

Effect of Product Quality, Price, and Promotion on Purchase Decisions

Gaeldeba Garaika¹, Nerika Rianda², Dyah Sugandini², and Danang Yudhiantoro²

¹*Sekolah Tinggi Ilmu Ekonomi Trisna Negara, Sumatera Selatan*

²*Universitas Pembangunan Nasional Veteran Yogyakarta*

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Abstract: This study aims to determine the effect of Product Quality, Price, and Promotion on the Purchase Decision of Fragrant Buds. The sampling technique used was purposive sampling with the following criteria: undergraduate students University in Yogyakarta and South Sumatera, with 200 respondents. The analysis technique used is multiple linear regression analysis and hypothesis testing using the F test together (simultaneous) and partial t-test. The results of the analysis show that the variables of Product Quality, Price, and Promotion jointly influence and significantly influence the Decision of Purchasing. Then partially, the three independent variables consisting of Product Quality, Price, and Promotion are the positive and significant effects on the purchase decision.

1 INTRODUCTION

As an agrarian country, Indonesia is blessed with abundant natural wealth, plus Indonesia's position, which is considered very strategic. Starting from the geographical side, Indonesia is located in a tropical area that has high rainfall so that many types of plants can live and grow quickly. In February 2016, the Central Statistics Agency (BPS) recorded 31.74 percent of the workforce in Indonesia or 38.29 million workings in the agricultural sector. In addition to producing spices, Indonesia ranks sixth out of the ten largest tea producing countries in the world. History records the tea-producing plant (*Camellia Sinensis*) first entered Indonesia in 1684, in the form of tea seeds (allegedly tea *sinensis*) from Japan brought by a German national named Andreas Cleyer.

As time goes by, people want to be able to enjoy tea anytime and anywhere. Consumer behavior that follows an instant and practical lifestyle can lead to an interest in bottled tea being one of the choices. This is an opportunity for the tea beverage business, which in the end, comes to a variety of bottled tea drinks offered to the public with various brands and forms of packaging as well as various flavor images. Along with the development of business, the development of the ready-to-drink packaged tea industry in Indonesia is growing rapidly and causing each other to compete

with each other. This is evidenced by the many new brands that appear and are ready to compete with old players.

Many factors affect consumer behavior in purchasing decisions. Swastha (2014: 13), in the most common understanding, a decision is the selection of two or more alternative choices. Consumer decision making is an important aspect of marketing because consumers will make purchases or not based on the decisions they make. The first reason consumers in determining purchasing decisions are the quality/product attributes with a percentage of 98.3% while for product prices 74.2%. This shows that Indonesian consumers not only prioritize product prices but rather prioritize aspects of product quality/attributes as a major factor in determining purchasing decisions. Another factor that can influence purchasing decisions is price. According to Kotler and Armstrong (2011), the notion of price is the amount of money charged for an item or service or the amount of value that consumers exchange for the benefits of owning or using the item or service.

Promotion of one of the important marketing activities for companies with efforts to maintain and increase sales. In the promotion, the company can communicate the product of Tea drink to consumers. The advantages of the Tea drink can be known by consumers and can make consumers interested in trying and then will make a decision to buy.

2 LITERATURE REVIEW

Purchase decision is a consumer decision that is influenced by financial economy, technology, politics, culture, product, price, location, promotion, physical evidence, people and process, so as to form an attitude on consumers to process all information and draw conclusions in the form of responses what products will be purchased (Alma, 2011: 96).

The characteristics of the buyer and the decision-making process give rise to certain purchasing decisions. The task of the marketer is to understand what is happening in the awareness of the buyer, starting from the presence of external stimuli to the emergence of the buyer's purchasing decisions (Lembang, 2010: 14).

2.1 Product Quality, Price, Promotion and Purchasing Decisions

Many factors influence consumer behavior in purchasing decision making. Swastha (2014: 13), in the most common understanding, a decision is the selection of two or more alternative choices. Consumer decision making is an important aspect of marketing because consumers will make purchases or not based on the decisions they make. The first factor that makes consumers in determining purchasing decisions is product quality. According to Kotler and Armstrong (2012: 365), product quality is the main view for consumers before buying a product. Furthermore, other factors that can influence purchasing decisions are pricing. James C. Anderson, James BL Thomson and Finn Wynstra (2000) revealed that price is an important enough consideration for consumers to make a purchase because consumers will compare prices of the product of their choice and then evaluate whether the price is in accordance with the value of the product and the amount of money must be issued by consumers. And the last factor that can influence consumers in making decisions is the holding of promotions. Sutrisna (2013: 172), said the promotion is one of the important marketing activities for companies with efforts to maintain and increase sales.

Based on empirical findings and theories about the above commitments formulated the following hypotheses,

H1: Quality of product, price, and promotion influence of the buying decision

2.2 Product Quality and Purchasing Decision

Product is anything that can be offered to the market to satisfy a desire or need (Kotler and Armstrong, 2008). Kotler and Armstrong (2008) state product quality are one of the most relied upon by a marketer in marketing a product. According to Kotler and Armstrong (2008) states that the better the quality of the product produced will provide an opportunity for consumers to make purchases. With this, if the quality of the product produced is good, then consumers will tend to make purchases.

Based on empirical findings and theories about the above commitments formulated the following hypotheses,

H2: Quality products influence the purchase decision.

2.3 The Price and Purchase Decision

Product is anything that can be offered to the market to satisfy a desire or need (Kotler and Armstrong, 2008). Kotler and Armstrong (2008) state product quality are one of the most relied upon by a marketer in marketing a product. According to Kotler and Armstrong (2008) states that the better the quality of the product produced will provide an opportunity for consumers to make purchases. With this, if the quality of the product produced is good, then consumers will tend to make purchases.

Based on the discussion above, it can be said that product quality is one of the determining factors in purchasing decisions. This is proven by research from InneHanif (2018) and Yulasma (2015), which shows that product quality has an influence on purchasing decisions. Based on empirical findings and theories about the above commitments formulated the following hypotheses,

H3: Price affects the buying decision.

2.4 Promotion and Purchasing Decisions

Relationships Modern marketing is not just about developing good products, setting attractive prices, and making them affordable. The company must also be able to communicate with the parties concerned now to the future and not forget the general public. Every company inevitably has to plunge into the role of communicators and promoters (Kotler and Keller, 2008). According to Swastha and Irawan (2002), promotion is a one-way flow of information or persuasion created to direct a person or organization to actions that create exchanges in marketing. Thus, the role of a product promotion to attract consumers

in making purchasing decisions has an important role, because consumers will be more interested in making a purchase decision when getting an incentive in the form of promotion of the product. Based on empirical findings and theories about the trust the above formulated the following hypotheses,

H4: Promotion effect on the Buying Decision.

3 RESEARCH METHOD

3.1 Population and Sample

The population in this study were all students of the University in Yogyakarta and South Sumatera. The sample used was 200 respondents.

3.2 Test Validity and Reliability

Used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that is measured by the questionnaire. Validity measurement in this study was carried out using the corrected item-total correlation (Ghozali, 2013). Each indicator is declared valid if the correlation between each indicator to the construct score shows a significant result that is <0.05 .

A reliability test is a test to measure a questionnaire, which is an indicator of a variable or constructs. A questionnaire is said to be reliable and reliable if a person's answers to questions are consistent or stable from time to time. A construct or variable is said to be reliable if it characterizes Cronbach alpha > 0.60 (Ghozali, 2013).

3.3 Data Analysis

Method The data obtained will be used to test the hypothesis. The method of testing hypotheses and analyzing data is by using Multiple Linear Regression. The reason for using this method is because the results of this multiple linear analysis are able to identify and explain some significant independent variables to the dependent variable, and are able to explain the linear relationship that may exist between the dependent variables with more than one independent variable.

3.4 Result of Hypothesis

The testing F test is used to test whether the loyalty model is influenced by commitment, trust, conflict, and relationship satisfaction is significant or acceptable (Ghozali, 2002). The F test can be

observed from the significance value F. The t-test shows how far the influence of one independent variable individually in explaining independent variation (Ghozali, 2002). This significance test can be observed from the significance value of each variable. Significance value <0.5 indicates that the effect of variable X on Y is significant.

4 RESULTS

4.1 Test Results Goodness of Fit (R^2)

The coefficient of determination (R^2) of 0.995, or 99.5%, meaning that the model's ability determination Product quality, price, and promotion can only explain 99.5% and a Purchase Decision, the remaining 0.5% is influenced by other variables outside this study.

4.2 Regression Variance Test or F Regression Test or Multiple Regression Test

The results of the F test in Table 4.10 obtained a significance value of $0.000 < 0.05$. The results of this analysis indicate that Product Quality, Price, and Promotion jointly influence the Decision of Purchase of Fragrant shoots of Tea in Students at the university.

4.3 Significance of the Regression Equation

Based on the results of the linear regression analysis obtained by the multiple regression equation as follows:

$$Y = 0.170 + 0.781X_1 + 0.758X_2 + 0.527X_3 + e$$

In the equation above, the constant value is obtained at 0.170, which means that if the scores on Product Quality, Price, Promotion, equal to zero (no change), then the Purchase Decision value is 0.170.

5 DISCUSSION

The purpose of this study is to analyze and test the effect of product quality, price, and promotion on purchasing decisions. The results showed that the product quality, price, and promotion of purchasing decisions significantly.

5.1 Product Quality Relationship

The results of the data analysis show that the effect of company commitment on loyalty is significant. This means that the higher the commitment of the company, the higher the loyalty of partners. This result is indicated by the significance value of 0.04. The effect of company commitment on loyalty is 15.4%. The results of this study support research conducted by Ndubisi (2007), which states that corporate commitment can be aimed at continuously learning to provide customer needs and quality of service will increase customer satisfaction, which in turn will lead companies to create close relationships with their customers.

5.2 Product Quality and Purchasing Decision

The results of this study support research conducted by InneHanif (2018) and Yulasmı (2015), which show that product quality has a positive and significant influence on purchasing decisions. Product is anything that can be offered to the market to satisfy a desire or need (Kotler and Armstrong, 2008). Kotler and Armstrong (2008) state product quality are one of the most relied upon by a marketer in marketing a product. According to Kotler and Armstrong (2008) states that the better the quality of the product produced will provide an opportunity for consumers to make purchases. With this, if the quality of the product produced is good, then consumers will tend to make a purchase.

Based on the discussion above, it can be said that product quality is one of the determining factors in purchasing decisions.

5.3 Price and Purchasing Decision

The results of this study show that the price of a positive and significant influence on the purchase decision. The results of this study support research conducted by Hanif (2018) and Yulasmı (2015), which shows that prices have a positive and significant influence on purchasing decisions.

According to Philip Kotler and Keller (2007: 67), price is one element of the marketing mix that generates revenue, and other elements produce costs. With the price, it makes it easier for consumers to make a purchase decision and based on the price set, and the consumer also determines how much to buy. Thus the role of the price is very important for consumers to make a purchase decision. Based on the discussion above, it can be said that price is also an important factor for consumers in deciding to buy a product.

5.4 Promotions and Purchasing Decisions Relationships

The results of this study indicate that promotion has a positive and significant effect on the Purchase Decision. The results of this study support research conducted by InneHanif (2018) and Yulasmı (2015), which shows that promotion has a positive and significant influence on purchasing decisions. Modern marketing is not just about developing good products, setting attractive prices, and making them affordable. The company must also be able to communicate with the parties concerned now to the future and not forget the general public. Every company inevitably has to plunge into the role of communicators and promoters (Kotler and Keller, 2008). According to Swastha and Irawan (2002), promotion is a one-way flow of information or persuasion created to direct a person or organization to actions that create exchanges in marketing. Thus, the role of a product promotion to attract consumers in making purchasing decisions has an important role, because consumers will be more interested in making a purchase decision when getting an incentive in the form of promotion of the product.

6 CONCLUSIONS

Product Quality, Price, and Promotion jointly influence the Decision of Purchasing Fragrant Buds in Tea Packaging for Students of University in Yogyakarta and South Sumatera University. Product quality has a positive and significant effect on the decision to purchase fragrant shoots of tea in Students of Yogyakarta and South Sumatera University. The price has a positive and significant impact on the Decision of Purchasing Tea on Students of Yogyakarta and South Sumatera University.

The promotion has a positive and significant effect on the decision to purchase fragrant shoots of tea in Students of Yogyakarta and South Sumatera University.

7 SUGGESTIONS

Variables examined are: Product quality, price, and promotion as a whole show good results. However, it can still be improved as product quality is increasingly tight supervision of the quality produced, price is always evaluated in relation to purchasing power and the level of competition and promotion the more intensively carried out with a variety of media

and a variety of ways so that it hits the hearts of consumers.

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