

THE INFLUENCE OF QUALITY PRODUCT AND PRICE ON CONSUMER BUYING DECISION TENGIRI FISH CRACKERS AT SURABAYA CITY

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ABSTRACT

Food business in Indonesia in the last 5 years have a potential growth. According GAPMIMI, the growth of food increased by 51% percent. Subur Jaya is one company that engaged in the business of snacks in Surabaya. The resulting product is mackerel fish crackers with target market segment are retail outlets and distributors. Product quality and the price set by Subur Jaya can influence the consumer's decision to purchase mackerel fish crackers. Each element of the quality of products and prices may have an influence on consumer purchase decision. Through this research, using statistical analysis, it was concluded that the elements of product quality and price has a positive influence on consumer purchase decision. From the analysis, managerial implications are also designed to be competitive in the business of selling mackerel fish crackers.

Keywords: Surabaya, Tengiri Fish Crackers, Consumer Purchasing Decisions, Product Quality, Price

INTRODUCTION

Indonesia is a country that has a lot different kind of food. 51% foodstuffs needed by ASEAN countries are from Indonesia.. A large number of people in Indonesia reached 240 million people, has the potential to become a target market for processed food and beverage products in the world, especially Southeast Asia. Over the last five years, growth in the consumption of processed food increased by 41%. This is an excellent opportunity for food and beverage industry in Indonesia.

Subur Jaya, that established in 2002, is one of mackerel fish cracker industry in Indonesia. Snacks are produced is fish crackers tengiri the main market segments are retail outlets and distributors. Almost 70% consumer Subur Jaya come from Surabaya.

for the last 1 year is Subur Jaya experienced sales stagnation. Where sales are derived from the month of July 2014 through June 2015 are likely to decline. The Company also received feedback and complaints from consumers. The most feedback is about the quality of products and prices.

From the results of the complaint showed that the dominant factor in determining purchase decisions are the product quality and price. These results are corroborated by Kurtz (2010) who wrote about aspects that can affect sales; price, quality of products and services. Price is the

monetary unit or other units of measure (including goods and services) are exchangeable in order to acquire the right of ownership or use of goods or services (Tjiptono, 2008). This theory suggests that the price is a significant component in determining the outcome of the sale. Other factors were also dominant, namely the quality of the product. Kanuk (2009) said that customers judge the quality of the product through two aspects: intrinsic and extrinsic aspects. Intrinsic aspects, is aspects that assessed in terms of physical product, such as size, flavor, color, and aroma. Whereas extrinsic aspect opinions obtained from other users, without the need to see, to try or taste the products personally.

LITERATURE REVIEW

Product Quality

According to Kotler (2012) product is anything that can be offered to the market to satisfy a desire or need, including physical goods, services, experiences, events, people, places, properties, organizations, information and ideas. While the quality or the quality itself is the totality of features and characteristics of the products or services that depend on its ability to satisfy the needs *umtuk*. In other words, the product quality is customer satisfaction caused by the product or service; which is basically a meeting between customer expectations with product performance. The higher the quality of the product, the higher is also the value of a product that will influence consumers to buy a product or service.

Research by Alfina *et al.* (2014) said that ability and integrity have positive and significant impact on the trust to the seller. They said that benevolence didn't have significant impact in the trust to the seller. Research by Luo *et al.* (2012) said that china consumers' trust in B2C e-business has three dimension: ability, integrity, and benevolence. Research by Meilianasari (2012) said that variable ability, benevolence, and integrity significantly influence consumer's trust.

Price

Price is the monetary unit or other units of measure (including goods and services) are exchangeable in order to acquire the right of ownership or use of goods or services. This understanding is in line with the concept of exchange in marketing or exchange in marketing (Tjiptono, 2008).

Purchasing decision

The purchasing decision is the stage in which consumers make a choice from a variety of alternatives to buying the most preferred product. (Surmawan 2015)

RESEARCH METHODS

Research Design

Researchers assign three main variables, where variable quality of the product (X1) and price (X2) as independent variables and variable purchasing decisions (Y) as the dependent variable. This relationship will be examined relevance to determine how much influence the independent variable (X1), (X2) on the dependent variable (Y) in the sale of mackerel fish crackers Subur Jaya.

According to Kotler (2012; 274), to be able to compete in marketing, product development is needed. This development includes defining the benefits to be provided these products. Then these benefits are communicated through tangible product characteristics, such as quality, appearance and design (Sense, Color, Texture, Easy to consume).

According to Kotler (2012: 342) Decision-making price must be coordinated with the design, production, and distribution of products to form a consistent and effective marketing (Reasonable Price, Price Competitiveness, value to price benefits obtained).

The purchase decision of each individual is different, it affected the personal motivation. Indicator that research use Consistency preference of a product, repurchase, repeat purchases habit

H₁: Subur Jaya’s consumer’s buying decision is positively influenced by product quality, i.e. the higher the product quality of seller, the higher consumer’s buying decision.

H₂: Subur Jaya’s consumer’s buying decision positively influenced by price, i.e. the higher the price affordability of products, the higher the consumer’s buying decision.

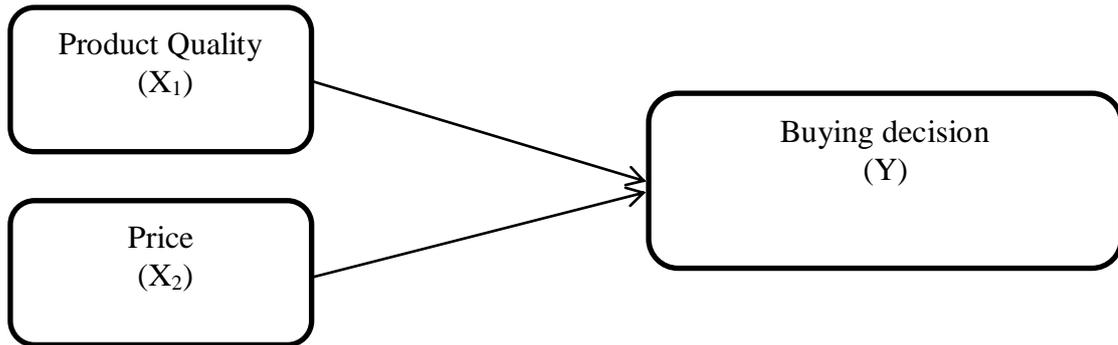


Figure 1. Buying decision model

Data and participants

The data from this study came from Subur Jaya’s customer from July to august 2015. The final sample for the present analyses consisted of 97 participant.

Measurement

The questionnaire was design in likert scale, with Quality product and price as independent variables and consumer’s buying decision as dependent variable. Each of question has 5-point likert scale from 1 (strongly disagree) to 5 (strongly agree). Each question has been tested by validity and reliability test.

FINDINGS

Linear regression analysis was used to access the direct effect of Quality Product, price on consumer’s buying decision in Subur Jaya. The linear regression results showed (See Table 3) that Quality Product, price as the independent variables accounted for 55.3 percent of the variation in consumer’s trust.

Table 1. Linear regression coefficients results

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.530	1.083		1.413	.161
Quality Products	.545	.059	.666	9.298	.000
Price	.173	.063	.197	2.744	.007

Table 2. Linear regression ANOVA results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	143.504	2	71.752	57.571	.000 ^a
Residual	117.115	94	1.246		
Total	260.660	96			

Table 3. Linear regression model summary results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.541	1.116

Does Subur Jaya’s consumer’s buying decision is positively influenced by Quality Products?

In Table 1, ability have Sig.=0.000 and B=0.666. The Sig. point is less than 0.05 and Beta point is positive which mean Subur Jaya’s consumer’s buying decision is significantly and positively influence by Quality Products.

Does Subur Jaya’s consumer’s buying decision is positively influenced by Price?

In Table 1, benevolence have Sig.=0.007 and B=0.197. The Sig. point is less than 0.05 and Beta point is positive which mean Subur Jaya’s consumer’s buying decision is significantly and positively influence by Price.

Does Subur Jaya’s consumer’s buying decision is positively influenced by Quality Products and Price ?

In Table 2, Sig. point is 0.000. The point is less than 0.05 which mean Subur Jaya’s consumer’s buying decision is significantly influence by Quality Products and price simultaneously.

As can be seen, consumer’s buying decision was positively influenced by product quality and prices variables. Based on findings, it can be determined that H₁ (quality products), H₂ (price) were confirmed.

CONCLUSION AND IMPLICATION

Based on the results of the regression test can be concluded that the variable quality of the products influence consumer purchasing decisions mackerel fish crackers Subur Jaya with a regression coefficient of variable quality of the product is equal to 0.545 it shows that the variable quality of the products have a significant impact on consumer purchasing decisions mackerel fish crackers Subur Jaya. This means that the better the quality of the product, the higher the purchasing decision. It is appropriate Andreti study et al. (2013), Chin et al (2012), Mariana (2015), Purwati et al. (2012) concluded that the variable quality of the product is significantly positive effect on purchase decisions.

Based on the results of the regression test can be concluded that the variable price of the products influence consumer purchasing decisions mackerel fish crackers Subur Jaya with a regression coefficient of variable quality of the product is equal to 0.173 it shows that the variable quality of the products have a significant impact on consumer purchasing decisions mackerel fish crackers Subur Jaya. This means that the better price affordability of the product, the higher the purchasing decision. It is appropriate Andreti study et al (2013), Chin et al.

(2012), Mariana (2015), Purwati et al. (2012) concluded that the variable price is significantly positive effect on purchase decisions.

After the study the researchers know that the price and quality of production made a significant contribution towards a production decision. So these researchers to make changes in terms of product quality improvement include:

1. make the quality control is important. This is done by setting clear criteria between viable products sold with products that are not worth selling.
2. conduct training and increase the number of employees who are responsible for the quality control process.
3. create a standard that is standard for each stage of the production process production process. Starting from the selection of raw material, recipe and production process including the estimated time for each stage of production
4. Make a schedule and tasks for each production division, with the goal of production runs according to standard so as to minimize production failures.
5. Multiply the number of suppliers so they can compare prices between the suppliers of raw materials. so we can reduce production cost.

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