

THE INFLUENCE OF PRODUCT QUALITY AND PRICE ON THE CONSUMER PURCHASE DECISION WHICH AFFECTS THE CONSUMER REPURCHASE INTENTION AT PENTOL BONBON COMPANY

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ABSTRACT

In this globalization era, food industry has significantly increased in the last five years. Pentol BonBon is the company which engages in the food sector. The purpose of this research is to examine the influence of the product quality on the decision of consumer purchase, to examine the influence of price on the decision of consumer purchase and to examine the influence of the decision of consumer purchase on the consumer repurchase intention. The population of this study is the consumers of Pentol BonBon and the samples of which have involved 82 consumers using the Slovin's formula. The analytical tool used in this research is SEM (Structural Equation Model) using PLS Smart 2.0 and the research instruments have gone through both validity and reliability tests. The finding shows that the product quality has affected the consumer purchase decision. Furthermore, the finding also indicates the influence of the product price on the consumer purchase decision and the decision of the consumer repurchase intention.

Keywords: Product Quality, Price, The Decision of Consumer Purchase, Consumer Repurchase Intention.

INTRODUCTION

In the current era of globalization, Indonesia experienced an increase in food and beverage sale products in 2008-2015. Surabaya is one of the second largest city in Indonesia after Jakarta. The development of lifestyles in these big cities has changed those of most people. For example, Surabaya people now prefer to eat healthy food which is quite expensive. Pentol BonBon is a company providing the customers with various kinds of food and beverages such as dumplings, tofu and fried. Pentol BonBon PTC has its outlets in Surabaya. Pentol BonBon is different from other bulb sellers in

terms of a product variance and typical peanut sauce. While Pentol BonBon’s income sales tend to fluctuate, bulb sellers in PTC begins to grow. Competitors Pentol BonBon provides its good quality with different kinds of prices. The Pentol BonBon has performed a pilot test/survey to the consumers, the results of which are used to compare with other three bulb competitors.

Table 1. Pilot Test Results for Consumers

	Pentol BonBon (%)	Competitors 1 (%)	Competitors 2 (%)	Competitors 3 (%)	(%)
Flavor	31,12	19,23	15,96	32,69	100
Texture	26,15	24,04	21,15	28,65	100
Aroma	31,92	26,15	19,62	22,31	100
Display	32,5	17,69	16,54	33,27	100
Price	28,65	25,19	27,12	19,04	100

Based on the survey, amalgam BonBon was reported to be superior in price and aroma. Meanwhile the flavor, texture, and appearance Pentol BonBon tend to be lower than any competitor 3. The price, the amount of money or value incurred by consumers as a substitute for the benefits of possession or use of a product or service (Kotler, 2012: 290), and product quality are characteristics of the totality of the features of a product or service related to its ability to meet the needs (Kotler and Keller, 2012: 143).

LITERATURE REVIEW

Consumer behaviors in their purchasing decisions will reflect their response to various marketing stimuli (stimuli) such as shape/ container products (product features), the price, the appeal of the advertisement (advertising appeals), and so forth (Assauri, 2010: 135).



Figure 1. Stages of The Customer Purchase Decision

When making a decision to purchase something, the customers usually perceives their need and thus they are motivated to solve the problem. Then, consumers look for information about their needs and compare different brands of products. Later, the consumers buy products with the brand that suits their needs. After making a purchase, consumers will evaluate their decision to buy the product. If they are satisfied, then they are likely to make some repeated purchases. However, if they are not satisfied, then they will react to the products negatively.

RESEARCH METHODS

This research is quantitative. Using Slovin's formula, the samples of this study were 82 customers who purchased food at the amalgam bonbon company. The primary data represented the indicators of product quality, price, consumers' purchase decisions, and consumers' buying interest. The data were obtained through the distribution of questionnaires which was weighted with Likert scale. Validity and reliability tests were employed using SPSS software, and test data analysis using SEM-PLS and Smart PLS 2.0 M3 software.

FINDINGS

Based on the validity and reliability tests, it is known that the questionnaires distributed to consumers were acceptable. While the results of the validity test show sig value less than 0.05 and hence it is concluded that the question items in the instrument are valid. Moreover, the reliability test also shows Cronbach's alpha value which is greater than 0.6. This proves that the research instrument is considered reliable.

1. Characteristics of Respondents

Table 2. Gender Distribution of Respondents

No.	Gender	Respondents	Percentage (%)
1.	Male	28	34,1
2.	Female	54	65,9
TOTAL		82	100

From Table 2 illustrates that as many as 34.1% of respondents were male and 65.9% of the respondents were female. This shows that the percentage of female consumers in the Pentol BonBon were more numerous than the percentage of male consumers.

2. Age of Respondents

Table 3. Age Distribution of Respondents

No	Age	Respondents	Percentage (%)
1.	20-25 years	11	13,4
2.	26-30 years	24	29,2
3.	31-35 years	26	31,7
4.	36-40 years	18	22
5.	> 40 years	3	3,7
TOTAL		82	100

Table 3 shows that there are 13.4% of respondents in this study aged 20-25 years; 29.2% of respondents aged 26-30 years; 31.7% of respondents aged 31-35 years; 22% of respondents aged 36-40 years, and 3.7% of respondents aged over 40 years. It is concluded that the majority of consumers Pentol BonBon has aged between 31-35 years.

3. Occupation of Respondents

Table 4. Occupation Distribution of Respondents

No	Occupation	Respondents	Percentage (%)
1.	Entrepreneur	30	36,6
2.	Employee	18	22
3.	Housewife	25	30,4
4.	Student	9	11
5.	More	0	0
TOTAL		82	100

Table 4 shows that there are 36.6% of respondents who work as entrepreneur; 22% of respondents as employee; 30.4% of respondents as a housewife; and 11% of respondents as a student. It is concluded that the majority of consumers Pentol BonBon works as entrepreneurs.

EVALUATION MEASUREMENT MODEL (OUTER MODEL)

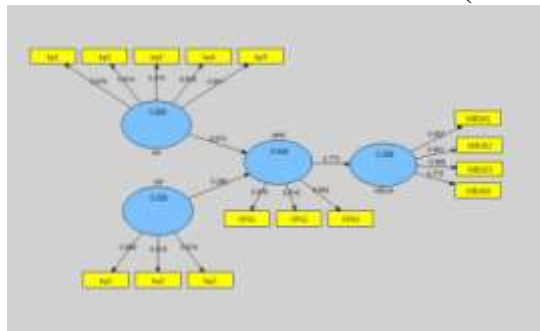


Figure 2. Measurement and Structural Model Partial Least Square (PLS)

1. Validitas Convergent

a. Loading Factor

Table 5. Validity Outer Product Quality Model

<i>Measurement Model</i>	Result		Critical Value	Evaluation Model
Validitas Convergent	<i>Item</i>	<i>Loading Factor</i>	> 0,7	Qualified
	KP ₁	0,875507		
	KP ₂	0,814649		
	KP ₃	0,809541		
	KP ₄	0,825176		
	KP ₅	0,851192		

Based on the validity test of variable quality of the product (KP), it is found that the value of the loading on each indicator has a value which is bigger than 0.7. This shows that the model is qualified.

Table 6. Validity of the Outer Model Product Prices

<i>Measurement Model</i>	Result		Critical Value	Evaluation Model
Validitas Convergent	<i>Item</i>	<i>Loading Factor</i>	> 0,7	Qualified
	HP ₁	0,864618		
	HP ₂	0,819225		
	HP ₃	0,814702		

Based on the validity test of the outer second model performed on the variable price of the product (HP), it is found that the value of the loading on each indicator is bigger than 0.7. This shows that the model is qualified.

Table 7. Outer validity of Consumer Purchasing Decision Model

<i>Measurement Model</i>	Result		Critical Value	Evaluation Model
Validitas Convergent	<i>Item</i>	<i>Loading Factor</i>	> 0,7	Qualified
	KPK ₁	0,875189		
	KPK ₂	0,814731		
	KPK ₃	0,851968		

Based on the validity tests of the outer third model made on consumer purchase decision variables (KPK), it is found that the value of the loading on each indicator is bigger than 0.7. Hence, this is considered qualified.

Table 8. Validity Outer Model Buy Re Consumer Interests

<i>Measurement Model</i>	Result		Critical Value	Evaluation Model
Validitas Convergent	<i>Item</i>	<i>Loading Factor</i>	> 0,7	Qualified
	MBUK ₁	0,857318		
	MBUK ₂	0,880895		
	MBUK ₃	0,857935		
	MBUK ₄	0,771780		

With regard to the validity test of the model's fourth outer carried out at a variable interest in buying the consumer (MBUK), it is found that the value of the loading on each indicator is bigger than 0.7. Then, this indicates that the model is qualified.

b. Average Variance Extracted (AVE)

Table 9. Average Variance Extracted (AVE)

Variable	AVE	Critical Value	Conclusion
KP	0,698193	> 0,5	VALID
HP	0,694144		
KPK	0,718531		
MBUK	0,710667		

AVE value for the four variables above is qualified, the value of which is bigger than 0.5. It is concluded that the data can be declared valid.

c. Communalitiy

Table 10. Communalitiy

Variable	Communalitiy	Critical Value	Conclusion
KP	0,698193	> 0,5	VALID
HP	0,694144		
KPK	0,718531		
MBUK	0,710667		

Value communalitiy of each variable qualified with a value of > 0.5. It is claimed that the data used is valid.

2. Validity Discriminant

Table 11. Cross Loading

	KP	HP	KPK	MBUK
KPK1	0,710227	0,042770	0,79130	0,00054
KPK2	0,037502	0,550000	0,14721	0,50402
KPK3	0,022086	0,040017	0,01000	0,02304
MBUK1	0,011704	0,700770	0,002027	0,7710
MBUK2	0,000430	0,000240	0,000075	0,00000
MBUK3	0,003005	0,001073	0,000000	0,00000
MBUK4	0,000217	0,000000	0,000000	0,00000
Kp1	0,704000	0,000000	0,000000	0,000000
Kp2	0,000000	0,000000	0,000000	0,700000
Kp3	0,000000	0,000000	0,000000	0,000000
Kp4	0,000000	0,000000	0,000000	0,000000
Kp5	0,000000	0,000000	0,000000	0,000000

Table 11 states that the value of cross loading on each indicator is considered qualified (> 0.7). In addition, it can be concluded that each indicator has a value which is greater than that of cross loading when linked with the latent variable. However, it will be smaller when compared with other latent variables. From the explanation above, it can be concluded that the discriminant validity can be said to be valid.

3. Reliability

Table 12. Reliabilitas Cronbach's Alpha

Variable	Cronbach's Alpha	Critical Value	Conclusion
KP	0,891693	>0,6	Reliabel
HP	0,780206		
KPK	0,803921		
MBUK	0,863594		

Table 12 shows that the value of Cronbach's alpha was qualified ie > 0.6. Therefore, the data used have been declared unreliable.

Tabel 13. Composite Reliability

Variabel	Composite Reliability	Critical Value	Conclusion
KP	0,920361	> 0,7	Reliabel
HP	0,871853		
KPK	0,884416		
MBUK	0,907415		

The higher the reliability of composite score, the higher the value the consistency of each indicator in measuring their constructs. Table 13 shows that the reliability of composite value is declared to be ineligible and reliable. As such, it can be concluded that each variable has met the expected reliability.

4. Outer Weight

Table 14. Outer Weight

	Original Sample (R)	Sample Mean (RS)	Standard Deviation (RSD)	Standard Error (STERR)	T Statistics (T1/STERR1)
KP1 <- KPI	0.412426	0.412315	0.023847	0.023847	17.302881
KP2 <- KPI	0.340344	0.340774	0.028271	0.028271	12.054288
KP3 <- KPI	0.402782	0.397745	0.028759	0.028759	13.993938
HP1 <- HPI	0.302017	0.211897	0.024228	0.024228	14.433420
HP2 <- HPI	0.288106	0.268913	0.023651	0.023651	12.643293
HP3 <- HPI	0.314788	0.227907	0.019103	0.019103	16.493484
MBUK <- MBUK	0.209954	0.209964	0.027790	0.027790	8.282128
Kp1 <- HP	0.442980	0.443944	0.036617	0.036617	12.104818
Kp2 <- HP	0.394120	0.394111	0.036351	0.036351	10.849542
Kp3 <- HP	0.391711	0.387234	0.039121	0.039121	9.230487
Kp1 <- KP	0.242918	0.242183	0.027878	0.027878	13.892287
Kp2 <- KP	0.238801	0.234428	0.018380	0.018380	14.413314
Kp3 <- KP	0.221424	0.223674	0.024252	0.024252	9.167896
Kp4 <- KP	0.252389	0.253491	0.021888	0.021888	11.640862
Kp5 <- KP	0.244121	0.243296	0.029442	0.029442	12.887828

Table 14 shows that the t-test (t-statistic) has a value greater than 1.96 so that the data used is otherwise a good and qualified, thus we can conclude an indicator constructs forming variable dimension KP, HP, KPK, and MBUK.

EVALUASI MODEL STRUKTURAL (INNER MODEL)

Table 15. R-Square

Variabel	R-Square	Persentase
KPK	0,644489	64,4489%
MBUK	0,597945	59,7945%

In table 15, the known value of R-square on the Commission amounted to 0.644489 variable which means that the product quality and product prices can influence consumer purchase decisions amounted to 64.4489%. R-square value of 0.597945 in variable interest in buying the consumer means that the consumer purchasing decisions may affect consumer buying interest again at 59.7945%.

Here's inner testing model can be done by looking at the value of Q^2 (predictive relevance):

$$Q^2 = 1 - (1 - 0,644489)(1 - 0,597945)$$

$$Q^2 = 0,857065$$

From the above calculation, it is known that Q-square value is 0.857065. This means that the magnitude of the diversity of the research data that can be explained by the structural model is equal to 85.7065%. Based on these results, the structural model of the research can be said to have good predictive relevance.

Hypothesis Testing

The hypothesis could be accepted if the value of t-test (t-statistic) is greater than 1.96. The model of bootstrapping is to visualize the relationship between the variables:

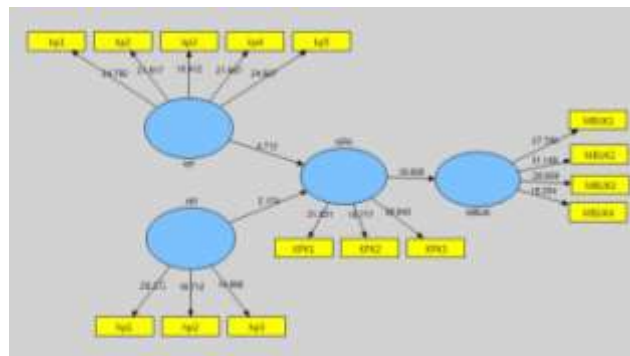


Figure 3. Model Bootstrapping Partial Least Square (PLS)

The following is the results of hypothesis testing as seen in the *path coefficients* table:

Table 16. Path Coefficients (mean, STDEV, T-values)

	Original Sample (B)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (SEB)	T-Statistics (O /STDEV)
HP → KP	0.41123	0.271242	0.110022	0.121022	3.392770
HP → MBUK	0.371224	0.271229	0.110022	0.121022	3.061004
KP → MBUK	0.771229	0.770270	0.002248	0.043248	17.600282

T-count value in the 'HP-Commission', 'KP-Commission', and 'KPK-MBUK' has a value greater than 1.96 so the conclusion is that there is significant influence between

the variables. The coefficient of the estimated effect of the quality of products on consumer purchasing decisions of 0.118905 to 4.815804 t-count of greater than 1.96, it can be concluded that there is significant influence between product quality and consumer purchasing decisions. As such, the first hypothesis in this research can be accepted. The coefficient of the estimated effect of the price of products on consumer purchasing decisions is 0.120820 to 2.202770 where t-count is greater than 1.96. Hence, it can be concluded that product prices significantly influence consumer purchasing decisions. With this result, we can also conclude that the second hypothesis in this research is accepted. The coefficient of the estimated influence purchasing decisions of consumers to purchase interest of the consumer with the t-count is 0.043246 17.880881 which is greater than 1.96. Hence, it can be concluded that there is the consumer purchasing decisions significantly influence the consumer buying interest. Hence, the third hypothesis in this study can be accepted.

DISCUSSION AND CONCLUSION

Based on the analysis and discussion in this study, it could be concluded as follows:

1. Quality of the product (KP) influences consumer purchasing decisions (KPK) in Pentol BonBon Company.
2. The price of the product (HP) influence consumer purchasing decisions (KPK) in the Company Pentol BonBon.
3. Consumer purchasing decisions (KPK) influence the consumer buying interest (MBUK) Based on the findings; the writer then proposes some suggestions.

Suggestion To the Company

1. To apply a standardized recipe specified in the manufacture of products bulb (detail weight per material) so as to make amalgam BonBon have a right flavor. In so doing, the taste also remains (unchanging) the same or in accordance with the standard dose. That will make the Pentol BonBon have a desired level of resistance (durability) longer.
2. Provide general information relevant to Pentol Bonbon consumers and specific information about how the equipment of the Pentol BonBon is used. Provide them with information using digital media. This can enrich the customers with the information about healthy bulb products. This way can be effective in order to convince consumers to buy. Tell them that the products from amalgam Bonbon are healthy products. Show them the slides that show how to manufacture Pentol BonBon. Provides fluid turmeric to provide certainty about the Pentol BonBon not use substances borax.
3. Enforce regular training for stall holders so as to always present products amalgam which has elasticity and enjoyment of the taste of meat that fit the demand of consumers. Furthermore, the guard booth will also be presented in smart ways. Hence, the customers will know BonBon products.
4. Pay attention to product storage so that the durability of the product can be longer. Pay attention to packaging procedures, the compositions of the products in the storage closet, and the composition of the packaged products and the product cooling process. Further, companies pay more attention to bulb packaging design so that consumers can also help the promotion of BonBon products to the buyers. They can bring the packaging BonBon product while taking it.

5. Make a list of products that match the quality of the product so as not to compete because of the cheap price Pentol BonBon has the quality of products favored by consumers. As well as providing variance packaged a more varied menu for the consumer.
6. Innovate in product functionality, ie not only as a folk snacks, but provide more specific functionality to consumers. Build brand image on the product so that consumers feel proud of Pentol BonBon.
7. Put the photos of Pentol BonBon products. These can attract consumers' attention and active promotion via its website and other social media to both paid and not with the aim to introduce the products to potential prospects.
8. Work with several companies engaged in food such as Gojek, foodpanda, and others to distribute products more easily.
9. Make a website as a place to share BonBon product reviews. This can attract new customers to try the amalgam BonBon products.
10. Promote enforce member get member system by offering benefits in the form of vouchers or Pentol BonBon products.

Suggestion To Further Research

1. This study uses research instrument in the form of a questionnaire. The research instrument in the form of interviews or observations will provide more information and specific in future studies.
2. The variables used in this study is the variable quality of the product, the price of the product, the consumer purchase decision, and buying interest re-consumers. Therefore, certain variables can be added in future research to determine other variables whatever influence each other, such as for example the variable promotions, customer satisfaction, word of mouth, trust, and some of the variables that are still associated with some previous research and theoretical basis used in this study.
3. In this study did not test whether the variable and does not include consumer satisfaction as a moderating variable or as an intervening variable, so it is suggested for further research in order variables included consumer satisfaction as an intervening variable / moderating.

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