

## THE INFLUENCE OF PRODUCT QUALITY, PRICE, AND PROMOTION ON CONSUMER PURCHASE INTENTION

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### ABSTRACT

*Puding sedot KONIK is a FnB startup business in Surabaya. It has been running for five months when this study was held. The study based on a problem that the KONIK pudding periodically selling were so fluctuating. The purpose of this study is to know the influence of product quality, price, and promotion on consumer purchase intention. Sample size was 98 students of Ciputra University Surabaya as respondents. Analysis of the data was using a multiple linear regression processed by SPSS program. The result showed that product quality and price has influence on purchase intention.*

**Keywords** : product quality, price, promotion, purchase intention, consumer purchase intention, quantitative

### INTRODUCTION

Food and beverage industry has a large contribution to Indonesia's non-oil and gas gross domestic product (Warta, 2018). This sector has a great potential for development in a large population country, like Indonesia (Prahara, 2018). One of the food which trending now, especially in Surabaya, is puding sedot. Puding sedot is a kind of silky pudding that packaged in a bottle and need a straw to slurp it. KONIK pudding is a startup business which start running in August 2018. The production of KONIK pudding has standard operating procedures (SOP) to be followed and Quality Assurance procedure in the end of the process to keep the standard quality of the product. The selling price was determined using a competitive pricing strategy to make sure that it can compete with others price. KONIK promotion strategies were using discount pricing and social media marketing for product introduction. The fluctuation of periodically selling of KONIK pudding (figure-1) was underlying this study. The aim of the study is to know the influence of product quality, price, and promotion to consumer purchase intention.

Xiao, Shaohua, and Qaisar (2018) has researched to know the influence of product quality and price on consumer purchase intention and the result showed that product quality and price had a significant influence on purchase intention. Huang and Hoang (2014) were studying to know the influence of promotion on consumer purchase intention and the result showed that promotion had a significant influence to purchase intention. These discovery suggests the following hypotheses :

H1 : Product quality has a significant influence on consumer purchase intention

H2 : Price has significant influence on consumer purchase intention

H3 : Promotion has significant influence on consumer purchase intention

## **LITERATURE REVIEW**

This research has three dependent variables : product quality, price, and promotion, and the outcome variable is purchase intention. Purchase intention is a liking attitude about an object which then cause an effort to get the object. It can be appeared by the stimulation of the products (Schiffman and Kanuk, 2007). Based on the existing theory, the conceptual framework (figure 2) was used in this study.

Product quality is a characteristic of a product to satisfy the user's needs (Kotler and Armstrong, 2012). So, the quality of a product depends on consumer's satisfaction of needs. Product quality, for food and beverage, has some indicators : color, appearance, portion, temperature, texture, flavor, maturity level, and taste (Gaman and Sherrington in Ratnasari, 2016).

Price is a value exchange by the consumer to get a product or service. Consumer will consider the appropriateness of the exchange before they deal with the price. There are some indicators of price : the affordability, conformity with the quality, competitiveness, and conformity with the benefit (Kotler and Armstrong, 2012).

Promotion is a communication activity to tell about benefits of a product in a persuasive way to stimulate consumers to buy it. Therefore, this activity can automatically increase the sales success. There are some indicators of promotion : advertisement, selling promotion, individual selling, public relations, and direct selling (Kotler and Armstrong, 2012).

Purchase intention is a consumer's mindset which reflecting a planning to buy amount of a product with a certain brand. Purchase intention is a driving factor of a purchase decision. There are some indicators of purchase intention : transactional intention, referential intention, preferential intention, and explorative intention (Ferdinand, 2002).

## **RESEARCH METHODS**

The approach of the research is quantitative research. The population of this study were bachelor and master students of Ciputra University Surabaya, based on KONIK pudding criteria of target market. Total of the sample was counted by Slovin formula. The population total is 3739 students so the minimum sum of samples were 98 respondents. The sampling method was using a non-probability sampling because of the large number of population and the limited time.

The total samples for this study is 98 respondents, consists of 58% women and 42% men. These respondents are aged 15-18 years old (15.31%), 19 years old (22.45%), 20 years old (30.61%), 21 years old (15.31%), and 22-30 years old (16.32%). Almost half of them, 47.96%, haven't eaten pudding sedot.

The independent variables of this study are product quality, price, and promotion and the dependent variable is purchase intention. Each of these variables have some indicators (figure 2). The data was being collected by giving the questionnaire to the respondents. The

data were processed by SPSS with multiple linear regression analysis. There are four main tests, validity and reliability test for the questionnaire (table 1), classical assumption test for the model (table 2), hypothesis test with F test and t test (table 3), and determination analysis R square (table 3).

## RESULT AND DISCUSSION

The data for this study was collected by questionnaire, which has been tested for the validity and the reliability. Table 1 shows that all the statements in this instrument are valid (significance  $\leq 0.05$ ) and reliable (Cronbach's alpha  $> 0.600$ ), except for flavor indicator in product quality so this indicator is removed for the data analysis.

Multiple linear regression has several key assumptions, like the residuals are normally distributed, there is no heteroscedasticity and multicollinearity, linear relationship between the dependent and independent variables, and there is no autocorrelation. The result of classical assumption test (table 2) in this study shows that all the assumptions are fulfilled. The Kolmogorov Smirnov score is 0.582 means that the residuals are normally distributed. All the dependent variables in heteroscedasticity test has significance score  $> 0.05$  means that there is no heteroscedasticity. Variance Inflation Factor (VIF) score for each variables are lower than 10, means that there is no multicollinearity. For the linearity test, all the dependent variables significance is  $\leq 0.05$ , means that there is a linear relationship between product quality, price, and promotion with purchase intention. For the autocorrelation test was using Durbin Watson method. The Durbin Watson score for the data is 2.014 it fulfills the formula  $du \leq DW \leq 4-du$ , means that there is no autocorrelation.

Product quality has a significant and positive influence on purchase intention based on its significance value in t test is lower than 0.05 (sig : 0.005). Positive means that an increasing of product quality will cause an increasing of purchase intention. Thus, to increase the consumer purchase intention, Puding Sedot KONIK has to upgrade and maintain the product quality. Thereby, hypothesis 1 is accepted.

Price has a significant and positive influence on purchase intention based on its significance value in t test is lower than 0.05 (sig : 0.004). The effect is positive because the price here describe a price perspective. An increasing of price perspective will cause an increasing of purchase intention. Thereby, hypothesis 2 is accepted.

Promotion does not have an influence on purchase intention based on its significance value in t test is higher than 0.05 (sig : 0.068). So, the promotion activity of Puding Sedot KONIK will not increase the consumer purchase intention. Thereby, hypothesis 3 is rejected.

## CONCLUSION

Based on the analysis results, the researcher made a conclusion for this study :

1. Product quality has a significant influence on purchase intention
2. Price has a significant influence on purchase intention
3. Promotion doesn't have a significant influence on purchase intention

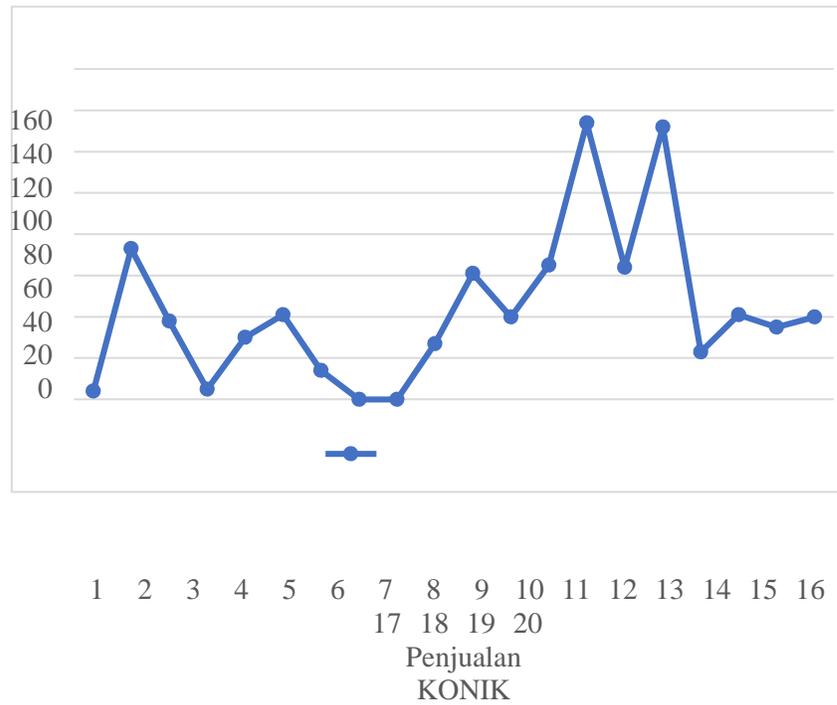
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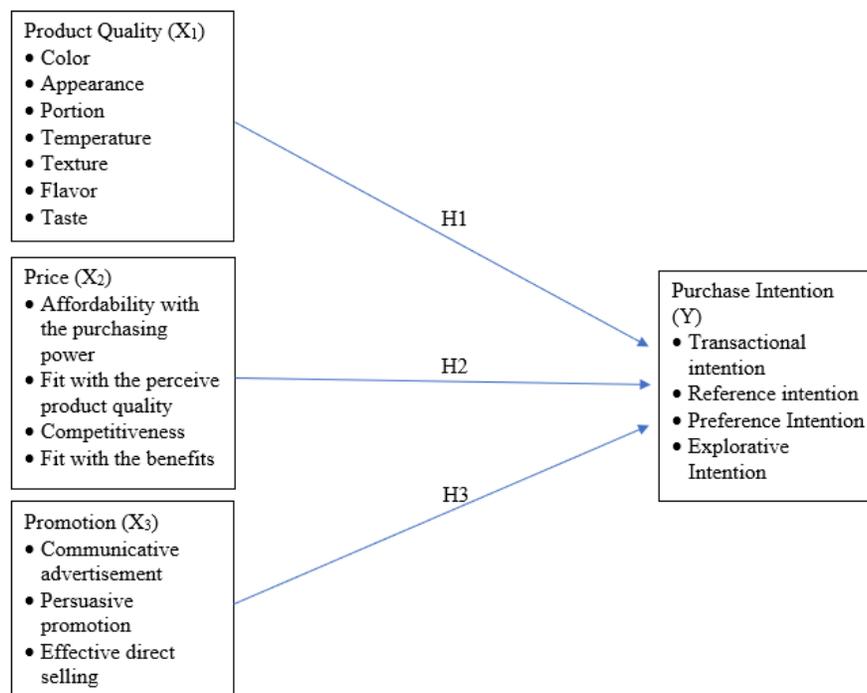
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**Figure 1 :** Product sales of KONIK pudding period August-December 2018



**Figure 2 :** Conceptual Framework

**Table 1 The Result of Validity and Reliability Test Instrument**

Variabel	Indicator	Validity			Reliability
		Pearson Correlatio	Sig. (2-tailed)	Keterangan	
X1 Product quality	Color	0.733	0.000	Valid	<i>Cronbach's Alpha : 0.662</i>  Reliable
	Appearance	0.519	0.000	Valid	
	Portion	0.500	0.000	Valid	
	Temperature	0.802	0.000	Valid	
	Texture	0.443	0.000	Valid	
	Flavor	0.170	0.095	Valid	
	Taste	0.487	0.000	Valid	
X2 Price	Purchasing power	0.784	0.000	Valid	<i>Cronbach's Alpha : 0.851</i>  Reliable
	Product quality	0.833	0.000	Valid	
	Product benefit	0.806	0.000	Valid	
	Customer service	0.834	0.000	Valid	
X3 Promotion	Advertisement	0.733	0.000	Valid	<i>Cronbach's Alpha : 0.654</i> Reliable
	Promotion act	0.794	0.000	Valid	
	Direct selling	0.757	0.000	Valid	
Y Purchase intention	Transactional	0.688	0.000	Valid	<i>Cronbach's Alpha : 0.725</i>  Reliable
	Emotional	0.596	0.000	Valid	
	Reference	0.727	0.000	Valid	
	Preference	0.695	0.000	Valid	

Source : Research Data Processed (2019)

**Table 2 Classical Assumption Test**

	Normality Test	Heteroscedasticity Test	Multicollinearity Test	Linearity Test	Autocorrelation Test
X1	Kolmogorov Smirnov : 0.582	Sig : 0.810	VIF : 1.505	Sig : 0.000	DW : 2.014 (1.732 ≤ DW ≤ 2.268)
X2		Sig : 0.849	VIF : 1.306	Sig : 0.000	
X3		Sig : 0.291	VIF : 1.458	Sig : 0.000	

Source : Research Data Processed (2019)

**Table 3 The Result of F Test, t Test, and R Square**

	F Test	t Test	R Square
X1	Sig : 0.000	Sig : 0.005	R Square : 0.332
X2		Sig : 0.004	
X3		Sig : 0.068	

Source : Research Data Proceed (2019)