

# The Relationship of Product Quality and Discount toward Purchasing Decisions on Manufacturing Brand Startup

## The Case in Jabodetabek

Faisal Riza<sup>1</sup>, Aldo Abdillah Harsono<sup>2</sup>  
Student of Magister Management, Perbanas Institute  
Jakarta, Indonesia

**Abstract:-** This study aims to examine and analyze the effect of product quality and discounts on purchasing decision of Manufacturing Brand Startup in Jakarta both partially and simultaneously. This statistic parametric study adopted method that use a multiple linear regression in which the data processed by IBM SPSS statistic v23.0 tools. The number sample was 113 buyers as respondents. The instruments used in the form of a structured questionnaire with Likert scale was used to collect data which consisted of xx questions arranged based on indicator and dimensions derived from each variable. The result show that quality of product and discounts positively influenced purchasing decision both partially and simultaneously. Those were proven with the result of significance analysis. It means if product quality and discounts are increased it will result in high purchasing decision.

**Keywords:-** Product Quality, Discounts, Purchasing Decision.

### I. INTRODUCTION

In the fashion industry is one of the creative industries that has made a major contribution to Indonesia. According to the industry creative and statistic of Indonesia in 2017 [1] creative economy in Indonesia is dominated by 3 sub-sectors namely culinary with a contribution of 41.69%, fashion of 18.15%, and crafts of 15.70%. By looking at the development of fashion in the creative industry sector, it can be concluded that business opportunities in this industry are very promising.

Leather can be processed into, wallets, belts, shoes, gloves, bags and others. Almost everyone must have used or seen the skin as a fashion material [2]. One of the creative industries, especially in the fashion industry is leather crafts. Business growth in the areas of leather, leather goods and footwear in Indonesia increased to 7.74% and investment value of 22.8 trillion [3].

With this condition, the company requires to prepare the right strategy so that it has a competitive advantage to be able to compete with other companies. Manufacturing industry must know the aspects that make consumers decide to buy a product. In the competition, the company's ability to meet customer needs is very important. The company's ability to meet customer needs itself is greatly influenced by

the level of quality provided by the company to customers, namely product quality [4].

This circumstances drives manufacturing industry to be more competitive, creative, and reactive to rapid changes. Strategy that must be done by a company or industry in order to gain success in the competition is trying to maintain and create and retain their customers. To get to this purpose, each company should strive to produce and deliver goods or services desired by the consumer at a reasonable price behavior [5].

### II. THEORITICAL REVIEW

#### A. Product Quality

The definition of product of quality is an understanding that the product offered by the seller has more selling value that is not owned by competitors' products, therefore the company tries to focus on product quality and compare it with products offered by competing companies [6]. However, a product with the best appearance or even with a better appearance is not the highest quality product if the appearance is not what is needed and desired by the market. Companies must be able to recognize what the needs and expectations of consumers today and in the future.

#### B. Discount

Discounts are a direct reduction in price for purchase over a certain period of time [7]. The discounted strategy to the seller is a strategy by giving a discounted price from a fixed price in order to increase sales of a product or service. Discounts are a weapon strong enough to increase sales [8].

#### C. Purchasing Decision

Purchasing decisions are the final decisions of consumers in buying products that are formed from a series of stages of pre-purchase behavioral activities [9]. Differences in the concept of buying interest and purchasing decisions, namely consumers are not always able to actualize the final purchase even though they want to buy the product due to several factors such as financial weakness, difficulty access to where to buy the product, and lack of skills to compare various alternatives [10].

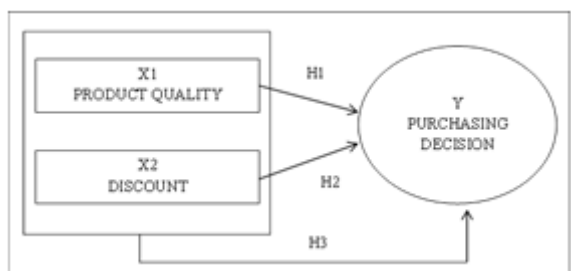


Fig 1:- Research Framework

Based on the study of theories and frameworks, further research hypothesis as a temporary answer to the problem of the study as follows:

H1: Product quality has a positive and significant effect on purchasing decision.

H2: Discount has a positive and significant effect on purchasing decision.

H3: Product quality and discount silmutaneously have a positive and significant effect on purchasing decision.

**III. RESEARCH METHOD**

The approach in this research is quantitative approach. Quantitative research is research that concentrates

in testing theories through research variables in the form of numbers, and then conducts data analysis by statistical processes both manually and by using computer software. In quantitative research, theories or theoretical paradigms are used to guide researchers to find research problems, hypotheses, concept, methodologies and data analysis tools.

**A. Validity Test**

Validity test is done by using a confidence level of 95%. Below is a table of validity test results using the corrected item – total correlation number. The corrected item-total correlation has a minimum limit of 0.3. 30 respondents were tested at the Jabodetabek to determine the level of validity of the questionnaire. The number of questions 37 questions from three variables namely, Product Quality = PD (X1), Discounts = DC (X2), Purchasing Decision = PD (Y). The value of r arithmetic is the result of the correlation of respondents' answers to each question using the SPSS version 23.0. if it equals or exceeds this minimum number then the question is valid for use in this study, as seen in the table below all indicators have numbers above the minimum limit and are valid. Following are the results of the research validity test:

Variable X1			Variable X2			Variable Y		
Indicator	Corrected Item– Total Correlation	Result	Indicator	Corrected Item– Total Correlation	Result	Indicator	Corrected Item– Total Correlation	Result
PQ1	0,663	Valid	DC1	0,745	Valid	PD1	0,535	Valid
PQ2	0,703	Valid	DC2	0,672	Valid	PD2	0,721	Valid
PQ3	0,592	Valid	DC3	0,756	Valid	PD3	0,788	Valid
PQ4	0,706	Valid	DC4	0,728	Valid	PD4	0,703	Valid
PQ5	0,691	Valid	DC5	0,776	Valid	PD5	0,782	Valid
PQ6	0,676	Valid	DC6	0,7	Valid	PD6	0,777	Valid
PQ7	0,789	Valid	DC7	0,747	Valid	PD7	0,747	Valid
PQ8	0,701	Valid	DC8	0,763	Valid	PD8	0,65	Valid
PQ9	0,709	Valid	DC9	0,76	Valid	PD9	0,808	Valid
PQ10	0,753	Valid	DC10	0,435	Valid	PD10	0,768	Valid
PQ11	0,767	Valid				PD11	0,74	Valid
PQ12	0,721	Valid						
PQ13	0,558	Valid						
PQ14	0,618	Valid						
PQ15	0,576	Valid						
PQ16	0,676	Valid						

Table 1:- Validity Test Result

**B. Reliability Test**

In this study using Cronbach’s Alpha method with a reliable measurement scale criteria above 0.07. Instrument reliability test shows the consistency of an instrument, if an instrument is used twice or more to measure the same symptoms and the measurement results obtained are relatively consistent, then the tool is said to be reliable. In other words, reliability shows the consistency of a measuring device within the same symptom measure. Following are the results of the research reliability test:

Variable	Cronbach's Alpha	N of Items	Result
Product Quality	0,938	16	Reliable
Discounts	0,922	10	Reliable
Purchase Decisor	0,933	11	Reliable

Table 2:- Reliability Test Result

**C. Classic Assumption Test**

Normality test aims to test whether the dependent variable regression model with independent variables both have a normal distribution. Normality test is a requirement that must be fulfilled before testing a hypothesis. The normality test below uses the P-P plot method.

By using a plot graph or normal probability plot, the distribution of normal or not data distribution can be done by looking at the points that are spread around the diagonal line. If the points approach the diagonal line then the data can be declared normally distributed. From the graph test results or normal probability plot in Figure 2. it can be seen that the scattered points approach diagonal lines, therefore it can be concluded that the data has been quite normally distributed.

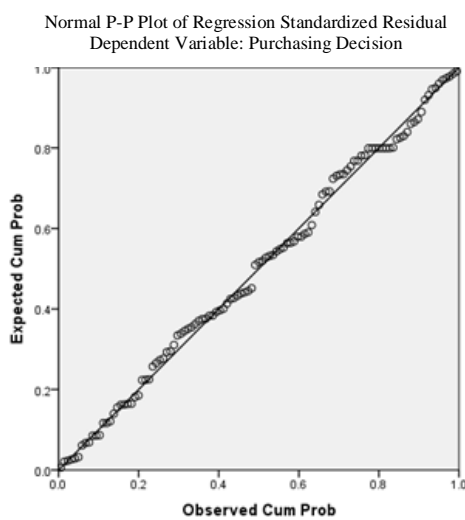


Fig 2:- P-Plot Chart Normality Test Result

**D. Heteroscedasticity Test**

In figure below, the Scatterplot Graph above can be concluded that heteroscedasticity does not occur. Because most of the data gathered between numbers from -2 to 2. The classical assumptions about heteroscedasticity in this model are fulfilled, which is free from heteroscedasticity.

**F. Hypotheses Test**

➤ *t Test*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig,
	B	Std. Error	Beta		
1 (Constant)	1,535	0,551		2,786	0,006**
PQ	0,426	0,133	0,302	3,215	0,002**
DC	0,17	0,085	0,188	2,003	0,048*

Table 4:- t Test Result

In the table above it can be concluded that: partial regression analysis of product quality on purchasing decisions obtained t count of 3.215. It means  $3,215 > 1,960$ , H1 is accepted. Partial regression analysis of the purchase decision obtained t count of 2.003. It means  $2,003 > 1,960$ , then H2 is accepted.

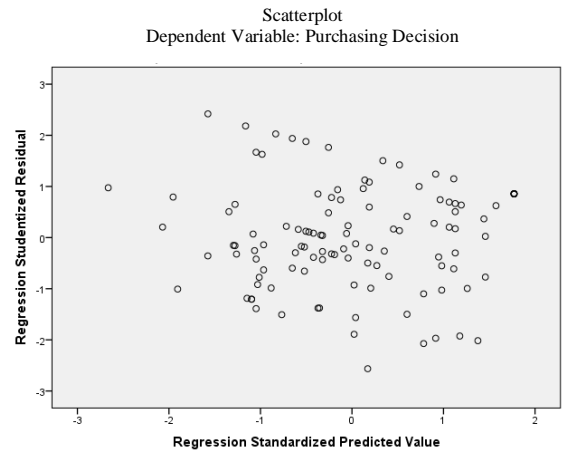


Fig 3:- Heteroscedasticity Test Result

**E. Multicollinearity Test**

Model	Collinearity Statistics	Collinearity Statistics	
		Tolerance	VIF
1 (Constant)			
PQ		0,853	1,172
DC		0,853	1,172

Table 3:- Multicollinearity Test Result

In the table above, it can be seen that the tolerance value for Product Quality and Discount is 0.853. So the tolerance value of KP and DS is greater than 0.10. While the VIF value of Product Quality and Discounts respectively amounted to 1,172. So that the PQ and DC VIF values are smaller than 10. This shows that there is no multicollinearity in the regression model. Thus the assumption of non multicollinearity in the regression model has been fulfilled.

discount has a  $t < 0.05$ . Then the conclusion that can be taken is  $H_2$  is accepted.

Thus, partial regression analysis on both variables can be converted into the formula:

$$Y = B_0 + B_1X_1 + B_2X_2$$

$$MPA = 1,535 + 0,426 (KP) + 0,170 (DS)$$

Regression equation  $Y = 1,535 + 0,462 X_1 + 0,170 X_2$  illustrates that the independent variable product quality  $X_1$ , discount ( $X_2$ ), in the regression model can be stated if one independent variable changes by 1 (one) and other constants, then the dependent variable changes (dependent) Purchase decision ( $Y$ ) equals the coefficient value ( $B_0$ ) of the value of the independent variable. The constant ( $\alpha$ ) of 1.535 gives the sense that if the quality of the product ( $X_1$ ), discount ( $X_2$ ), simultaneously the possibility of consumers to decide on a purchase will also increase by 0.170 times, with the product quality variable being considered constant.

➤ *R<sup>2</sup> Test*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,413	0,170	0,155	0,576

Table 5:- Coefficient of Determination Test

R is the correlation coefficient. Namely the closeness of the relationship between the independent variable with the dependent variable. The magnitude of R in this study was 0.413. That is, the level of relationship between product quality and discount together with purchasing decisions is moderate. R Square is the coefficient of determination or square of R. The amount of R Square in this study is 0.170. That is, the magnitude of the effect of product quality and discount variables together on purchasing decisions is 17%, while other factors outside the independent variable are 83% and this is not explained further in this study. Adjusted R Square is the adjusted R<sup>2</sup> value. This size means the same as R square, it's just that the adjusted R square value is more stable because it has been adjusted to the number of independent variables. Then the contribution of product quality and discounts can explain the purchase decision of 15.5%. Std. Error of the Estimation is a standard error measure of estimation.

➤ *F Test*

**ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7,481	2	3,740	11,293	0,000***
1 Residual	36,432	110	0,331		
Total	43,913	112			

Table 6:- Result of T Test

It can be seen that the Sig number in the ANOVA Table is 0.000. This value is smaller than the set rate of 0.05. From that point, based on the test criteria, it can be concluded that the variable of quality product and discount together influence to the purchasing decision.

**IV. DISCUSSION**

Hypotheses		Result
H1	Product quality has a positive and significant effect on purchasing decision.	Accepted
H2	Discount has a positive and significant effect on purchasing decision.	Accepted
H3	Product quality and discount silmutaneously have a positive and significant effect on purchasing decision.	Accepted

Table 7:- Research Hypotheses Result

*A. Effect of Product Quality on Purchasing Decision*

Based on the results of data analysis that has been obtained, it can be concluded that  $H_1$  is accepted, namely the quality of the product has a positive effect on purchasing decision. The positive influence can be seen from the quality of the products which contributed 14% in influencing the purchase decision. While the other 86% is influenced by other factors apart from product quality. The influence given by the product quality variable on purchasing decisions was also concluded to have a significant positive criterion. This can be seen in the significance value on the results of the regression test, which is shown by the significance value of 0,000. This means that the quality of products owned by the Manufacturing Brand Startup is able to positively influence purchasing decisions.

The magnitude of the effect value given by the product quality variable is seen through the t value in the table of regression results of the product quality variable on the purchase decision variable. A t value of 4.253 means that the influence exerted by the product quality variable on purchasing decisions at the Manufacturing Brand Startup is at a value of 4.253.

The results of this study are also in accordance with what was conveyed by Kaharu & Budiarti (2016) [5], product quality variables have a significant and positive influence on purchasing decisions. The results of this study prove the research hypothesis which states that the higher the quality of a company's products will increase purchases.

*B. Effect of Discount on Purchase Decision*

based on the results of data analysis that has been obtained, it can be concluded that  $H_2$  is accepted, that is, the discount has a positive effect on purchasing decisions. The positive influence can be seen from the discount that contributed 9.2% in influencing the purchase decision. While the other 90.8% is influenced by other factors apart from discounts owned by the Cerma Brand Startup.

Then the influence given the discount variable on the purchase decision is also concluded to have a significant positive criterion. This can be seen in the significance value on the results of the regression test, which is shown by the significance value of 0.001. This means that discounts that the Cerma Brand Startup can positively influence purchasing decisions. The magnitude of the effect value given by the discount variable is seen through the t value in the regression variable regression test result table against the purchase decision variable. The value of t is 3.362 which means that the effect given by the discount variable on purchasing decisions on the Cerma Brand Startup is at 3.362.

The results of this study are consistent with previous research, namely research Satyo & Suprihadi (2013) [11], which states that discounts provide a significant and positive influence on purchasing decisions so that by giving discounts to garment products there will also be an increase in consumer purchasing decisions.

### C. Effect of Product Quality and Discount simultaneously on Purchasing Decision

Based on the results of previous analyzes the researchers concluded that H3 in this study, there has a positive influence through product quality and discounts simultaneously on the purchase decision of Manufacturing Brand Startup. Contributions given by the two variables together can be seen based on the magnitude of the R Square value on the Summary Model that is equal to 0.170. This means that the product quality and discount variables are 17%. While the other 83% is influenced by other factors apart from product quality and discounts owned by the Manufacturing Brand Startup.

Then the significance value in the multiple regression test table variable product quality and discounts on purchasing decisions, which is at 0,000. This explains that product quality and discount variables have a significant positive effect on purchasing decision variables.

The magnitude of influence exerted on product quality and discount variables together are represented by t values of 3,215 and 2,003. This explains, in the multiple regression test in this study the influence given by the variable quality of the product is more dominant than the discount variable on purchasing decisions because the value of t of the product quality variable is greater than the variable discount.

The value equation in the multiple regression test in this study is explained through the regression coefficient. Figures 0.426 and 0.170 have the meaning, an increase in product quality variables and a discount of 1 cause the purchase decision will increase by 0.426 and 0.170 with the assumption that the purchase decision variable is considered constant.

These results indicate that this research model, namely product quality and discounts can be used as a model to predict purchasing decisions for Cerma Brand Startup.

## V. CONCLUSION

From the results of hypothesis testing it is proven that product quality and discount have a positive effect on purchasing decision in Manufacturing Brand Startup for Jabodetabek area, with the following description:

- Product quality partially has a positive and significant influence on purchasing decisions for consumers who have already purchased, with a significance level of 0.05 where the discount is considered constant.
- Discount partially has a positive and significant influence on purchasing decisions for consumers who have already purchased, with a significance level of 0.05 where product quality is considered constant.
- Product quality and discount simultaneously have a positive and significant influence on purchasing decisions on consumers who have purchased, with a significance level of 0.05.
- Adjusted R Square is the adjusted R<sup>2</sup> value. This size means the same as R square, it's just that the adjusted R square value is more stable because it has been adjusted to the number of independent variables. Then the contribution of product quality and discount can explain the purchase decision by 15.5% and the rest is contributed by other variables not examined.

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