

## Factors Affecting Price and Product Quality on Purchasing Decisions (Case Study at Indomaret Outlet Jln. Industri Branch of Medan)

**Firman Wahyudi Sinaga**

Management Study Program, LMII College of Economics, Jalan Kolam No. 39 Medan Estate, North Sumatra, 20371, Indonesia

E-mail: [firmanwahyudinaga@gmail.com](mailto:firmanwahyudinaga@gmail.com)

### ARTICLE INFO

#### Article history:

Received: 03-10-2020

Revised: 12-11-2020

Accepted: 31-01-2021

#### Keywords:

Product Quality;  
Consumer Decision;  
Price.

### ABSTRACT

This study aims to determine the factors that influence the price and quality of products on purchasing decisions (Case Study at Indomaret Gerai, Jalan Industri Cabang Medan). The results of the study in an Adjust R Square value of 0.500 indicated that the contribution of the influence of price and product quality variables on consumer decisions to shop was 50%, while the remaining 50% was influenced by other variables not included in this research model. The results of research hypothesis testing using partial test (t test) found that the price variable has a significance of (0.000 < 0.05) so there is a positive and significant influence on consumer decisions to shop at Indomaret Gerai Jln. Medan Branch Industry. The product quality variable has a significance of (0.000 < 0.05) so there is a positive and significant effect on product quality on consumer decisions to shop at Indomaret outlets Jln. Medan Branch Industry. Simultaneous test results (Test F) found that the significance value of 0.000 < 0.05, so there is a positive and significant effect of price and product quality simultaneously on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry.

Copyright © 2021 Journal of Management Science (JMAS).

All rights reserved.

## 1. Introduction

The price set or offered by the Indomaret outlet can be reached by all people. It can be said that the prices offered by Indomaret Stores are much cheaper than similar outlets, moreover Indomaret outlets also serve online purchases and home delivery where the prices you get will also be cheaper. In other words, Indomaret outlets provide product variations with price variations as well. But basically, consumers will buy products that can satisfy desires not only in physical form but also the benefits and quality of the product. Price is the only element of the marketing mix that generates revenue, other elements generate costs [2]. Product quality is the ability of a product to carry out its function, including durability, reliability, accuracy, ease of operation and repair, as well as other valuable attributes [2]. The Indomaret outlet really maintains the quality of its products in every product offered, which is like daily necessities, because by maintaining the quality of these products, customers will not switch to other outlets and continue to use the product so that if consumers are satisfied with the price and quality of the products offered by Indomaret outlets. From the background description above, the researcher wants how the price and product quality simultaneously have a positive and significant effect on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry. because by maintaining the quality of the product, customers will not switch to other outlets and continue to use the product so that if consumers are satisfied with the price and quality of products offered by Indomaret outlets. From the background description above, the researcher wants how the price and product quality have a positive and significant effect simultaneously on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry. because by maintaining the quality of the product, customers will not switch to other outlets and continue to use the product so that if consumers are satisfied with the price and quality of products offered by Indomaret outlets. From the background description above, the researcher wants how the price and product quality have a positive and significant effect simultaneously on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry.

## 2. Method

This type of research is quantitative research. This study aims to see how do prices and product quality simultaneously have a positive and significant effect on purchasing decisions at Gerai Indomaret Jln. Medan

Branch Industry. The data instrument test conducted in this study was the validity and reliability test. The analysis used in this research is to use multiple linear regression test along with the classical assumption test. The population in this study were all customers of the Medan branch of Indomaret jln industry. The sample in this study were 100 people. The sampling method used was a random sampling method.

### 3. Results and Analysis

#### a. Data Validity Test

The validity test is used by correlating the total factor score with the total score. If the correlation of each factor ( $r$  count) is positive and the magnitude is 0.360 and above, then the factor is a strong construct so it can be concluded that the instrument has good construction validity.

**Table 1**  
Validity Test Results

Price (X1)	Pearson Correlation	Information
H1	0.410	Valid
H2	0.596	Valid
H3	0.504	Valid
H4	0.535	Valid
H5	0.469	Valid
H6	0.439	Valid
H7	0.378	Valid
H8	0.558	Valid
H9	0.488	Valid
H10	0.315	Valid
H11	0.470	Valid
H12	0.490	Valid
H13	0.511	Valid
H14	0.395	Valid
H15	0.357	Valid
H16	0.569	Valid
Product Quality (X2)	Pearson Correlation	Information
KP1	0.677	Valid
KP2	0.442	Valid
KP3	0.453	Valid
KP4	0.390	Valid
KP5	0.515	Valid
KP6	0.356	Valid
KP7	0.356	Valid
KP8	0.617	Valid
KP9	0.586	Valid
KP10	0.443	Valid
KP11	0.365	Valid
KP12	0.499	Valid
KP13	0.559	Valid
KP14	0.544	Valid
KP15	0.378	Valid
KP16	0.442	Valid
KP17	0.474	Valid
KP18	0.441	Valid
KP19	0.300	Valid
KP20	0.445	Valid
KP21	0.502	Valid
KP22	0.579	Valid
KP23	0.618	Valid
KP24	0.889	Valid
KP25	0.356	Valid
KP26	0.584	Valid
KP27	0.345	Valid
KP28	0.574	Valid
KP29	0.619	Valid
KP30	0.586	Valid
KP31	0.617	Valid
KP32	0.391	Valid
Purchase Decision (Y)	Pearson Correlation	Information
KPK1	0.305	Valid
KPK2	0.623	Valid

KPK3	0.513	Valid
KPK4	0.555	Valid
KPK5	0.650	Valid
KPK6	0.639	Valid
KPK7	0.660	Valid
KPK8	0.551	Valid
KPK9	0.548	Valid
KPK10	0.567	Valid
KPK11	0.595	Valid
KPK12	0.599	Valid
KPK13	0.552	Valid
KPK14	0.732	Valid
KPK15	0.727	Valid
KPK16	0.433	Valid
KPK17	0.642	Valid
KPK18	0.476	Valid
KPK19	0.664	Valid
KPK20	0.704	Valid

Source: Primary data processed, 2020

From the table above the items of the questionnaire, namely the results of the validity test, show that the Pearson correlation value of all variables is greater than 0.3, thus all items of the measurement instrument can be said to be valid.

#### b. Reliability Test Results

The results of reliability testing in the table above indicate that the three variables have a coefficient of alpha ( $\alpha$ ) > 0.6 so that it can be said that the questionnaire compiled is reliable or reliable as a data collection tool in this study.

**Table 2**  
**Reliability Test Results**

Variable	Cronbach Alpha	Decision
Price	0.755	Reliable
Product quality	0.893	Reliable
Buying decision	0.899	Reliable

Source: Primary data processed, 2020

The results of reliability testing in the table above show that the three variables have a coefficient of alpha ( $\alpha$ ) > 0.60 so that it can be said that the questionnaire compiled is reliable or reliable as a data collection tool in this study.

#### c. Simple Linear Regression Test Results

Simple linear regression analysis aims to measure the strength of the relationship between two or more variables, it also shows the direction of the relationship between the dependent variable and the independent variable. This study uses multiple linear regression equations because it has more than one independent variable. Following are the results of data processing using SPSS 22.

**Table 3**  
**Linear Regression Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	13,993	6,905	
Product Quality (X1)	,560	,149	,332
Purchase Decision (X2)	,392	,074	,465

a. Dependent Variable: purchasing decisions

Source: Primary data processed, 2020

From the regression table above, it can be seen that the equation formed is:

$$Y' = 13.993 + 0.560X_1 + 0.392X_2$$

This equation explains that:

- 1) The background variables of product quality and work experience have a positive coefficient of purchase decisions

- 2) The product quality coefficient gives a value of 0.560 which means that if the quality of the product is getting better, the purchasing decision will increase
- 3) The product quality coefficient gives a value of 0.392 which means that if the work experience is better, the purchasing decision will also increase.

**d. Partial Test Result (t test)**

The t test is one of the hypothesis tests in multiple linear regression analysis research, the t test aims to determine whether the independent variable (X) partially affects the dependent variable (Y).

**Table 4**  
T Test Results

Model	Unstandardized Coefficients		Coeffici dized standard	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolera nce	VIF
(Constant)	13,993	6,905		2,027	,045		
Price	,560	,149	,332	3,755	,000	,648	1,543
Product quality	,392	,074	,465	5,271	,000	,648	1,543

a. Dependent Variable: Employee Work Ethic (Y)

Source: Primary data processed, 2020

Ho is accepted: if T is calculated <T table, it means that the price and product quality partially influence the purchasing decision (Case Study at Indomaret Outlet Jln. Industri Branch of Medan).  
Ho is unacceptable: if T is calculated > T table, it means that the price and quality of the product do not partially influence the purchasing decision (Case Study at Indomaret Gerai, Jln. Industri Branch of Medan).

**e. Simultaneous Test Results (Test F)**

**Table 5**  
F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1861,548	2	930,774	50,434	,000b
Residual	1790,162	97	18,455		
Total	3651,710	99			

Data sources were processed in 2020

Based on the results of the f test research, it can be seen that the calculated f value is 50.434 and the significant value is 0.000 which is smaller than 0.05. From these results, it is obtained that Ho is rejected and Ha is accepted, which means that there is a significant effect together of the variable price and product quality on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry, thus the hypothesis in this study is proven.

**f. Coefficient of Determination (R2)**

The coefficient of determination is carried out to test the influence of the variable product quality and work experience (X) on purchasing decisions (Y).

**Table 6**  
Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,714a	,510	,500	4,296

Based on the results of data processing, it can be seen that the R Square (R<sup>2</sup>) value is 0.510. This means that the purchase decision at Gerai Indomaret Jln. The Medan Branch Industry is very much influenced by the price variable, the product quality is 51.0% while the remaining 49.0 %% is influenced by other variables that are not included in the model. These variables can be caused by the influence of economics, processes and people and technology as well as culture or variables caused by the characteristics of the consumers themselves.

#### 4. Conclusion

Based on the results of the analysis and discussion stated in the previous chapter, a conclusion can be given as follows:

- a. This research consists of variable price (X<sub>1</sub>), product quality (X<sub>2</sub>), and purchase decision (Y) (Case Study at Indomaret Gerai Jln. Industri Branch Medan). Where the price variable in this study has a significant value of 0.00 which means that there is an effect of price on purchasing decisions because price is an important instrument for consumers in making purchasing decisions, low prices can be a reference for consumers in buying a product at Gerai Indomaret Jln. Medan Branch Industry
- b. Product quality in this study has a significant value of 0.00, which means that there is an effect of product quality on purchasing decisions at Gerai Indomaret Jln. Medan Branch Industry, because good product quality will be an important instrument in making decisions to make purchases, the higher the quality of a product, the higher consumer demand so that indirectly the company will benefit from being able to create and sell a product. The conclusion in this study is the effect of price and product quality on purchasing decisions (Case Study at Indomaret Gerai Jln. Industri Branch Medan).

#### 5. Reference

- [1] B. Lin and Z. Jia, "What are the main factors affecting carbon price in Emission Trading Scheme? A case study in China," *Science of The Total Environment*, vol. 654, pp. 525–534, Mar. 2019.
- [2] C. A. G. Medina, M. Martinez-Fiestas, M. I. Viedma-del-Jesús, and L. A. Casado Aranda, "The processing of price during purchase decision making: Are there neural differences among prosocial and non-prosocial consumers?," *Journal of Cleaner Production*, vol. 271, p. 122648, Oct. 2020.
- [3] C. Kamrath, S. Bidkar, and S. Bröring, "Is food involvement in purchasing decisions always low? A consumer study from Germany," *PharmaNutrition*, vol. 9, p. 100157, Sep. 2019.
- [4] D. W. Choi, S. Lee, and M. Alcorn, "Influence of culture on purchase decision: Integrative models development of amusement park customers," *International Journal of Hospitality Management*, vol. 87, p. 102502, May 2020.
- [5] Kotler, P. Gary A. (2018) *Marketing Principles Volume 1*, 8th edition, over bahsas Damos Sihombing, Jakarta: Erlangga.
- [6] Kotler, P., Gary A. (2016) *Marketing Management Volume 1*, Jakarta: Ghalia Indonesia.
- [7] Laksana, F. (2018) *Marketing Management: A Practical Approach*, Yogyakarta: Graha Ilmu.
- [8] Lupiyoadi, R. (2016) *Service Marketing Management Theory and Practice*, Jakarta: Salemba Empat.
- [9] M. A. Khoiry, N. M. Tawil, N. Hamzah, A. I. C. Ani, and S. Sood, "Critical Factors Affecting Double Storey Terrace Houses Prices in Bandar Baru Bangi," *Procedia - Social and Behavioral Sciences*, vol. 60, pp. 562–566, Oct. 2012.
- [10] M. Milenković, D. Glavić, and M. Maričić, "Determining factors affecting congestion pricing acceptability," *Transport Policy*, vol. 82, pp. 58–74, Oct. 2019.
- [11] M. Rybaczewska, L. Sparks, and Ł. Sułkowski, "Consumers' purchase decisions and employer image," *Journal of Retailing and Consumer Services*, vol. 55, p. 102123, Jul. 2020.
- [12] N. Hartmann, C. R. Plouffe, P. Kohsuwan, and J. A. Cote, "Salesperson influence tactics and the buying agent purchase decision: Mediating role of buying agent trust of the salesperson and moderating role of buying agent regulatory orientation focus," *Industrial Marketing Management*, vol. 87, pp. 31–46, May 2020.
- [13] N. Kheir and B. A. Portnov, "Economic, demographic and environmental factors affecting urban land prices in the Arab sector in Israel," *Land Use Policy*, vol. 50, pp. 518–527, Jan. 2016.
- [14] Nasution. (2018) *Integrated Quality Management*, Bogor: Ghalia Indonesia.
- [15] Ong, Ian Antonius & Sugiono S, "Analysis of the Effect of Differentiation Strategies, Brand Image, Product Quality, and Prices on Customer Purchasing Decisions at Cincau Station Surabaya", *Journal of Marketing Management*, Vol 1: 2, 2013.
- [16] P. Sklenicka, K. Molnarova, K. C. Pixova, and M. E. Salek, "Factors affecting farmland prices in the Czech Republic," *Land Use Policy*, vol. 30, no. 1, pp. 130–136, Jan. 2013.
- [17] S. K. Sek, "Unveiling the factors of oil versus non-oil sources in affecting the global commodity prices: A combination of threshold and asymmetric modeling approach," *Energy*, vol. 176, pp. 272–280, Jun. 2019.
- [18] Sudiyono. (2015) *Anas Introduction to Educational Statistics*. Jakarta: Raja Grafindo.
- [19] Sugiyono. (2013) *Administrative Research Methods*. Bandung: Alfabeta.



- [20] Sugiyono. (2013) *Quantitative, Qualitative and R & D Research Methods*. Bandung: CV Alfabeta
- [21] Sunyoto, D. (2015) *Retail Business Management: Retail Theory, Practice and Case*, Jakarta: CAPS.
- [22] T. R. Troxel and B. L. Barham, "Phenotypic expression and management factors affecting the selling price of feeder cattle sold at Arkansas livestock auctions," *The Professional Animal Scientist*, vol. 28, no. 1, pp. 64–72, Feb. 2012.
- [23] T. R. Troxel and M. S. Gadberry, "Comparing the factors affecting the selling price of beef calves sold at Arkansas livestock auctions during a declining cattle inventory," *The Professional Animal Scientist*, vol. 29, no. 6, pp. 652–664, Dec. 2013.
- [24] Tan, Erwin R (2017). "The Influence of Price, Promotion and Service Factors on Consumer Decisions to Shop at Alfamart Surabaya", *Journal of Entrepreneurship*, Vol 5 No. 2.
- [25] Tjiptono, F (2011) *Marketing Strategy*, Yogyakarta: Andi Offset.
- [26] X. Wen and T. Siqin, "How do product quality uncertainties affect the sharing economy platforms with risk considerations? A mean-variance analysis," *International Journal of Production Economics*, vol. 224, p. 107544, Jun. 2020.
- [27] Y. Park, D. Goto, K. F. Yang, K. Downton, P. Lecomte, M. Olson, and C. D. Mullins, "A LITERATURE REVIEW OF FACTORS AFFECTING PRICE AND COMPETITION IN THE GLOBAL PHARMACEUTICAL MARKET," *Value in Health*, vol. 19, no. 3, p. A265, May 2016.
- [28] Y. Qian, D. A. Ralescu, and B. Zhang, "The analysis of factors affecting global gold price," *Resources Policy*, vol. 64, p. 101478, Dec. 2019.
- [29] Z. Zhang, P. Wang, and H. Xu, "Executives' preference for integrity and product quality: Evidence from the Chinese food industry," *Economic Modelling*, vol. 90, pp. 374–385, Aug. 2020.
- [30] Z. Zhang, S. Liu, and B. Niu, "Coordination mechanism of dual-channel closed-loop supply chains considering product quality and return," *Journal of Cleaner Production*, vol. 248, p. 119273, Mar. 2020.