

Analysis of the Influence of Product Quality, Price Perception and Advertising Appeals on Purchase Decision of Gbumin

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Abstract:- This study attempts to find out the influence of product quality, price perception and advertising appeals on purchase decision of Gbumin. The analysis tool employed in this study is quantitative analysis (test validity and reliability), multiple regression analysis, classical assumption test (multicollinearity and normality), t-test and coefficient of determinant. Population in this study is people who have purchased Gbumin 1 time at minimum at Herbal SAR store, Bekasi. This study selects 100 respondents as samples using purposive sampling technique with the criteria of respondents is people who have purchased Gbumin 1 time at minimum at Herbal SAR store, Bekasi. The analysis result reveals that the product quality, price perception and advertising appeals provides influence towards purchase decision partially (per variable) and simultaneously (all variables). The result of coefficient of determination test shows that the variables of product quality, price perception and advertising appeals provide significant influence towards purchase decision. Based on the table of priority scale, the highest score is found on the variable of product quality, performance dimension. Referring to that result, the suggestions that may be drawn is to find out the good quality of snakehead fish such as weight, age and diet, each fish shipped to the lab must be tested first to know if it fulfills the standards required by the company and observe production process to prevent contamination with other substances.

Keywords:- Product Quality, Price Perception, Advertising Appeals, Purchase Decision.

I. INTRODUCTION

The current condition of business competition reveals tight struggles, which may be seen from the increasingly various brands of one type of product offered to consumers. Such competition may be seen if one product or service is high in demand in market. In later stage, there will be competition for sales from other companies. This fierce competition compels the business owners to compete in promoting their products using many strategies to maximize sales. In achieving their purposes, companies sometimes encounter obstacles. The most common obstacles faced by companies is in the form of competition from other companies having the same core business. CV. Vermindo International is one of

herbal medicine companies that always strives to increase its customer satisfaction through improving the quality of its products. Increasing society awareness on the quality of medicine they consume will drive even more fierce competition. This may be seen from the sales of Gbumin with its competitors' products.

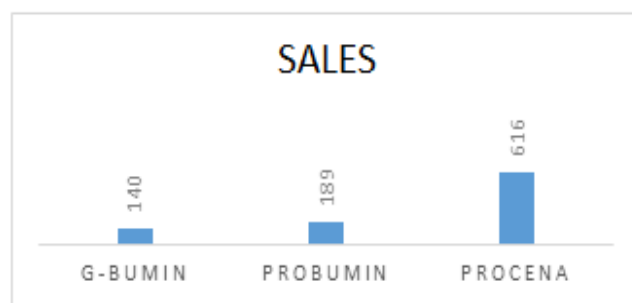


Chart 1:- Comparison Data of G-Bumin Sales with its Competitors
Source: Various

From chart 1, it may be seen that Gbumin sales is still less than its competitors' sales. Additionally, seeing from its market shared, gbumin sales is also under its competitors.

II. THEORITICAL FRAMEWORK

A. Definition of Product Quality

Good quality product is one of most crucial requirements for a company to gain product competitiveness in market. Kotler and Armstrong (2015:253) defines product quality as: Product quality is characteristics of a product or service bear on its ability to satisfy stated or implied customer needs. This encourages CV. Vermindo International always strives to provide good quality, hygienic, and nutritious herbal medicine. According to Mowen (2012:61), product quality is a thorough evaluation process towards customers for performance or product improvement. Product quality provides appeals to customers in maintaining good relationship with the providing companies. This mutual relationship between companies and consumers will open opportunities to explore and comprehend the needs and expectations in consumers' perception.

B. Definition of Price and Price Perception

Tjiptono (2016: 218) argues that price is the only element of promotional mix which generate income or revenue to companies. Xia et al in Lee and Lawson –Body (2011:p.523) points out that price perception is consumer ratings and associated emotional forms of whether the price offered by the seller and the price compared to others is logical, acceptable or justifiable.

C. Advertising Appeals

Definition of advertising appeals is delivery of message about a product using various approaches in order to attract consumers. Kotler (2002) states that Advertising Appeals is any form of non-personal presentations and advertising appeals of ideas, products and services by certain sponsors which require purchase.

Tjiptono (2008:225) argues that: “Advertisement is one of advertising appeals which companies use the most in promoting their products.

D. Purchase Decision

Kotler and Armstrong (2008:226) points out that purchase decision is a stage in the process of making a decision to purchase where consumers have really purchased a product. While Scifman and Kanuk (2010) defines decision as an action of two or more alternative options, a consumer who is about to select an option then he must have alternative options

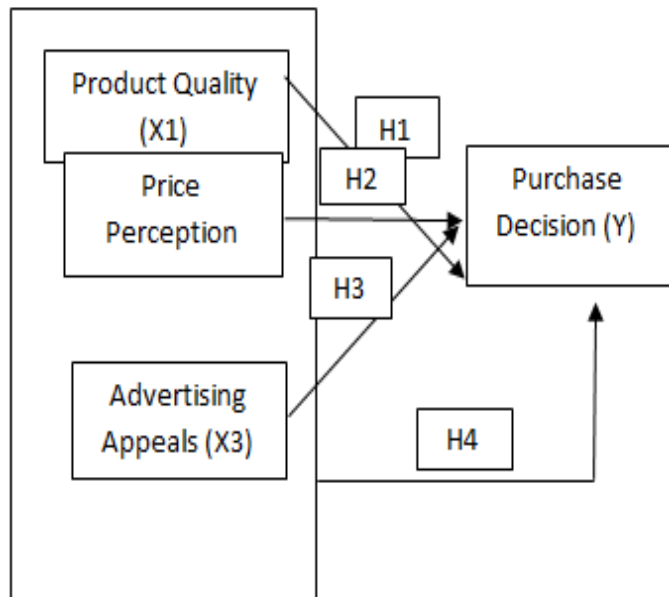


Fig 1:- Conceptual Framework

E. Hypothesis:

Based on the developed conceptual framework above, several hypotheses are formulated as follows:

1. Hypothesis (H1): Product quality provides significant influence towards purchase decision.
2. Hypothesis (H2): Price perception provides significant influence towards purchase decision.
3. Hypothesis (H3): Advertising Appeals provides significant influence towards purchase decision.
4. Hypothesis (H4): Product quality, price perception and advertising appeals provides simultaneous influence towards purchase decision.

F. Operational Variables

Operationalization of Variables aims to measure the extent of variables of a factor may be related to other factors. Measuring one variable to another variable is through testing hypothesis using an instrument of questionnaire containing questions representing dimensions of those variables and employing Likert scale. The operational variables used in this study is detailed in table 1.

| Variable | Dimension |
|-------------------------------------------------|------------------------------------------------------------------|
| Product Quality (X1) (Mowen & Minor 2012) | Performance (X1.1) |
| | Safety (X1.2) |
| Price Perception (X2) (Kotler & Armstrong 2001) | Pricing (X2.1) |
| | Price comparison with Competitors (Price Competitiveness) (X2.2) |
| Advertising Appeals (X3) (Riyanto 2008) | Meaningful (X3.1) |
| | Trustworthy (X3.2) |
| Purchase Decision (Y) (Kotler 2005) | Information Search (Y1.1) |
| | Evaluating Alternatives (Y2.2) |

Table 1:- Operational Variables

III. RESEARCH METHODOLOGY

A. Population and Sample

Population in this study is taken from consumers who have purchased Gbumin product 1 time at minimum at herbal medicine store SAR cinta jamu Bekasi during the period of December 2018 – April 2019. Sampling technique used in this study is purposive sampling, where the researcher created her own considerations in purposely selecting population members who are deemed to be able to provide relevant information (Sugiyono, 2001) with samples amounted to 100 respondents.

B. Data Analysis Method

This study employs multiple linear analysis method. According to Situmorang (2017:223), multiple linear regression is intended to determine linear correlation among several independent variables which are commonly known as X1, X2, X3, and so on with dependent variables called Y.

IV. RESULT OF STUDY

A. Respondent Characteristics

From questionnaire result distributed to 100 respondents, who are consumers who have purchased Gbumin product 1 time at minimum at herbal medicine store SAR cinta jamu, respondents characteristics/profiles related to gender, age and income per month may be obtained, as explained in Table 2.

| Criteria | Characteristics | Percentage |
|------------------|----------------------------|------------|
| Gender | Male | 44% |
| | Female | 56% |
| Age | 18 – 25 years old | 12% |
| | 25-30 years old | 18% |
| | 30-35 years old | 37% |
| | 35-40 years old | 22% |
| | >40 years old | 11% |
| Income per Month | Less than 1 million Rupiah | 0 |
| | 1-2 million Rupiah | 9% |
| | 2-3 million Rupiah | 65% |
| | >3 million Rupiah | 26% |

Table 2:- Source: Primary data process, Year 2019

B. Test Validity

Test validity is conducted to measure the validity of each instrument in a variable which comprises product quality, price, advertising appeals, and purchase decision. The value of this test is 0.195 with DF= n-1 and level of significance 0.05 (5%). An instrument is declared to be valid if the value of

| Model | Unstandardized Coefficient | | Standardized Coefficient | t | Sig |
|---------------------|----------------------------|-----------|--------------------------|---------------------------|---------------|
| | B | Std.Error | | | |
| Constant | 8.740 | 1.432 | | 6.101 | 0.000 |
| Product Quality | 0.369 | 0.44 | 0.570 | 8.340 | 0.000 |
| Price Perception | 0.285 | 0.60 | 0.293 | 4.733 | 0.000 |
| Advertising Appeals | 0.188 | 0.60 | 0.218 | 3.161 | 0.002 |
| Model | Sun of Square | Df | Mean Square | F | Sig |
| | | | | 58.728 | 0.000 |
| Model | R | R Square | Adjusted R Square | Std.Error Of the Estimate | Durbin-Watson |
| | | 0.647 | | | |

Table 4:- Result of Multiple Linear Analysis

Source: Primary data processed, Year 2019

Calculation of multiple linear regression to predict the extent of dependent variables towards independent variables. The regression equation is formulated in the following:

$$Y = 8.740 + 0.369 X1 + 0.285X2 + 0.188X3$$

From the above table, it may be interpreted that:

1. Product quality variable (X1) provides enhanced influence on purchase decision, found on Unstandardized Coefficient (Beta) value which is 0.369 or 36.9 %.

coefficient of correlation obtained is higher than r-critical value.

C. Test Reliability

Reliability is an index used to see how dependable or reliable the measurement tools used. To determine whether the tools are reliable or not, coefficient or reliability is observed. The coefficient score ranges from 0 to 1. The closer the score to the value of 1, the more reliable the score will be. The measurement to declare reliability occurs when Cronbach’s Alpha is higher than 0.6. Test reliability in this study may be seen in Table 3 below:

| Variable | Cronbach’s Alpha | Test Result |
|---------------------|------------------|-------------|
| Product Quality | 0.677 | Reliable |
| Price Perception | 0.695 | Reliable |
| Advertising Appeals | 0.680 | Reliable |
| Purchase Decision | 0.643 | Reliable |

Table 3:- Result of Test Reliability

Source: Primary data processed, Year 2019

D. Multiple Linear Analysis

This section presents the statistical result concerning the influence of product quality, price and advertising appeals towards purchase decision of Gbumin product and the result is computer-processed using SPSS with multiple linear regression analysis partially and simultaneously.

2. Price Perception (X2) provides influence towards purchase decision, found on Unstandardized Coefficient (Beta) which is 0.285 or 28.5%.
3. Advertising Appeals (X3) provides influence towards purchase decision, found on Unstandardized Coefficient (Beta) value which is 0.188 or 18.8%.

Test simultaneity (f-test) reveals that F_{count} is obtained at 58.728 while the above calculation shows that $F_{count} > F_{Table}$, with H_0 is rejected and H_a is accepted, therefore it may be said that the variables of product quality, price

perception and advertising appeals provides simultaneous significant influence towards purchase decision of Gbumin (Y). The above description thus concludes that the second hypothesis is accepted, which argues that product quality, price perception and advertising appeals provides simultaneous influence towards purchase decision of Gbumin product.

R-square value is obtained at 0.647. This reveals the influence of variable of product quality, price perception and advertising appeals towards purchase decision of Gbumin is 64.7%.

E. Hypothesis Testing

❖ The First Hypothesis Testing (t-test)

- H1: The influence of variable of product quality (X_1) towards purchase decision (Y), the result of partial calculation reveals that at the level of significance 5% ($\alpha = 0.05$) with the level of confidence 95% obtains value of Table at 1.980. Statistical testing generates t-value of 8.340 because $t_{\text{count}} > t_{\text{Table}}$ (8.340 > 1.980) then it may be said that product quality variable (X_1) provides partial significant influence towards purchase of decision.
- H2: The influence of variable of price perception (X_2) towards purchase decision (Y), the partial calculation indicates that at level of significance 5% ($\alpha = 0.05$) with level of confidence 95% obtains the value of Table of 1.980. Statistical testing obtains the value of t-count of 4.733 because the value of $t_{\text{count}} > t_{\text{Table}}$ (4.733 < 1.980) then it may be interpreted that the variable of price perception (X_2) provides partial significant influence towards purchase decision.
- H3: The influence of variable of advertising appeals (X_3) towards purchase decision (Y), the result of partial calculation reveals that at level of significance 5% ($\alpha = 0.05$) with level of confidence 95% obtains the value of Table of 1.980. Statistical testing reveals the value of t-count of 3.161, due to $t_{\text{count}} > t_{\text{Table}}$ (3.161 > 1.980) then it may be said that variable of advertising appeals (X_3) provides partial significant influence towards purchase decision.

❖ The Second Hypothesis Testing (F-Test)

In order to know whether independent variables provides simultaneous influence towards dependent variables or not, F-test is conducted through comparing F_{count} and F_{Table} at level of significance 5% ($\alpha = 0.05$) or comparison of F-significant value. If $F_{\text{count}} > F_{\text{Table}}$ or Sig.F value < 0.05 means H_0 is rejected, on the contrary if $F_{\text{count}} < F_{\text{Table}}$ or Sig.F value > 0.05 means H_0 is accepted.

The result of multiple regression analysis using $Df_1 = 3$ and $Df_2 = 96$ on alpha of 5%, F_{Table} of 2.479 is obtained while F count is generated 58.728 thus from the calculation result it is known that $F_{\text{count}} > F_{\text{Table}}$, therefore H_0 is rejected and H_a is accepted, which concludes that variables of product quality, price perception and advertising appeals simultaneously provides significant influence towards purchase decision of Gbumin (Y). From the explanation above, it confirmed that the second hypothesis is accepted, which mentions that product quality, price perception and advertising appeals provides simultaneous influence towards purchase decision of Gbumin product.

V. CONCLUSIONS AND SUGGESTIONS

Referring from the discussion and result of this study, several conclusions may be drawn as follows:

1. Product quality provides positive and significant influence towards purchase decision, which means improvement on product quality will lead to rising purchase decision.
2. Price perception provides positive and significant influence towards purchase decision, which means better price perception will result in rising purchase decision.
3. Advertising appeals provides positive and significant influence towards purchase decision, which means the more attractive advertising appeals created will lead to rising purchase decision.
4. Product quality, price perception and advertising appeals simultaneously provides positive and significant influence towards purchase decision. The analysis result reveals that improvement or changes in product quality, price perception and advertising appeals will lead to enhance purchase decision.

SUGGESTIONS

1. The result of the study indicates that inter-dimensional correlation matrix shows that in variable of product quality (X_1) with Performance dimension ($X_{1.1}$) towards purchase decision obtains value of 0.962. It is expected that companies take more consideration on product quality through: Finding good quality of snakehead fish, with each fish shipped to the lab must be tested first, observing production process to prevent contamination with other products.
2. Variable of price perception (X_2) with price competitiveness ($X_{2.2}$) towards purchase decision with value of 0.992. It is expected that companies take more consideration on price perception through: paying more attention to the conditions in the existing market competition, monitoring price competition continually.
3. Variable of advertising appeals on Meaningful dimension ($X_{3.1}$) towards purchase decision with value of 0.988. Companies are expected to design more innovative,

creative and attractive advertisement in order to convey clearer message in promoting their products.

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