

THE EFFECT OF PRICE AND PRODUCT QUALITY ON BUYING DECISION OF PHOTO CABIN SERVICES

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ABSTRACT

The main purpose of this research is to determine the effect of price, and product quality on buying decision OF Photo Cabin services. The population in this research are Surabaya people whose been a client to Photo Cabin during April 2012 to November 2013 which is consist of 31 clients. This study uses multiple regression analysis and uses the validity test and reliability test before to test the validity and reliability of any statement filled. Hypothesis testing is performed using F test, t test, correlation coefficient of determination. This research used classical assumption test, which is consist of multicollinearity test, normality test, heterokedastisity test, auto correlation tes, and linearity test. The result of this research shown that there were significant effect between Price (X1), and Product Quality (X2) on buying decision of Photo Cabin (Y).

Keywords: Price, Product Quality, Buying Decision of Photo Cabin Services

INTRODUCTION

The digital revolution has brought tremendous development in the photographic industry. Now thanks to advances in digital technology, it is no longer needed to wait long to see the photos and to print the pictures. These technological advances lead to innovations such as photo corner. According Sianipar (2012), the definition of Photo Corner is a photographic services using a backdrop or background that placed in the corner of a party, wether it is a birthday party, wedding, and etc, that are intended for the guests of the party. To print the picture only takes about 10-20 seconds, so that the guests who had been done taking a photo session at the photo corner, do not have to wait long or wait until the event is over to get the result of the picture.

Photo Cabin is a company engaged in the photo corner business which started its business on 1 April 2012 with a laptop, digital camera, studio lighting sets and a Kodak 605 printer as its first capital asset. The main threat that Photo Cabin faces in the photo corner business is the high competitor rate. Photo Corner is a business with a low barrier entry level which means it is not difficult for a newcomer to start a their own photo corner business. This is definitely bring a negative impact on the sales volume of Photo Cabin.

Based on interview with Andanu Samudra whom served as the regional manager of PT. Samafitro on 14-10-2013, as the supplier of HITI printer which are now widely used in photo corner business, he stated that within a month HITI printers are sold 10 units per

month minimum in 2012-2013, in which the printers mostly sold to re-sellers and partly are sold to the photo corner business player in Surabaya. Based on the data obtained from the sales figures of PT. Samafitro, Andanu estimated there are \pm 100 photo corner business in Surabaya that uses the HITI printer, that number does not include the number of photo corner businesses that uses apart from HITI printer, such as Kodak and Photo Luxio.

To know what factors are taken into consideration by the prospective client of photo corner in Surabaya, therefore conducted a pre-survey using 10 people. The respondent of this pre-survey are people that lived on Surabaya, and already knew Photo Cabin as one of the photo corner players in Surabaya, and this 10 peoples also who has been a guest of an event or party that uses the Photo Cabin as its photo corner needs. Results of pre-survey dictates that 10 of the 10 respondents concerned to the price factor and product quality of a vendor photo corner.

PRICE'S DEFINITION

Price's Understanding in according to Kotler (2012: 290) is the amount of money that paid for a product or service, in which the amount of money by the consumer is other the benefits of ownership or use of a product or service. This is consistent with the proposed by Swastha on Sugiyanto (2012: 36) where the notion of price is the amount of money paid in order to obtain some goods or services and their service. However, to setting the price, to be cheapest is not always be the best option, because, quality of products / services are also important in the purchase decision. Even if the products / services at a higher price could be preferred by consumers than a lower price. (Owusu 2013: 181). This is explained by a Kottler on Owusu (2013: 182) in which consumers use price as an indicator for the quality of a product / service and it also relates also to the prestige of the consumer. Here there are the indicators that characterize the price proposed by Stanton on Sagita (2013): Affordability of the price, Price's conformance on product quality, Price's competitiveness, Price's conformance with benefits

QUALITY PRODUCT'S DEFINITION

According to Kotler and Keller (2012: 143) is the product quality is the totality of features and characteristics of a product or service that related to its ability to satisfy stated or implied the needs. Kotler said (2012: 4) Consumers will prefer products that offer the best quality, performance and features, therefore it is necessary for producers or organizations to further improve their product quality, because the quality of the product plays an important role to attract consumers. According to Kottler and Keller (2009: 8), the dimensions of the quality of the product include: Performance , refers to the functional specifications of the products or services and is the primary factor being taken into consideration by the consumer in the purchase and use of products or services, Features, refers to the additional specifications, or specifications complementary addition to the basic specifications, closely with a choice of products or services and development, Reliability, refers to the probability of a product or service when its success in carrying out the functions in a certain period of time, Conformance to Specifications, referring to the specification of the product or service to what has been previously defined or declared in accordance with the wishes of consumers, Durability, refers to the durability or the life of a product, or the life of the operation of

a product that used under normal conditions, Aesthetics (Asthethic), refers to how consumers feel about the existence of the products as quality, it is subjective as it relates to individual preferences and personal consideration of aesthetic factors, Serviceability refers to the services

BUYING DECISION DEFINITION

According to Peter (2010: 5), to defines consumer behavior as a process that involving thoughts, experiences, and actions of a person to consume a product or service, and the process is influenced by factors that exist around the person's environment, such as comments from other consumers , advertising, pricing information, product packaging, product appearance, etc.. Indicator purchasing decisions according to Kotler in Widodo (2012: 14), namely: Stability on a product or service, Habits in purchasing a product or service, Provide recommendations to others, Restate to purchase

THE INFLUENCES OF PRICE VARIABLE TO BUYING DECISION VARIABLE

According Tedjakusuma in S. R, Larosa (2010: 6) The result of the high competition between companies or similar efforts, make consumers sensitive to price, so if the price is raised, then the consumer will be inclined to move the other company or manufacturers that provide products or similar services. This proves that the price factor is important to the process of purchasing a product or service decisions. This is supported in Utami Research (2012) which states that the application of the right pricing strategy is crucial in an effort to attract consumers. If a consumer get the price is fitting of they would prefer a store or vendor that provides goods or services at that price, and if a consumer was not getting the price match, they will buy to the store or alternative vendors which provide similar products or services. It can be concluded that the factor price is an important factor in consumer buying decision process. And from the results of previous studies by Purwati (2012) which is used as reference in this research also states that the correlation between the price and the purchase decision factors tested positive significant impact. If the price of a product or service is low, the demand will be high, and if the price of a product or service is higher the demand will be low. Price often becomes a major concern in the strategic purchasing decisions so that proper pricing is considered essential, in order to increase the purchasing decision. From research by Wahyudi (2012) found that the price factor has a positive influence in the purchase decision, so it can be concluded that consumers somehow will consider how much money must be spent to get the benefit or satisfaction of the products or services that have been purchased, so it also affects consumers in making purchasing decisions.

THE INFLUENCES OF QUALITY PRODUCT VARIABLE TO BUYING DECISION VARIABLE

According to research by Owusu (2013) stated that the quality of products have a considerable influence on the value of a product or service. This is supported by previous research that used as reference by the research Shahrudin et al (2011) where in the research stated that the product quality is a factor that has positive influence on purchasing decisions. Quality factor of the product is able to help consumers to

differentiate a product from a manufacturer with a producer the other one, and usually senses are able to capture the quality factor of the product is the sense of sight or eye. Good product quality must be able to drive the purchasing decisions of consumers. Similar to previous research by Wahyudi (2012) which is used in this research, that the quality of the product has a significant influence on purchasing decisions. Wahyudi research suggests that consumers are generally spending money to buy a product or service, will compare the quality of the product more than amount of money that spent.

RESEARCH FRAMEWORK CONCEPT

Based on the discussion of the background to the INTRODUCTION, found high rates of competition due to low entry barrier in the corner photo business. Based on the results of pre-survey, obtained the price factor and product quality factors were instrumental in the purchase decision process of vendor photo corner. It is also consistent with previous research studies in which the factor of price and product quality factors have a positive and significant impact on the buying decision process. From the background and literature review, it can be formed in the framework of this research, which there are three variables, namely the independent variables consisting of the price variable that refers to how much influence the price in the purchase decision at a Photo Cabin services, and a variable that refers to the quality of products to how much influence the quality of the product in service purchasing decisions on Photo Cabin and the dependent variable in the service purchase decision variables Photo Cabin. The relationship between these variables variables can be seen in the following figure:

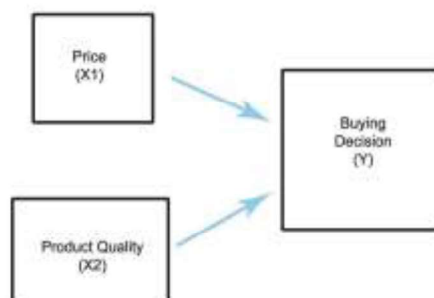


Figure 1 Relationship's chart between variables

HYPOTHESIS

In order to get a clear direction and guidance in the conduct of research and the formulation of problems that have been formulated in this study, the proposed hypothesis is as follows:

- Price has a positive influence on purchasing decisions on Photo Cabin services
- The quality of products has a positive influence on purchase decisions on the services of Cabin Photos
- Price And quality of the products has a positive influence simultantly on purchase decisions services at a Photo Cabin
- Quality products give a more dominant influence than the price of services to the purchasing decision on a Photo Cabin

RESEARCH METHODS

In order to answer the problem formulation in the research "The Effect of Price and Product Quality Services To Purchasing at Photo Cabin Service" is the method used is causal comparative research methods with quantitative approaches. Definition of causal comparative research methods are research that show the direction of the relationship between the independent variables with the dependent variable or free or bound, in addition to measuring the strength of relationship (Kuncoro, 2009: 15). This research take place in Surabaya, where the Surabaya is the focus of the Photo Cabin market. Time used for this research conducted in 2014 that at the time of data collection research on the influence of price and product quality factors of the photo corner vendor purchasing decisions. In this study, the population is the people who have become clients Surabaya Photo Cabin in the period April 2012 to November 2013, a total of 31 clients, by using probability samples where each sample is selected based on the selection procedure and have the same opportunities. Where is the technique that will be used is random sampling technique samples which means that every element in the population has the same chance to be selected. (Kuncoro 2009: 127) The method used for data collection in this study is to use a questionnaire distributed to respondents. The nature of the question is closed, using a Likert scale. In response to a question the question on a Likert scale, respondents choose the level of agreement to a statement by choosing one of the answer choices are available. Answer choices are as follows: strongly disagree - disagree - agree - strongly agree -very agree completely.

RESULTS AND DISCUSSION

Table 1 Descriptive Analysis Profile of Respondents by Gender

Category	Respondents	Percentage (%)
Male	14	45.2
Female	17	54.8
Result	31	100

Based on Table 1 it can be seen that respondents with male gender as 14 people (45.2%) of the total of 31 people who were respondents in the study, and respondents with female gender as 17 people (54.8%). These results provide information that most respondents were consumers with the female gender.

Table 2 Descriptive Analysis Profile of Respondents by Age

Category	Respondent	Percentage (%)
<20 Th	2	6.5
20-30 Th	14	45.2
31-40 Th	12	38.7
>40 Th	3	9.7
Result	31	100

Based on Table 2 it can be seen that the respondents were aged under 20 years were 2 (6.5%), respondents aged 20 to 30 years as many as 14 people (45.2%), respondents

aged 31 to 40 years as many as 12 people (38.7%) and respondents over the age of 40 years as much as 3 persons (9.7%). These results provide information that consumers Cabin Photo services are becoming the majority of survey respondents aged between 20 and 30 years.

Validity Test

Validity test is done to determine the extent to which the questionnaire measure what is desired. Used to measure the validity of the Pearson product moment correlation. If the Pearson product moment correlation between each of the questions with a total score resulted in a significance value of <0.05 ($\alpha = 5\%$), then the item is declared valid question. Validity testing performed with SPSS 13.0. Validity testing performed with SPSS, using data from 30 respondents as the initial test. The validity test on all indicators (question items) in the variable Price, Product Quality and Purchasing Decision generate significant value less than 0.05, so that all of the items that make up the questions the study variables can be declared invalid.

Reliability Test

Reliability test was conducted to determine the extent to which the questionnaire can be trusted or reliable. Used to measure the value of Cronbach alpha reliability. If the Cronbach alpha values greater than 0.6, then the variable is said reliable. Reliability testing performed with SPSS 13.0. Just as the validity of the test, before tested to the respondents of this research it was tested to the first 30 respondents before the instrument is used on the research respondents in this research. Reliability testing performed with the SPSS program. The variables Price, Product Quality and Purchasing Decision had Cronbach alpha values greater than 0.6, in addition to the value of Cronbach alpha if item deleted on each indicator (item question) does not exceed the value of Cronbach alpha for each variable. From these results it can be concluded that the three variables can be declared reliable research

Regression Analysis

Multiple linear regression analysis was conducted to determine the effect of price and product quality of the product purchase decision in Photo Cabin. Data processing is performed using SPSS 13.0. The following are the results of multiple linear regression analysis:

Table 3 The Analysis Result of Multiple Linear

Model	Coefficient	Beta Value	t	Sig. t
Constant	1.248		2.458	0.020
Price	0.441	0.499	3.176	0.004
Product Quality	0.343	0.353	2.246	0.033
R				= 0.777
R ²				= 0.604
F				= 21.392
Sig. F				= 0.000
Dependent variable: Purchase Decision				

Correlation Coefficient

Table 3 shows that the value of the correlation coefficient (R) obtained at 0.777 which indicates that the relationship between the variables Price and Product Quality with Purchase Decisions at the Photo Cabin relatively strong (tightly).

Coefficient of Determination

Based on Table 3 the coefficient of determination (R^2) were produced by 0604, means that the variable Price and Product Quality jointly affect the purchase decision at a Photo Cabin products by 60.4%, while the remainder is equal to 39.6% influenced by other variables in addition to the price and quality of the product.

THE HYPOTHESIS TESTING

Effect of Simultaneous (F Test)

Based on Table 3 it can be seen that the F-test produces the F count of 21,392 with a significance value of 0.000 whose value is less than 0.05 ($\alpha = 5\%$). From the results it was concluded that the price and quality of products simultaneously significantly influence the purchase decision at a Photo Cabin products. Based on these results, the research hypothesis assumed no significant effect simultaneously between variables Price and Product Quality Decision to Purchase a product in a Photo Cabin, proven true.

Effect of Partial (t test)

Testing the effect of price on purchase decision in Table 3, produce of 3,176 with a significance value of 0.004 whose value is less than 0.05. Thus concluded that the price is partially significant effect on product purchase decision in Photo Cabin. Based on these results, the first hypothesis of the study who suspect price variables significantly influence the purchase decision of consumers, proven true. Testing the effect of product quality on Purchase Decision generate t count of 2,246 with a significance value of 0.033 whose value is less than 0.05. So concluded that the Product Quality is partially significant effect on product purchase decision in Photo Cabin. Based on these results, two research hypotheses suspect variables significantly influence product quality to the consumer purchase decision, proven true. To determine the most influential independent variable on the dependent variable is to use the Beta value of the variable X. The variable that has the largest Beta value is a variable that has dominant influence. Based on the Table 3 it can be seen that the variable price (X1) is variable with the largest beta value is 0.499, From these results it was concluded that the price is the most dominant variable effect in influencing purchase decisions of consumers, when compared with variable product quality.

CONCLUSIONS AND SUGGESTIONS

Testing the effect of the price variable to variable purchase decisions in Table 3, produce T count of 3,176 with a significance value of 0.004 whose value is less than 0.05. It concluded that the price is partially significant effect on product purchasing decisions in Photo Cabin. Therefore, in order to attract better clients, then the Photo Cabin that had set the price at the beginning of the turn of the year only, should more often make adjustments and pricing that is in intervals shorter than 1 year, in order to set a price that is competitive with photo corner another vendor. However, in order not to

get caught in a price war with competitors, Photo Cabin for the future are expected to be able to maintain and improve the quality of the product or its service, and also need to be able to communicate to the prospective clients about the quality of the product or service they will receive. Testing the effect of product quality on Purchasing Decisions in Table 3, produce t count of 2,246 with a significance value of 0.033 whose value is less than 0.05. It can be concluded that the Product Quality is partially significant effect on product purchase decision in Photo Cabin To be able to attract more clients then Photo Cabin need to find a solution in order photo prints from Photo Cabin can last a long time. If prior research prints photos directly inserted into the frame, then after this study the Photo Cabin try to run the solution to protect the photo prints photo prints by entering into mica plastik first before inserting into the frame so that the photo prints can last more long. And also to maintain the print quality of photos, the Photo Cabin also need to perform maintenance on the machine and the printer to print quality maintained and also prevent damage to the printer in the midst of the event.

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