

## **EFFECT OF PRICE, PRODUCT QUALITY AND TIMELINESS DISTRIBUTION TO PURCHASE DECISION ON THE PT. HDW**

**Totok Dirham Samsudin<sup>1</sup>, J.E.Sutanto<sup>2</sup>**

Graduate School of Ciputra Universitas Surabaya.  
INDONESIA

Email: <sup>1</sup>dirham\_st@yahoo.com, <sup>2</sup>je.sutanto@ciputra.ac.id

### **ABSTRACT**

*The research aims to examine and determine the effect of pricing, product quality, and accuracy of delivery to the customer purchase decision PT. HDW. In this study, the population is a customer in PT. HDW. This study uses a measurement model with reflection indicator was evaluated with convergent and discriminant validity of the indicators and composite reliability to block indicator. Hypothesis testing is done by using the t test, the results of this study can be accepted if the value of t (t-statistic) is greater than the value of t table.*

*The results showed that there is influence signifikan between the quality of the product (X1), accuracy of delivery (X2), and price (Y1) on purchase decisions (Y2) customers in PT. HDW.*

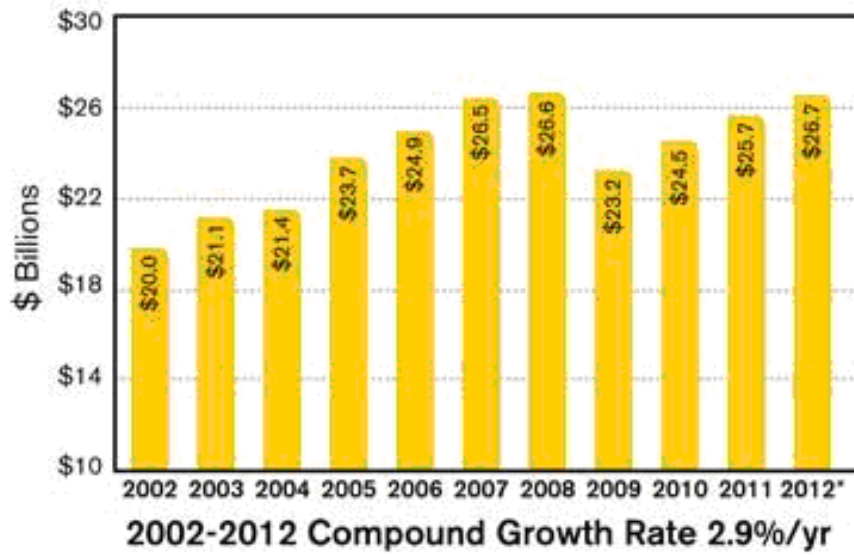
**Keywords:** Quality products, timely delivery, price, decisions purchase

### **INTRODUCTION**

Packaging is divided into two things: flexible packaging and packaging inflexible). At the basic principle of merit is the printing and packaging industries. Printing there are four principles or kind, namely: first, the most commonly encountered is termed a flat printing offset printing. Example: doos bakery packaging, magazines, newspapers and others. The second is the digital printing. Printers commonly used in everyday life are included in this type. The third is rotogravure printing that is often referred to as printing with print types. Children's snack packaging, refill cooking oil, instant noodles in Indonesia and other Asian countries typically use models rotogravure printing or print. The fourth is embossed or often called with flexo printing

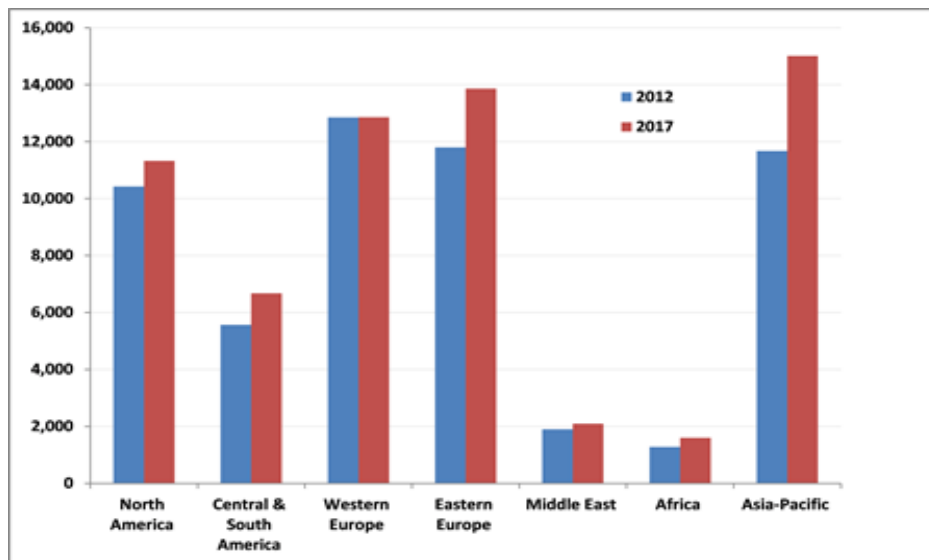
In Indonesia, almost all labels affixed to the bottles were labeled some sort of paper taped to the bottle using flexo printing in the making. After going through one of the printing process as above then continued with several advanced process to become a packaging. Some advanced process will involve an amalgamation of two or more materials by means of glued together using a special adhesive or lamination process. And also the process of splitting and cutting to size and condition of the product to be packaged or finishing process

Data from Flexpack magazine, in 2012, the development of flexible packaging:



**Figure 1. Growth of Data flexible packaging Industry in 2002-2012**  
 Source: US Census Bureau *Flexible Packaging Association*, 2013

After falling in 2009, development of packaging, especially flexible packaging grew 2.9% annually. The development of packaging is increasing quite significantly by 2017 as forecast of Smithers Pira in the magazine (2014):



**Figure 2. Packaging developments in the world**  
 Source: Smithers Pira, 2014

Figure 2 shows that the packaging industry, particularly flexible packaging in Indonesia will grow rapidly in the future. It is shown that estimated in 2017 the packaging industry in Asia Pacific will rise and have the greatest value than in Eastern Europe and Western Europe.

## **LITERATURE REVIEW**

### **Purchasing Decisions by Consumers.**

Definition of purchasing decisions, according to Kotler and Armstrong (2001: 226) is a step in the buyer's decision-making process where consumers actually buy. Decision-making is an activity of individuals who are directly involved in the obtaining and use of goods on offer. Above variables affect each purchase decision process resulting in a purchase decision based on product choice, brand choice, the choice of the dealer, the time of purchase, amount of purchase (Kotler, 1997). In addition, service quality is a benchmark in determining whether or not a person purchases, because through the quality of service will be able to assess the performance and feel dissatisfied or not they with the services provided by the company (Nizar, 2011).

The purchase decision indicator used in this study by Yusuf (2011): (1) the need and desire for a product, (2) the desire to try, (3) the stability of the quality of a product and (4) re-purchasing decisions.

### **Product Quality**

According to Kotler and Keller, 2006 in Hermawan (2011) that Quality is the totality of features and characteristics capable of satisfying the needs, expressed or not expressed, the quality also includes (1). the durability of the product, (2). reliability, (3). accuracy, (4). ease of operation and (5). repair, as well as other value attributes.

According to Umar 2003 in Purwati et al. (2012) the quality of goods is determined through eight dimensions as follows: (1) performance, (2) feature, (3) reliability, (4) conformance, (5) durability, (6) serviceability, (7) aesthetic, and (8) fit and finished.

Meanwhile, according to McCarthy and William (1996) that the quality of the product also needs to be determined on the basis of customer's perspective on a product.

### **Timeliness Distribution**

Distribution is an activity to move goods from producers to consumers through agents, dealers, wholesalers, and retailers (Dharmmesta and Irawan, 2001: 285), while Bygrave (1994: 93) explains the sense of the American Marketing Association of distribution channels, namely: "A channel of distribution is an organized network of agencies and institution which in combination perform all the activities required to link producers to accomplish the marketing task".

Timeliness distribution indicators used in this study after adjusting for the operational definition of the variables are: timeliness, accuracy of the number of products, and the accuracy of the delivery destination.

### **Product Pricing**

According to Chandra in Tjiptono (2006: 179) said that the price is a statement of the value of a product (a statement of value). Price is also meaning the amount of money that the consumer must pay to obtain a product (Hermann et.al., 2007). Indicators used in the pricing include

(Kotler and Armstrong, 2005: 452): (1) setting the selling price, (2) price elasticity, (3) the growth of prices of competitors, (4) affordability

There are four indicators that can be used to measure the price of an item according to Pepadri and Sijinjak (in Wibowo and Karimah, 2012: 5), namely: (1) the reference price, (2) the price is relatively cheaper, (3) the reasonableness of the price, and (4) suitability of sacrifice and priced according to benefits.

## **RESEARCH METHODS**

### **Population and Sample**

Population is the generalization region consisting of objects or subjects that have certain qualities and characteristics defined by the researchers to be studied and then drawn conclusions (Sugiyono, 2010). The population in this study is that consumers of PT HDW, amounting to as much as 60 customers. The sampling technique used non-probability sampling

### **Test Validity**

Validity test is done to determine the extent of a questionnaire to measure what is desired. To measure the validity of the use of correlation. If the Pearson correlation between each item statement with a total score of generating significant value of  $< 0.05$ , then the statement declared invalid item. Validity testing performed with SPSS 20.0

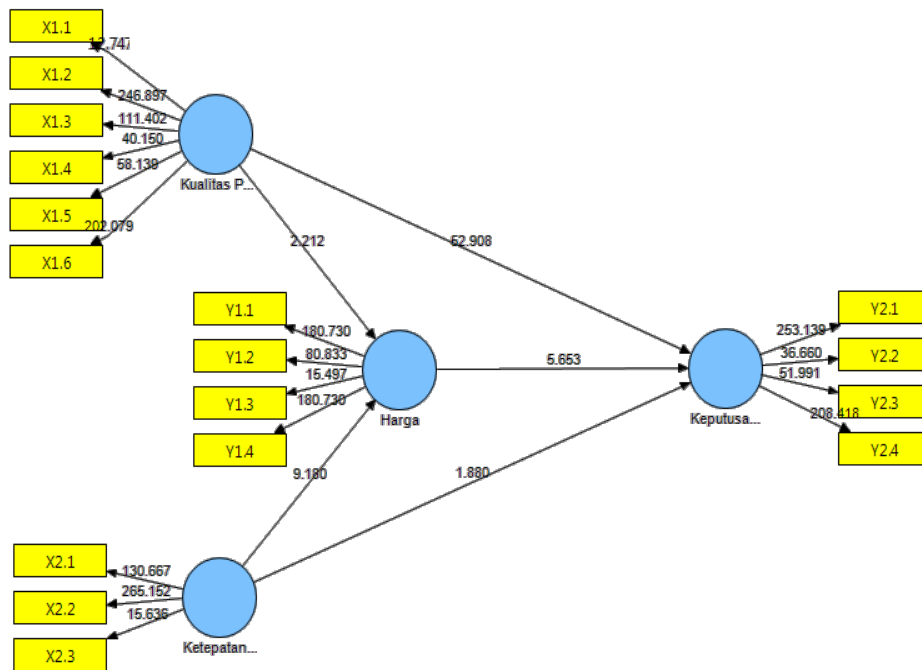
### **Test Reliability**

Reliability test was conducted to determine the extent to which questionnaires can be reliable. Used to measure the reliability Cronbach alpha values. If the Cronbach alpha values more than 0.6, and Cronbach alpha value if the items deleted in each of these statements is less than Cronbach alpha, the questioner said to be reliable. Reliability testing performed with SPSS 20.0.

### **Data Analysis Techniques**

The analysis used to answer the hypothesis is structural equation modeling approach using Partial Least Square (PLS). This approach is used for estimation of latent variables in the PLS is as exact linear combination of indicators, so as to avoid the problem of indeterminacy and produce the right component scores. In addition, powerful PLS analysis method because it can be applied at all scales

of the data, does not require a lot of assumptions and sample size should not be large. The test measures the empirical model based study Partial Least Square (PLS) PLS Smart software



**Figure 3. Structural Model of Algorithm PLS**

Source: Output SmartPLS 2.0

In the PLS model, goodness of fit assessment known from the value of Q<sup>2</sup> (predictive relevance). Goodness of fit testing data is distributed to support the hypothesis of the study. The higher Q<sup>2</sup>, then the model can be said to be more fit to the data. Q<sup>2</sup> value calculation results as follows:

$$\begin{aligned} \text{Value } Q^2 &= 1 - (1-0982) \times (1-0997) \\ &= 0.999946 \end{aligned}$$

From the results of calculations known value of Q<sup>2</sup> amounted to 0.999946, meaning that the magnitude of the diversity of research data which can be explained by the structural model is of 99.99%. Here are the estimated coefficient value and the value of t (t-statistic) generated in this study:

**Tabel 1. Value Coeffisien of Estimation dan t-Statistics**

	Hipotesis	Coeffisien	t-statistics	Remarks
H1	Price -> Purchase Decision	0.382	5.652	accepted
H2	Product Quality -> Price	0.195	2.212	accepted
H3	Timeliness Dstribution -> Price	0.800	9.180	accepted
H4	Product Quality -> Purchase Decision	1.478	52.908	accepted
H5	Timeliness Dstribution -> Purchase Decision	0.116	1.880	accepted

Remarks:  $\alpha$  : 0,10, t-table : 1.65

All value of path coefficients more than 0.05, while all hypothesis test with t statistic value more than 1.65 indicates that this is a significant difference between the price and the purchase decision, from these results, all of hypothesis of the study can be accepted as true.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion.**

The results showed that the variable quality of the product, the accuracy of distribution, and price has a significant influence on customer purchasing decisions. The results are as follows:

1. The price significantly influence the purchase decision.
2. Product Quality significant effect on product prices PT. HDW.
3. Timeliness Distribution significant effect on product prices PT. HDW.
4. Product Quality significant effect on Purchasing Decision Customers PT. HDW.
5. Timeliness Distribution significant effect on Purchasing Decision Customers PT. HDW.

### **Recommendation**

Based on the conclusions, the suggestions can be submitted in this research are:

1. Fixing the price in order to compete and add value so that higher prices can be acceptable to the customer.
2. Noting delivery to fit the specified time and in accordance with the amount ordered by the customer.
3. Improving the quality of products that exceed customer expectations.
4. For subsequent researchers who want to conduct a similar study, can add variables - variables other than the variable quality, and accuracy of distribution that affect the price of products that have an impact on purchasing decisions in addition to a variable that has now been studied, so the variables that influence the decision of a wider customer and different.

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