

## **TOWARDS PURCHASE DECISION OF BIDARAN TRIGER**

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### **ABSTRACT**

*Bidaran Triger is a local snack product that has been produced since 1997 and been gaining a stable market share and popularity amongst users. Bidaran in this research refers to the category of the snacks while Triger refers to the brand of the product.*

*Purpose – The purpose of this paper is to examine the effects of Price and Product Quality towards the Purchase Behavior of the consumer that regionally reside in Indonesia.*

*Methodology/approach – This research used ‘SPSS Statistics 20’ program to analyze the data, which mainly collected using questionnaire approach.*

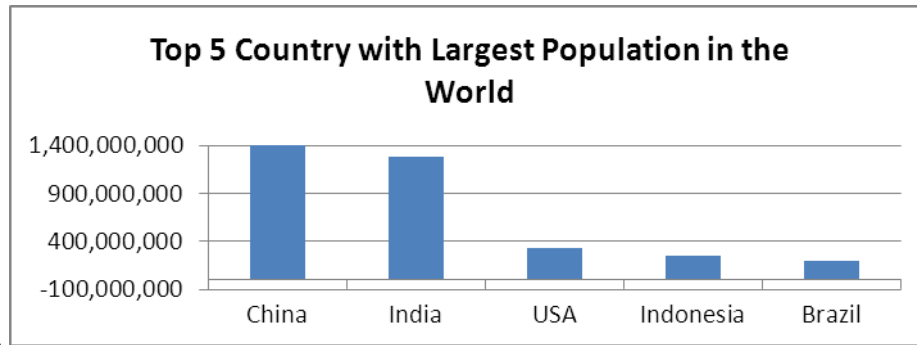
*Findings – Results show that there are positive implication between price and product quality in affecting consumer decision making process while analyzing on which products should be purchased instead.*

*Practical implications – Consumer-Goods Distributors and Retailers in the food industry, particularly those focusing mainly in applying price strategies and large varieties of products should pay attention to the price level offered as well as selective product placement when designing marketing approach strategies in order to benefit positively on long term basis.*

**Keywords:** Price, Product Quality, Purchase Decision, Consumer Behavior, Food Industry,

### **INTRODUCTION**

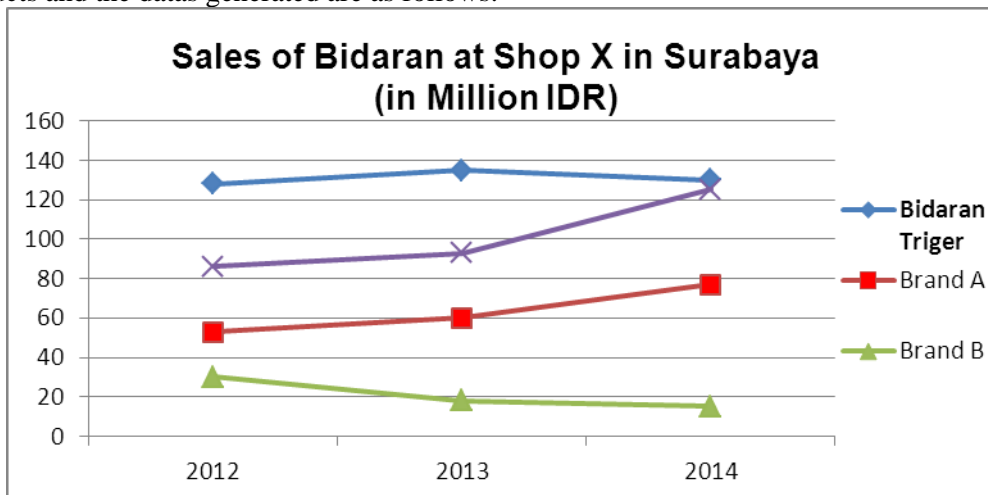
Indonesia is known as a country which massive amount of natural resources has been attracting overseas investors to approach the local authorities in order to establish a good rapport with intention of creating long term positive beneficial relationship. One of the main attractor is the largely widespread number of population that ranked as the 4<sup>th</sup> largest in the world at 250 million individuals, mainly in their productive age.



**Figure 1. Comparison of the 5 Largest Populated Country in the World**

This massive amount of population shows enormous market potential, especially under consumption aspect, which shall generate demand on continual basis. A research published in the official Indonesian Government sites ([www.bps.gov.id](http://www.bps.gov.id)) stated that on average 25,75% of the money spent monthly, went to readily-consumed packaged-food. Thus if the expenditure figure stated is multiplied by the number of population, the value of Indonesian market indicates a very comprehensively promising wide-scaled prospect in food industry.

According to the analysis in the previous paragraph, the sales of Bidaran Triger was expected to grow exponentially. However, over the years, sales performances had been experiencing stagnation which called for a new effective marketing approach. To arrange an effective marketing strategy, company need to understand what their competitor is doing (Kotler and Amstrong, 2011: 480). Thus, small interview was done with a distributor whose selling Bidaran products and the datas generated are as follows:



**Figure 2. Sales Comparison of Bidaran at Shop X in Surabaya**

As shown in the figure, the highest sales is contributed by Bidaran Triger which as shown in later year signifies a slight decline of value, while at the same time, the downward trend also shown for the sales of Brand C. Quite on the contrary of those mentioned earlier, Brand A and B exhibit an upward sales which signifies positive growth.

**Table 1. Price Comparison of Bidaran Under Different Brand**

No	Type	Bidaran Triger	Brand A	Brand B	Brand C
1	Cheesy Bidaran	70,000.00	65,000.00	69,000.00	66,000.00
2	Mini Cheesy Bidaran	70,000.00	65,000.00	69,000.00	66,500.00
3	White Sugar Bidaran	80,000.00	75,000.00	79,000.00	75,000.00
4	Brown Sugar Bidaran	80,000.00	-	-	-

Bidaran Triger is well known of its stability in the quality of the goods which has been nominated as the most favoured brand for bidaran category. However the latest accounting report has shown that sales performance in the latest years didn't show any significant growth, therefore a small survey was conducted where the participants are the main 20 distributors that has been purchasing Bidaran Triger ongoingly; with intention to find out the main reason that triggers purchase decision amongst customer. The result of this small survey shows that Price and Product Quality hold a very important role at affecting decision making process. Therefore, based on the conditions above, a formal research is created with intention to find out the causes that impact purchase behavior, titled "The Impact of Price and Product Quality Towards Purchase Decision of Bidaran Triger".

## **LITERATURE REVIEWS**

### **Price**

Price is defined as money or things that are exchanged with the ownership or the right to exploit certain goods or services, which set based on 4 type of approaches, they are : Demand-Oriented Pricing Approach, Cost-Oriented Pricing Approach, Profit Oriented Pricing Approach and Competition-Oriented Pricing Approach; Kerin *et al.* (2012: 264). However, Porter (2011: 17) argued that setting an ideal price is not a transparent rational interaction where cost and benefit can be fully calculated. Price could be categorized as ideal when it satisfied 4 key indicators, they are : Purchaseability based on consumers' spending power, Competitiveness if compared with competitors' offered price, Quality Value of the purchased goods, Benefit-Gained after the purchase has been done; Sagita (2013).

### **Product Quality**

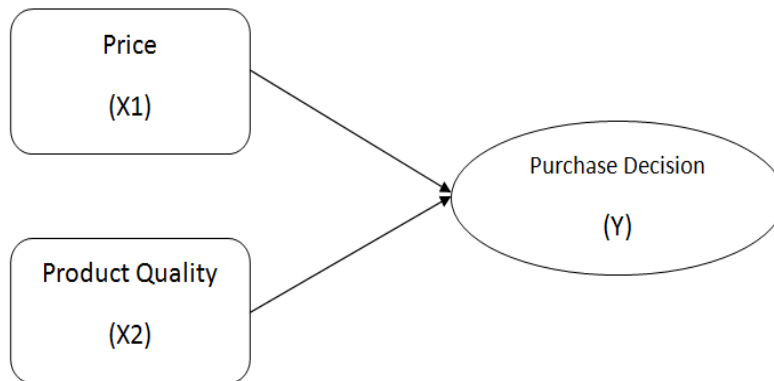
In their book, Kotler and Keller (2011: 378) explained that the key in establishing a solid root in competitive market lies at the constant focus at increasing the value of goods and services which can comes in several dimension and are uniquely determined based on the specific goods or services. And since this paper is focusing mainly in bidaran, the indicators that indicate good quality products are specifically targeting on eatable goods. Carpenter *et al.* (2013: 2) stated that a product can be categorized as good quality one when it satisfies 5 important indicators, they are : Attractive Appearances, Delicious Taste, Proper Texture, Proper Size, Proper Consumption Period.

### **Purchase Decision**

In this internet era where time is a very valuable commodity and consumer is bombarded by massive amount of information all at the same time, purchase decision often made relatively quickly using intuition. Hoyer and MacInnis (2010: 6) stated the main reason which caused the purchase behavior is because the goods or services are able to fulfill physical and spiritual needs

which helps consumer to achieve their personal goals. The survival key in the rapidly moving market is by focusing mainly in adjusting the management movement while still keeping up with the core value of the company with correct timing and approach thus attract purchase decision from the consumer, Kotabe *et al.* (2011:507). According to Putri (2013) there are 3 main indicators that explain positive purchase decisions, they are: Strong Product Preference, Repeat Purchase that happens after the first purchase, Habit in Purchasing after gaining trust towards specific goods or services.

#### Proposed Hypotheses



**Figure 3. Framework**

#### Hypotheses

5.  $H_1$  = Price (X1) has a significant impact towards Purchase Decision (Y).
6.  $H_2$  = Product Quality (X2) has a significant impact towards Purchase Decision (Y).
7.  $H_3$  = Price (X1) and Product Quality (X2) simultaneously have a significant impact towards Purchase Decision (Y).

#### RESEARCH METHODS

This paper uses quantitative approach which according to Wirawan (2011: 333) is a method that uses quantitative data as well as research instrument; which in this research uses questionnaire and statistics technique to gather and organize data while a statistical program named SPSS Statistics 20 is used to analyze obtained data. Research being done in East Java province, Indonesia; where Bidaran Triger is produced. The location is limited inside the city because it is where all main distributors are located.

According to Walliman (2010: 94), population doesn't always mean people; the collective meaning of a population is a number of goods or cases on which are the subject of the research. This also means that a population might consist of several different components such as objects, organization, people or even an event. Population in this research consists of 45 distributors who have been actively selling Bidaran Triger through period of 2012 until 2014.

Sample is part of population that resembles certain characteristics in which represent the whole population but in a respectively smaller size; Sugiyono, (2014:156). However, since the population size is rather small, sample in this research covers the whole population thus data collected by giving out questionnaire to the respected 45 distributors in their offices or shops

As written by Sekaran and Bougie (2013: 227), an instrument is categorized as valid when the results obtained are in line with literatures used as the basic supportive argument. Using Pearson Correlation test, an instrument needs to obtain significance value  $\leq 0,05$  to be concluded as valid

Also by Sekaran and Bougie (2013: 228), an instrument is categorized as reliable when the indicated result doesn't contain bias or free from error therefore the produced results are consistent. Using Cronbach Alpha method, an instrument is called reliable when the coefficient generated is larger than 0,6.

Other tests that also being conducted are Linier Regression Analysis, Statistic Tests which cover Coefficient Determination and Correlation as well as *t*-test and F-test.

## **RESULT**

### **DESCRIPTIVE STATISTICS**

The survey was taken by 45 distributor owners which 33 people ( 73%) are males while the rest 12 people (27%) represented by females correspondent. This result shows that the majority of business owner are represented by males which in daily life are expected to be the main breadwinner in the household.

The age of the correspondents vary from the age of 20s until 50s and above. The range of 20s consists of 3 people (6,67%), while people in the age of 30s consist of 10 people (22,22%), age 40s represented by 20 people (44,44%) and lastly age 50s represented by 12 people (26,67%). Every correnspondence who joined the survey is the owner of distributor company that has been operating for long time where the companies themselves are capable to follow the high barrier minimum-order that normally set by the producers, therefore the range of age for the participants are mainly dispersed in considerably mature age.

### **VALIDITY TEST**

**Table 2. Validity Table for all Variables**

Question	Sig (2-tailed)	Validity
X1.1	0.000	Valid
X1.2	0.000	Valid
X1.3	0.000	Valid
X1.4	0.000	Valid
X2.1	0.000	Valid
X2.2	0.000	Valid
X2.3	0.000	Valid
X2.4	0.000	Valid
X2.5	0.000	Valid
Y1	0.000	Valid
Y2	0.000	Valid
Y3	0.000	Valid

As seen in Table 2, the significance level that shown are located in level 0.000. An instrument is concluded as valid when the significance level is lower than the standard of error, which is 5%. And since the significance value obtained are all at 0.000 point, it can be concluded that the instrument is valid.

### **RELIABILITY TEST**

**Table 3. Reliability Table for all Variables**

Question	Cronbach's Alpha	Reliability
X1.1	0.775	Reliable

X1.2		
X1.3		
X1.4		
X2.1	0.639	Reliable
X2.2		
X2.3		
X2.4		
X2.5		
Y1	0.884	Reliable
Y2		
Y3		

An instrument is concluded as reliable when the Cronbach's Alpha value is higher than 0.6. Thus, as shown in the table, every Cronbach's Alpha values that have been obtained are all above 0.6 point, therefore it can be concluded that the instrument is reliable.

**LINEAR REGRESSION ANALYSIS**

**Table. 4 Coefficient Table**

Model	Unstandardized Coefficients	
	B	Std. Error
<sup>1</sup> (Constant)	-1.202	.711
PRICE	.837	.131
PRODUCT QUALITY	.462	.223

Based on Table 3, the regression equation that represents the relationship between variables will be as follows :

$$\hat{Y} = -1,202 + 0,837 X_1 + 0,462 X_2$$

Whereas:

$\hat{Y}$  = the prediction value of Purchase Decision

$X_1$  = Price

$X_2$  = Product Quality.

**STATISTIC TESTS**

Coefficient of Determination ( $R^2$ ) and Coefficient of Correlation (R)

**Table 5. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
<sup>1</sup>	.813 <sup>a</sup>	.660	.644	.52666	1.741

Coefficient of Determination ( $R^2$ ) shows the degree of impact the independent variables (X) have towards dependent variables (Y).  $R^2$  value ranges from 0 until 1; whereas 0 point shows lack of impact from independent variables (X) towards dependent variable (Y), while 1 point indicates a strong significant capability of the independent variables (X) in explaining dependent variables (Y). As seen in Table 4, the amount of  $R^2$  is located in 0.660 point. This number explains that 66% of Purchase Decision (Y) could be explained by Price (X1) and Product Quality (X2). While the rest 34% could be explained by the other variables outside the ones being used in this paper.

Coefficient of Correlation (R) explains the degree of closeness in the relationship between independent variables (X) with dependent variable (Y). R value ranges from -1 until 1, with an exception where  $R=0$  indicates that there is a very small degree of closeness amongst respected variable. Table 4 shows that the R values at 0.813 which indicates that there is a close relationship between independent variables (X) and dependent variable (Y).

*t* – Test

**Table 6. Coefficients**

Model	t	Sig.
1 (Constant)	-1.690	.098
PRICE	6.404	.000
PRODUCT QUALITY	2.074	.044

The purpose of ‘*t* – Test’ is to find out the impact significance of independent variables (X) individually toward dependent variable (Y), whereas a variable is said to have a significant impact if the sig. value is less than 0.05. Therefore as shown in Table 5, where the significance levels are at level 0.000 for X1 and 0.044 for X2, thus since both variable are below 0.05, it can be concluded that independent variables (X) carry significant impact towards dependent variable (Y).

F – Test

**Table 7. ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	22.661	2	11.331	40.850	.000 <sup>b</sup>
Residual	11.650	42	.277		
Total	34.311	44			

The purpose of F – Test is to find out the impact significance of both independent variables (X) simultaneously toward dependent variable (Y), whereas a variable is said to have a significant impact if the sig. value is less than 0.05. Therefore as shown in Table 6, where the significance level is at 0.000, thus it can be concluded that independent variables (X) carry significant simultaneous impact towards dependent variable (Y).

## CONCLUSION

Based on the results collected, it can be concluded that:

- 6) Price has a significant impact towards Purchase Decision.
- 7) Product Quality has a significant impact towards Purchase Decision.
- 8) Price and Product Quality has a simultaneous impact towards Purchase Decision.

## **SUGGESTION**

Based on the data presented above, it can be concluded that price and product quality hold a significant impact towards purchase decision. Therefore in order to boost the sales of the product, the company can implement several strategies that focus mainly in setting up the correct price level that could attract new customers while at the same time still able to maintain the loyalty from the existing costumers. Improvement in product quality need to be done as well, providing the company knows which aspects need to be focused on and which products need to be taken care of.

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