics and Business, UNTIRTA, Indonesia

Email: ertaufik707@untirta.ac.id

1. INTRODUCTION

Ownership of a house or residence has become a major need for a person, especially a family, therefore the business in the property sector is very promising. Boekit Serang Damai as a housing developer in Serang City plays a role in providing for the needs of the community. The community's need for housing is extraordinary in line with the population growth which has increased significantly, so that Boekit Serang Damai as a developer is here to help meet the community's needs.

Consumer decisions to buy a product or service generally consider price, product or service quality. Likewise, potential consumers who will buy a house also consider this. Therefore the perception of price and product quality plays an important role in generating potential consumer interest (Mardiasih, 2019).

Purchasing decisions are closely related to feelings and emotions, if someone feels happy and satisfied in appraising goods so that it strengthens buying interest. Consumer purchasing decisions are a very important phenomenon in marketing activities. Purchasing decisions are consumer behavior in determining their choices after according to their interests (Nugroho et al, 2020).

Based on the results of the preliminary survey, it is known that the company's house sales fluctuated from April 2020 to May 2021. One of the causes of these fluctuations is the difference in price and quality policies offered by competing companies or other companies that are both engaged in property field.

Likewise with the Boekit Serang Damai Developers, where price is the main factor in increasing sales, by providing promotional prices to potential customers as a means of increasing sales, but when the promotion is over, prices return to normal and re-enter the competition with housing prices from competing companies. , this is where the company is quite heavy to increase sales volume.

Another important variable that needs to be considered to attract consumer interest to encourage consumer purchasing decisions is product quality. Product quality is determined by its usability, function, durability, reliability, raw materials and so on which underlies the product to have the quality that consumers expect (Silviana and Hutasuhut: 2017). Likewise with the quality of Boekit Serang Damai housing, there are still deficiencies that must be paid more

attention to by the developer. such as walls quickly cracked and others.

Furthermore, based on the phenomenon mentioned above, this variable is very interesting for further research in the hope that business activities in this housing will be more motivating for both developers and potential buyers in making their choices on home buying decisions to meet their needs.

Literature Review and Hypothesis

Price and Product Quality on Purchasing Decisions

Tjiptono and Chandra (2016), argue that price is the amount of money (monetary unit) and/or other aspects (non-monetary) that contain certain utilities or uses needed to obtain a product. Furthermore, it was also stated that prices can affect two factors, namely internal factors and external factors. Kotler and Armstrong (2017) suggest that there are several price indicators, namely affordability, price according to ability or price competitiveness, price compatibility with product quality and price compatibility with benefits.

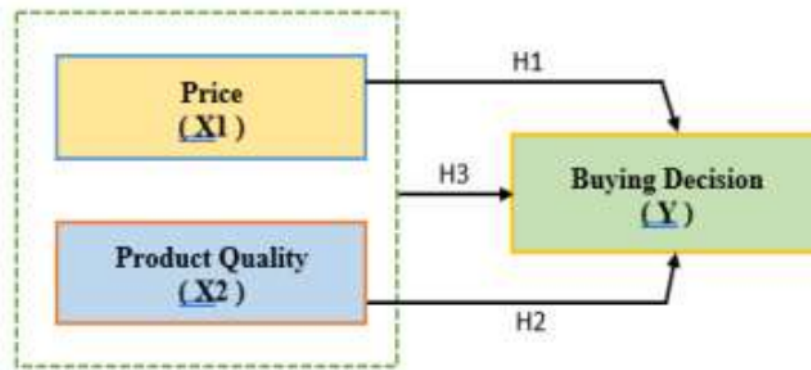
Quality is something that has its own scope which is different from quality in the view of the manufacturer when issuing a product which is known for its true quality. Furthermore, the product is the producer's understanding of something that can be offered as an effort to gain company benefits from fulfilling consumer needs. Kotler and Armstrong (2017) argue that product quality is the characteristic of a product or service that depends on its ability to satisfy customer needs that are denatured or implied. While the product quality indicators themselves according to Tjiptono (2017) are performance, durability, compliance with specifications, features, reliability, aesthetics, quality impressions, and serviceability.

Agustina et al (2018), argued that purchasing decisions are individual activities that are directly involved in making decisions to purchase the products offered by sellers. Purchasing decision indicators according to Kotler and Keller (2018) are product choice, brand choice, dealer choice, purchase amount or quantity, purchase time and payment method.

Research conducted by Nugroho et al, (2020) found that there was an influence on product quality, perceived price and location on purchasing decisions. Furthermore, Mardiasih's research (2019) obtained the results that perceptions of price and product quality have a positive and significant influence on purchasing decisions. For research by Kumala and Anwar (2020), it results that price and product quality affect purchasing decisions.

Next, build a framework based on the literature review and previous research described above as shown in Figure 1.

Figure 1. Thinking Framework



Based on the framework and description of the previous research described above, the research hypothesis is put forward as follows:

- H1: Price has a positive and significant effect on purchasing decisions at Boekit Serang Damai Housing (BSD).
- H2: Product quality has a positive and significant effect on purchasing decisions at Boekit Serang Damai Housing (BSD).
- H3: Price and product quality simultaneously have a positive and significant effect on purchasing decisions at Serang Damai Boekit Housing (BSD) City.



2. RESEARCH METHODS

The type of research used is quantitative research using survey methods, namely research using questionnaires as one of the tools used to obtain data from selected samples as material for analysis of the variables studied both sociologically and psychologically (Sugiyono 2017).

Sampling in this study was incidental sampling, where consumers who came to the Boekit Serang Damai (BSD) marketing office were sampled. The number of samples in this study was 97 respondents. The data collection was carried out for 3 months, from April to June 2020. The source of data analysis in this study was primary data and secondary data. Primary data obtained through distributing questionnaires. Secondary data in the form of sales volume data, price lists, product quality specifications, and other literary sources are obtained from companies and other sources, which are used to analyze problems

problems, forming hypotheses, frameworks and other qualitative analysis.

Furthermore, the data analysis method used in this study is multiple regression analysis with *software* SPSS (*statistical package for social science*) version 26.0. as a data processing tool.

3. RESULT AND DISCUSSION

The results of this study will describe the analysis of statistical test results with multiple linear regression methods to answer the proposed research hypothesis. Statistical test results include: 1. Validity and Reliability test, 2. Classical Assumption test (test for normality, linearity, heroscedasticity test, and multicollinearity test), 3). Multiple Linear Regression Test, 4). Determination Coefficient Test.

1. Validity and Reliability Test

The results of testing the validity and reliability as in table 1,

Table 1. Validity and Reliability Test Results

Validity Test Results				Reliability Test Results			
Price Validity							
Instrument	r count	r table	Is.	Variable	Cronbach alpha	Criteria	Is.
X1.1	0.746	0.204	Valid	X1	0.698	0.60	Reliable
X1.2	0.684	0.204	Valid				
X1.3	0.752	0.204	Valid				
X1.4	0.721	0.204	Valid				
Product Quality Validity							
X2.1	0.600	0.204	Valid	x2	0.835	0.60	Reliable
X2.2	0.857	0.204	Valid				
X2.3	0.515	0.204	Valid				
X2.4	0.772	0.204	Valid				

X2.5	0.573	0.204	Valid				
X2.6	0.869	0.204	Valid				
X2.7	0.540	0.204	Valid				
X2.8	0.773	0.204	Valid				
Purchase Decision Validity							
Y1	0.721	0.204	Valid	AND	0.771	0.60	Reliable
Y2	0.681	0.204	Valid				
Y3	0.702	0.204	Valid				
Y4	0.672	0.204	Valid				
Y5	0.781	0.204	Valid				
Y6	0.544	0.204	Valid				

Source: Primary data, processed in 2021

Based on the results of the data analysis, all items in the variable price, product quality and purchasing decisions are declared valid because the value of r count is greater than the value of t table (0.204). Furthermore, the results of reliability testing on instruments based on value *Cronbach alpha* for all research variables (price, product quality, and purchasing decisions), declared reliable because of the value *cronbach alpha* greater than 0.6, so that research with the variables and items used can be continued.

2. Classical Assumption Test

A. Normality Test

The normality test can be seen in table 2 below:

Table 2. Data Normality Test with Kolmogorov-Smirnov

		Unstandardized Residual
N		94
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,67127402
Most Extreme Differences	Absolute	,070
	Positive	,051
	Negative	-,070
Test Statistic		,070
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source:

Primary data, processed, 2021



The results of the Kolmogorov-Smirnov Unstandardized Residual test can be seen from the Asymp value. Sig. (2-tailed) of $0.200 > 0.05$. This means that the residual data of the research instrument is normally distributed.

B. Linearity Test

The linearity test can be seen in table 3 below:

Table 3. Data Linearity Test with the Glesjer Test

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Stand Error	Beta	t	
Constant	1.434	0.957		1.499	0.137
Price	-0.090	0.058	-0.184	-1.562	0.122
Product Quality	0.039	0.030	0.155	1.316	0.191

a. Dependent Variable: hetero

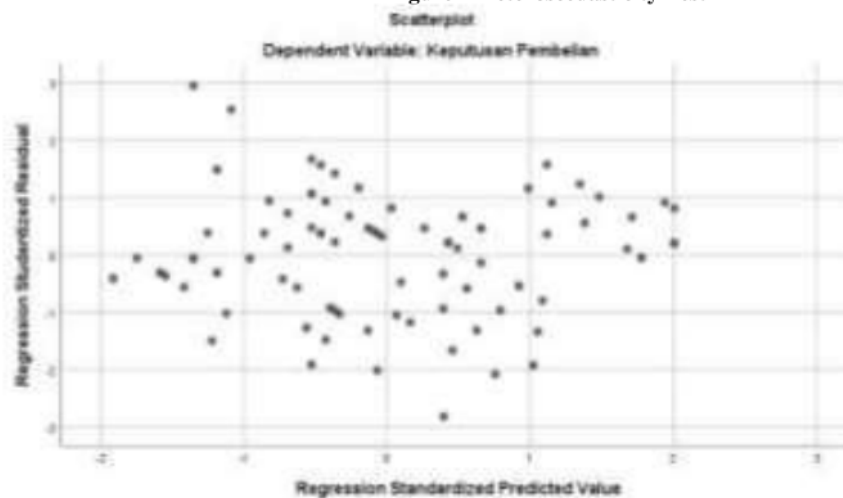
Sumber: Data primer, diolah, 2021

Based on the output in table 3 it is known that the significance value of the price variable is 0.122 and the product quality variable is 0.191, because the value of both variables is greater than 0.05, it is concluded that the regression model used is linear and feasible for further research.

C. Heteroscedasticity Test

The Heteroscedasticity Test can be done by using a picture pattern, which can be seen in Figure 2 below:

Figure 2 Heteroscedasticity Test



Source: Primary data, processed, 2021

It can be seen that the dots spread randomly above and below the number 0 on the Y axis, and do not form a certain pattern or are irregular. This shows that there is no heteroscedasticity in the regression model so that the regression model is feasible to use.

D. Multicollinearity Test

The results of the multicollinearity test in this study can be seen in Table 4

Table 4 Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std Error	Beta	t		Tolerance	VIF
(Constant)	.956	1.562		0.612	0.542		
Price	.587	0.094	0.407	6.215	0.000	.771	1.297
Product Quality	.420	0.049	0.562	8.592	0.000	.771	1.297

a. Dependent Variable: hetero

Source: Primary data processed, 2021

Based on table 4, the VIF value for price and product quality is 1.297 and the tolerance is 0.771 with the test criteria that is if the VIF value is < 10 and the tolerance > 0.05, it can be stated that there is no linear relationship between the independent variables in the regression model, so there is no multicollinearity problem in the regression model.

3. Multiple Linear Regression Test

Table 5. Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std Error	Beta	t		Tolerance	VIF
Constant	0.956	1.562		0.612	0.542		
Price	0.587	0.094	0.407	6.215	0.000	0.771	1.297
Product Quality	0.420	0.049	0.562	8.592	0.000	0.771	1.297

a. Dependent Variable: hetero

Source: Primary data processed, 2021

Based

on the results of data analysis in table 5, the multiple linear regression equation can be explained as follows:

$$\text{Italy} = 0.956 + 0.587X_1 + 0.420X_2$$

Based on the regression equation it can be explained that:

1. The constant value of the purchasing decision variable is 0.956, implying that if the value of price and product quality is 0, then the value of the purchase decision remains 0.956 units.
2. The value of the gradient coefficient (b1) of 0.587 implies that price has a positive influence on purchasing decisions and if the price variable increases by 1 unit and if product quality is considered 0, it will increase the purchasing decision by 0.587 units.
3. The value of the gradient coefficient (b2) of 0.420 means that product quality has a positive influence and if the product quality variable increases by 1 unit and the price value is considered 0, it will increase the purchasing decision by 0.420 units.

4. Coefficient of Determination

To find out the value of the coefficient of determination can be calculated based on the results of the analysis of the values in table 6 below:

Table 6. Test Results for the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.837	0.700	0.693	1.68954

a. Predictors: (Constant), Product Quality, Price

b. Dependent Variable: Buying Decision

Source: Primary data processed, 2021

Based on table 6 as a statistical analysis summary, the coefficient of determination can be formulated as follows:



$$\begin{aligned}KD &= R^2 \times 100\% \\KD &= (0,8372)^2 \times 100\% \\&= 0,700 \times 100\% \\&= 70\%\end{aligned}$$

Based on the results of these calculations, it can be stated that the purchase decision is explained by the variable price and product quality by 70%, while the remaining 30% is explained by other variables not included in this research model, for example the attractiveness of advertising, service and so on.

4. CONCLUSION

Based on the results of the analysis and discussion of this study, the following conclusions can be drawn:

1. There is a positive and significant effect of the price variable on the decision to purchase a house at Boekit Serang Damai Housing (BSD).
2. There is a positive and significant influence of the product quality variable on the decision to purchase a house at Boekit Serang Damai Housing (BSD).
3. There is a positive and significant effect of the price and product quality variables on the decision to purchase a house at Boekit Serang Damai Housing (BSD).

REFERENCES

- [1] Anwar. 2017. The Effect of Perceptions of Price and Product Quality on Consumer Purchase Decisions of Oppo Smartphones at Mandiri Medan Mobile Shops. (Independent Bina Prestasi Polytechnic Scientific Magazine, Volume: 6 No. 2)
- [2] Fandy Tjiptono and Gregory Chandra. 2017. Service, Quality & satisfaction. Yogyakarta: Andi
- [3] Kotler, Philip, and Kevin Lane Keller, 2018. Marketing Management Volume 1, ed. 13, Translation Bob Sabran, MM. Jakarta: Erlangga
- [4] Kotler, Philip, Gary Armstrong; interpreter, Alexander Sindoro. 2017. Fundamentals of Marketing, Ninth Edition, Volume 2. Jakarta: Issuance of PT Index. h. 283
- [5] Kumala, Firza Oktavia Nurul. 2020. The Influence of Price and Product Quality on the Housing Purchase Decision of PT. Hasanah Mulia InvestamA. (Journal of Islamic Economics and Business, Volume 3 Number 2)
- [6] Mardiasih, Point Sri. 2019. The influence of perceived price, product quality, and location on purchasing decisions in the market. (Jurnal Iqtisha Dequity, Vol. 2, No. 1)
- [7] Mardiasih, Point Sri. 2019. The influence of perceived price, product quality, and location on purchasing decisions in the market. (Jurnal Iqtisha Dequity, Vol. 2, No. 1)
- [8] Nugroho, Rikhi Wahyu, Dian Triyani and Graduated Prapti N.S.S. 2020. The effect of product quality, perceived price and location on consumer purchasing decisions for cafe realfians and bistro starch. (Jurnal of Scientific Solusi Magazine, Vol. 18, No. 2)
- [9] Sugiyono, 2015. Quantitative, Qualitative and R&D Research Methods (Bandung: Alfabeta)

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

PURCHASE DECISION ANALYSIS THROUGH PRICE AND PRODUCT QUALITY

ORIGINALITY REPORT

23%

SIMILARITY INDEX

19%

INTERNET SOURCES

9%

PUBLICATIONS

8%

STUDENT PAPERS

MATCH ALL SOURCES (ONLY SELECTED SOURCE PRINTED)

1%

★ repository.radenfatah.ac.id

Internet Source

Exclude quotes On

Exclude matches Off

Exclude bibliography On

PURCHASE DECISION ANALYSIS THROUGH PRICE AND PRODUCT QUALITY

GRADEMARK REPORT

FINAL GRADE

/0

GENERAL COMMENTS

Instructor

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8
