THE INFLUENCE OF PRODUCT QUALITY AND PRICE ON PURCHASE INTENTION (CASE STUDY: PABRIK REJEKI SUBUR)

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ABSTRACT

This study aims to determine the effect of product quality and prices on purchase intention in rice at the Pabrik Rejeki Subur. The variables used in this study are product quality and price variables as independent variables and purchase intention variables as dependent variables. The method used is quantitative multiple linear regression. The population in this study was 606,092 inhabitants in the province of North Lampung and the sample used was 100. The method used in collecting samples was non probability sampling with a purposive sampling technique. Determination of the number of samples using the Slovin formula. Data collection techniques in this study were conducted by distributing questionnaires using the Likert scale. Based on the results of data analysis, it can be concluded that the variables of product quality and price influence the purchase intention in rice at the Pabrik Rejeki Subur.

Keywords: product quality, price, purchase intention

Introduction

Indonesia is a country that has fertile land and is rich in natural resources, and also has a high potential in developing agricultural businesses and it is appropriate if we treat every possible abundance of resources by utilizing the agricultural sector (Thidi, 2018). One agricultural sector that has high production value in Indonesia is rice.In Picture 1.1 shows that the value of rice production in Indonesia increased in 2010 to 2015. Indeed, there was a decline in 2010 to 2011 and in 2013 to 2014, but the decline was not too significant. This means that the rice supply industry is quite developed in Indonesia. Sumatra Island is also included in the big island in Indonesia, the development of rice supply industry can also be said to develop in Sumatra, the value of rice production in Sumatra is quite good. Even though it has increased and decreased every year, it is not significant. One area that has always experienced an increase and has not experienced a decline in rice production from 2013 to 2015 is in the Lampung area. In 2013, the amount of rice production in the Lampung area was 3,207,002 tons, in 2014 there were 3,320,064 tons and in 2015 there were 3,641,895 tons. This means that the development of the rice supply industry in Lampung can be said to be guaranteed.
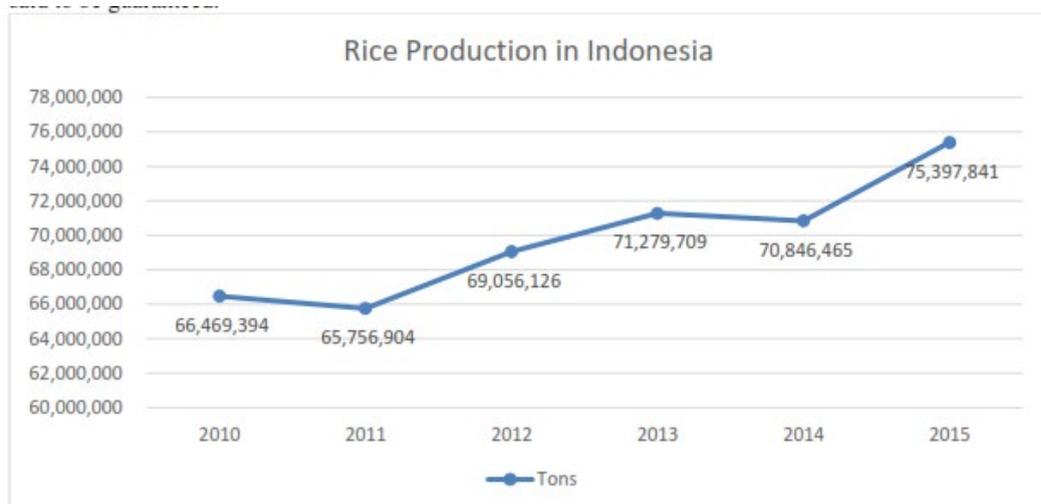
Figure 1. Rice Production in Indonesia
Source: Badan Pusat Statistik (BPS)

Pabrik Rejeki Subur is a company in agriculture, especially rice mills and rice providers. This company is in the Lampung area and was established since 1991, Pabrik Rejeki Subur has become a family business managed by two brothers. In its business, Pabrik Rejeki Subur provides divided packaged rice ranging from 10kg packaging and 25kg packaging with 2 different types of rice so that the Pabrik Rejeki Subur issues two brands, namedRajawali Sakti and Walet. The difference between the two brands is the quality of the rice used, where Rajawali Sakti has better quality rice compared to Walet.

In the Business, Pabrik Rejeki Subur faces several competitors whose competitors have price differences, quality differences, and others. But in price and quality, the Indonesian government has set a benchmark as a guide in determining the price and quality standards of rice produced. Through the

Minister of Trade Regulation (Permendag) No.57 of 2017 concerning the application of the Highest Retail Price (HET), rice is based on the area of sale and quality of rice. This decree was signed by the Minister of Trade Enggartiasto Lukita on August 24, 2017 (Hanung, 2017).

Table 1.1 HET according to Permendag 57/2017

Area	HET Medium (Rp/Kg)	HET Premium (Rp/Kg)
Jawa, Lampung, Sumsel	9.450	12.800
Sumatera lainnya	9.950	13.300
Bali, NTB, Sulawesi	9.450	12.800
NTT , Kalimantan	9.950	13.300
Maluku, Papua	10.250	13.600

Source : Hanung (2017)

In Table 1.1 shows in Java, Lampung and South Sumatra as well as Bali, NTB and Sulawesi, HET for medium quality rice is set at Rp 9,450 / kg, while premium rice is Rp 12,800 / kg. Some of these areas have the lowest HET compared to other regions such as NTT, Kalimantan, Maluku and Papua. The policy on limiting rice prices is actually done because considering rice is the main food for the people of Indonesia, so that if the price of rice is too high, it will certainly reduce people's purchasing power (Hanung, 2017). Therefore, companies need to be careful in determining the prices of sold products.

Table 1.2 Comparison of prices between Pabrik Rejeki Subur and competitors

	Kemasan 5kg	Kemasan 10kg
Pabrik Rejeki Subur(Rajawali	-	9.300 / kg
Pabrik Rejeki Subur(Wallet)	-	8.890 / kg
Ikan Koki	9.600 / kg	9.400 / kg
Manggis	9.400 / kg	9.250 / kg

Sumber : Data diolah penulis (2019)

In Table 1.2 shows the competitors of Pabrik Rejeki Subur in price. The competitor was selected based on the location of the sale and distribution of products that are close to Pabrik Rejeki Subur and if viewed from prices that differ not too far from Pabrik Rejeki Subur. In Table 1.2 shows that the two brands of Pabrik Rejeki Subur do not have a product with 5kg packaging, but when viewed from the price, the Walet brand can be categorized as the cheapest compared to other brands, while the Rajawali Sakti brand has a lower price than the Chef Fish, but higher than the brand Mangosteen. Before discussing about the quality of products from competitors, it should be noted that in Indonesia, rice quality standards have also been arranged in SNI (Indonesian National Standard).

Table1.3. Rice Quality Standards (SNI)

Quality Criteria	Quality I (%)	Quality II (%)	Quality III (%)	Quality IV (%)	Quality V (%)
Degrees of morale (min)	100	100	95	95	85
Water content (max)	14	14	14	14	15
Head rice (min)	95	89	75	73	60
Whole grains (min)	60	50	40	35	35
Broken grains (max)	5	10	20	25	35
Grains menir (max)	0	1	2	2	5
Red grains (max)	0	1	1	3	3
Yellow grains (max)	0	1	1	3	5
~~Whitewash grains (max)~~	0	1	1	3	5
Extraneous grains (max)	0	1	1	3	5
Extraneous grains(max)	0	0,02	0,02	0,05	0,2
grains (maks)	0	1	1	2	3
Mix of other Varieties (max)	5	5	5	10	10

Source : BTPT East Kalimantan, October, 23, 2015

Quality control on rice must be guided by predetermined quality standards, namely SNI (Indonesian National Standard). Milled rice is whole or broken rice obtained from the milling process of rice produced by rice which has all the layers of chaff peeled off or some institutions and bran have been separated. The qualitative quality standard of rice includes free of pests and diseases, free of foul odor, acid and other odors, free from bran and free from signs of harmful chemicals. Based on the quality standards made by SNI (Table 1.3), milled rice is divided into several quality groups according to the criteria.Quality I is a category of super rice which only consists of rice head or even on it (whole rice only). Quality II and III are categories of medium quality quality rice. Whereas Quality IV and V are medium to low quality rice marketed in traditional markets including domestic procurement of rice, BULOG

In increasing purchases, certainly need to increase consumer purchase intention. The interest in purchase is very important for the company to be able to assess the market prey that is suitable for the sale of the company's products. According to Hasan (2014), purchase intention is the tendency of consumers to

buy a brand or take actions related to purchases that are measured by the level of likelihood consumers make a purchase. According to Ferdinand in Latief (2018), purchase intention can be measured by indicators namely explorative interest (want to know the product), preferential interest (want to consider products more than other products), transactional interests (want to own / buy) and

referential interests (want to try and referring to others). Factors that can influence buying interest, one of which is product quality.

According to Kotler and Keller (2016), product quality is the ability of a product to perform its function. Ability that can be used as an indicator that includes performance, endurance, aesthetics and perceived quality. While prices according to Kotler and Keller (2016) are the amount of money spent to replace a product or service as an exchange rate, in the aspect of company prices need to pay attention to several things such as affordability, price compatibility with product quality and price competitiveness.From the explanation of the phenomena of the existing agricultural industry, as well as the problems that occur in Pabrik Rejeki Subur, the research was titled "The Influence of Product Quality and Prices on purchase intention (Case Study: Pabrik Rejeki Subur).

Research Methods

This study uses quantitative methods because it uses hypotheses and is accompanied by statisticaltesting. The quantitative approach according to Suryani and Hendryadi (2015) is research by obtaining data in the form of numbers or qualitative data that are expected. Multiple linear regression analysis is the approach used in this study. Based on the theories that exist in Suryani and Hendryadi (2015), multiple linear regression analysis is used to determine whether there is a significant influence between the independent variable and the dependent variable. The purpose of this study is to look for the influence or relationship that is created from the variables studied, namely product quality and price variables as independent variables, and purchase intention variables as dependent variables.

The implementation of this research will be held in Lampung. The time for conducting research and distributing questionnaires was conducted in April 2019. The population in this study was the people in North Lampung, because the four distributions of the Pabrik Rejeki Subur were in the North Lampung area. Based on data obtained through the North Lampung Central Bureau of Statistics, the total population in North Lampung Province is 606,092. The number of people who live or live in Lampung is very large, so it is not possible to research all because of many limitations, so there will be sample determination.

This study uses a non probability sampling method, where the sampling technique does not provide an opportunity for each element (member) of the population to be selected as a sample (Sugiyono, 2015). The sampling technique used in this study was purposive sampling which according to Sugiyono (2015) was purposive sampling, namely taking members of the sample taken by taking into account the strata and certain conditions in the population.In this study, the instrument will be given to respondents as end users who are in four distributors of Pabrik Rejeki Subur with the provision that the sample to be taken is random gender and with a minimum age of 20 years, because with consideration already at the time of the First Marriage Age. According to Suryamin (2016), the age of the first marriage in Indonesia is the time when the reproductive period of conception begins, when the community has entered the age of first marriage, it is necessary to pay attention to many family needs such as clothing, work, and basic foods such as rice, cassava and others. In addition, other provisions that are used are where the sample must know or at least have interest in the product of Pabrik Rejeki Subur. Sampling using random gender and age was taken from research conducted by Purnomo (2017) who used a random sample gender and took the demographics of the respondents' age as supporting data in discussing the results, because by looking at the age of the respondents, they could know which target market was appropriate with the age of the respondent.The number of samples studied was determined by a theory from Sugiyono (2015) where sample calculations used the Slovin formula to determine the number of samples :

$$n = \frac{N}{1 + Ne^2}$$

n = number of samples (unknown / searched)

N = Number of population (606,092)

e = error tolerance limit (10%)

Slovin formula in this study shows the value is 99.98. Then the sample taken in this study is at least 100 respondents.The tolerance level of errors is 10% to be able to have an accuracy rate of 90% in this study. Based on the slovin formula above, it is obtained, then the calculation is as follows:

$$n = \frac{606.092}{1 + (606.092)(10\%)^2}$$

$$n = \frac{606.092}{1 + 6,060.92}$$

$$n = \frac{606.092}{6,061.92}$$

$$n = 99,98$$

Based on the demographic division of respondents obtained, the most types of respondents were 31 years of age who got 16 respondents with a percentage of 16%, but when viewed as a whole, more respondents obtained in this study were those aged at least 29 years and above. This means that it is possible to become consumers who are interested in deciding to make a purchase at Pabrik Rejeki Subur, consumer that is at least 29 years and above.

Based on Validity test, all variables used in this study with 11 questions have a significance value <0.05, so it can be stated that the eleven questions are valid, Based on realibility test, Cronbach's Alpha variable X_1 is 0.836, variable X_2 is 0.874, variable and variable Y is 0.855. All variables used in this study have Cronbach's Alpha values> 0.60 and have a Cronbach's Alpha if Item Deleted value that is smaller than the Cronbach's Alpha variable value, then the three variables in this study are declared reliable.

Results
Quality Product on Purchase Intention

Based on the results of the t test, it is known that product quality affects the purchase intention. Based on the t test, the results of the t test show the sig value on the variable X_1 of 0.021 which is in accordance with the provisions of the significance value <0.05, it can be concluded that the variable quality product has a significant effect partially on the variables of purchase intention. A positive t-value indicates that the product quality has a direct influence on purchase intention.

This finding proves that the research conducted by Putri et al (2016) and Purnomo (2017) obtained the results of research that product quality have a positive effect on purchase intention. In this study, the indicator of the statement that gets the highest mean value is the third statement, "Rice produced by Pabrik Rejeki Subur has a white color", because according to respondents, the rice produced by the Pabrik Rejeki Subur has a pure white color so interesting to see and the respondents felt interested in the rice products by Pabrik Rejeki Subur.

The demographic results of the respondents, the highest number of respondents were at least 29 years old, the respondents with the demographics were the respondents who agreed with the third statement, because rice is a daily food source, respondents aged 29 years were already at the age of first marriage, then for those who are married need to pay attention to their daily needs, one of which is very important to pay attention to daily food including the quality of rice to be consumed (Suryamin, 2016).

Indicators on product quality variables used in this study are performance, endurance, aesthetics and perceived quality. On performance indicators, respondents agree with the statement "Pabrik Rejeki Subur have rice that has flavors that are fluffier", so the companies need to maintain the tastes that consumers

are interested in, namely fluffier taste. In order to maintain a fluffy taste, Pabrik Rejeki Subur must be more selective in selecting seeds (Rice or Grain) that are used to be appropriate and in accordance with the water content, grain dryness and other standards that are in accordance with SNI and in accordance with the standards of Pabrik Rejeki Subur, so that there needs to be Quality Control during the production process from the selection of materials to rice ready for sale.

In the durability indicator, respondents agreed with the statement "Although without preservatives, rice from the Pabrik Rejeki Subur is durable in storage in the room", then Pabrik Rejeki Subur must check
the rice storage area both at the factory and at the distributor location, thus the Pabrik Rejeki Subur can
provide specific directions for the storage process by looking at the room air temperature and the humidity level of the room as well as how to arrange the rice well so that the rice can have long durability.

In aesthetic indicators, respondents agreed with the statement "Rice produced by the Pabrik Rejeki Subur has a white color", then Pabrik Rejeki Subur must do a Quality Control in the production process so that the rice produced during the production process is of good quality. In this study consumers felt the rice produced by the Pabrik Rejeki Subur had a white color. This needs to be maintained so that Pabrik Rejeki Subur needs to pay attention to the selection of seeds (Rice or Grain), if you want to produce white rice, you need good seeds and a grinding process that can clean the grain from dirt and separate empty grain, Quality Control must be done and the SOP needs to be in Quality Control so that the appearance of rice is well maintained and can attract consumer interest.

On the indicators of perceived quality, respondents agreed with the statement "The quality of the Pabrik Rejeki Subur rice products is in accordance with what was promised", but there are still many who have never heard of Pabrik Rejeki Subur rice brand, but after purchasing products from Pabrik Rejeki Subur, many people began to believe with the quality of Pabrik Rejeki Subur's rice, Pabrik Rejeki Subur must introduce the brand to the community and give them an idea of good rice. When giving an overview of this good rice, Pabrik Rejeki Subur can give a highlight on the good side of the product produced.

Price on Purchase Intention

Based on the results of the t test, it is known that prices affect the purchase intention. Based on the results of the t test showing the significance value of the variable X_2 are 0,000 which is in accordance with the provisions of the significance value <0.05, it can be concluded that the price variable has a significant effect partially on purchase intention. A positive t-value indicates that the price has a direct influence on the purchase intention.

This finding proves that the research conducted by Purnomo (2017) and Nirushan (2017) obtained the results of the study that the price has a positive effect on the buying interest variable. In this study, the indicator of the question that gets the highest mean value is the third statement, "The price of rice for Pabrik Rejeki SuburPricee can be suitable to highest retail price (HET) and cheaper than other rice products (with the same type of rice) ", Because according to respondents, the price of rice produced by the Pabrik Rejeki Subur is not much different from the price set by the government or the Highest Retail Price (HET), so the price of rice for the Pabrik Rejeki Subur is still quite affordable.

The respondent's demographic results, the most respondents were at least 29 years old, respondents with the demographics could be the respondents who agreed with the first statement, respondents aged 29 years on average were married or married so they managed family finances (Suryamin, 2016), and also have to be more careful especially spending per month such as buying clothes, electricity, water, and food needs such as rice.

The indicator on the price variable used in this study is affordability, price suitability with the product obtained and price competitiveness. In the price affordability indicator, respondents agreed with
the statement "Rice produced by Pabrik Rejeki Subur has an affordable price", so the pricing made by Pabrik Rejeki Subur must be consistent with the current price, because if the nominal price is increased then the price will become increasingly unaffordable and can trigger a decline in consumer buying interest.

In the price suitability with the product obtainedindicator, the respondent agrees with the statement "The price of rice Pabrik Rejeki Subur is in suitable with the quality of the product, which has whole and long grain," thus Pabrik Rejeki Subur needs to pay attention to this, because the respondent feels that the product given by Pabrik Rejeki Subur according to what they got, so Pabrik Rejeki Subur must provide good quality by paying attention to the production process starting from the selection of grain seeds to rice that is suitable for sale, thus the community does not have any other assumptions that are not good for company and thus consumers will not be disappointed with the quality obtained after issuing costs in the purchase process.

In the indicator of price competitiveness, respondents agreed with the statement "The price of rice by Pabrik Rejeki Subur can be said to be in accordance with the highest retail price (HET) and cheaper than other rice products (with the same type of rice)". consumer interest from the price aspect, must maintain price competitiveness by looking at the standards of the highest retail price in Indonesia, thus the company can set prices so that it is not too expensive, but in addition the company needs to compare the price of rice from competitors in location of sale so that the price of rice from the Pabrik Rejeki Subur does not differ greatly from competitors and can compete.

Discussion

Supporting previous evidance relating conducted by Purnomo (2017), aesthetics is a very important factor for respondents to assess the quality of a product, because aesthetics is a display that is

seen directly by the respondent and can produce an assessment since the respondent first saw a product. According to Ferdinand in Latief (2018), one of the factors that can influence purchase intentionis product quality because interest in buying a product will arise if the quality of the product is good and in accordance with consumer expectations

Supporting previous evidance relatingconducted by Purnomo (2017), affordability of prices is a very important factor for respondents to choose a product because each respondent has a variety of economic conditions so that the respondent must adjust the economic situation to his daily needs. According to Kotler and Keller (2016), price is one of the factors for consumers in determining the interest of a product, in the process, consumers will consider a product of price as a value that must be spent by consumers, therefore pricing is very important to increase consumer interest .

Conclusion

Based on the results of statistical and descriptive data analysis, it was concluded thatProduct Quality (X1) has a positive and significant effect partially on the Purchase Interest variable. So that the first hypothesis (H1) is accepted because the results obtained are in accordance with the hypothesis. While Price (X2) has a positive and significant effect on the Purchase Interest variable. So that the second hypothesis (H2) is accepted because the results obtained are in accordance with the hypothesis.

Suggestion

For Pabrik Rejeki Subur can make a special SOP for rice quality control in accordance with SNI and can do the selection of rice seeds must be guaranteed because by guaranteeing good rice seeds, the company can get good product cost and can set affordable prices for consumers. This research can be used

as a reference for future research so that it can conduct research by adding variables that are not used in

this study such as the variable marketing mix, branding strategy, brand equity and others, so that in the next study it is expected to increase purchasing decisions and can also do the next research with the same variables, but can use different methods such as qualitative methods to deepen the results or findings of the study.

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