Effectiveness of Product Quality and Price on Purchase Decision at PT. Leo Fam Means (Plstic Company)

Adrian Hidayat[1)*], Georgius Listen[2)], Tri Angreni[3)]

[1)2)3)]*University Buddhi Dharma*
Jl. Imam Bonjol No. 41 Karawaci Ilir, Tangerang, Indonesia

[1)]adrian.hidayat@ubd.ac.id

[2)]georgius.listen@ubd.ac.id

[3)]tri.angreni@ubd.ac.id

Abstract

This study aims to determine how far product quality and price affect purchasing decisions at PT. Leo Fam Facilities. The research conducted is by distributing questionnaires, while the research method used is descriptive method. In conducting this research, the writer uses correlation coefficient analysis, multiple linear regression analysis and F test and t test. From the results of the analysis the authors obtain the following results. From the multiple linear analysis, the equation $Y = 1.583 + 0.542\ X1 + 0.510\ X2$ means that for every 1 point increase or decrease in price, the purchasing decision will increase and decrease by 0.542. On product quality, every 1 point increase or decrease, the purchase decision will increase or decrease by 0.510. From the correlation coefficient analysis, it is shown that the price correlation coefficient is 0.953, close to 1, and the product quality correlation coefficient is 0.948, close to 1, so the relationship is strong and has a positive relationship with purchasing decisions at PT. Leo Fam Facilities. From the results of the F test for model 1, the value is 716,380 and for model 2 is 573,529 where both values are greater than the F table of 1.96, thus Ho is rejected and Ha is accepted. In the t-test, the results are known, in the t-column it is known that the t-count for the price (X1) is 7.108 while the t-count column for product quality (X2) is 6, 382 by using the t normal distribution table and using the degree of freedom or (df) n - 2 = 75 – 2 = 73, the value of the t table distribution is 1.666. Because t count product quality and price > from table t which is 1.666, then Ho is rejected and Ha is accepted.

I. INTRODUCTION

The marketing concept is a marketing planning activity to achieve the company's goals, namely customer satisfaction. All activities that adhere to the marketing concept must be directed to meet these goals. Understanding Marketing Management according to Assauri (2013:12), is "Marketing management is an activity of analyzing, planning, implementing, and controlling programs made to establish, build, and maintain profits from exchanges through target markets in order to achieve organizational (company) goals. in the long term".

Marketing is one of the main activities carried out by the company in maintaining the viability of the company, developing to earn a profit. Marketing activities are designed to give meaning to serve and satisfy consumer needs carried out in order to achieve company goals. Every company has a goal to be able to survive and thrive. This goal can only be achieved through efforts to maintain and increase the level of company profits or profits by maintaining and increasing sales. This goal can be achieved if the company's marketing department carries out a good strategy to be able to use the opportunities or opportunities that exist in marketing.

Quality is defined as the overall characteristics and characteristics of goods and services that affect the ability to meet stated or implied needs. In the product quality sector, there are still quite a lot of goods that have product defects but are still sold to consumers. From the research results it is known that product quality is very influential on purchasing decisions. Product quality has a very dominant influence on power. According to Kotler (2015:345),

[*] Corresponding author

price is the sum of all values given by customers to benefit from owning or using a product or service. Price can create a perception of the quality of the product or service provided.

II. Related Works/Literature Review (Optional)

Understanding Product Quality

The product is the core of a marketing activity because the product is the output or result of one of the company's activities or activities that can be offered to the target market to meet the needs and desires of consumers. Basically, in buying a product, a consumer not only buys the product, but the consumer also buys the benefits or advantages that can be obtained from the product he buys. Therefore, a product must have advantages over other products, one of which is in terms of the quality of the products offered. Product quality is one of the keys to competition among business actors offered to consumers. According to Kotler and Keller (2016:156), Quality is the totality of features and characteristics of a product or service that has the ability to meet stated or implied needs. Product quality is a characteristic of a product or service that depends on its ability to meet stated or implied customer needs (Kotler and Armstrong 2015:253). Based on some of the definitions above, it can be seen that product quality is the ability of a product to fulfill consumer desires. These consumer desires include product durability, product reliability, ease of use, and other valuable attributes that are free from flaws and damage. Product quality is a characteristic of a product or service that depends on its ability to meet stated or implied customer needs (Kotler and Armstrong 2015:253). Based on some of the definitions above, it can be seen that product quality is the ability of a product to fulfill consumer desires. These consumer desires include product durability, product reliability, ease of use, and other valuable attributes that are free from flaws and damage. Product quality is a characteristic of a product or service that depends on its ability to meet stated or implied customer needs (Kotler and Armstrong 2015:253). Based on some of the definitions above, it can be seen that product quality is the ability of a product to fulfill consumer desires. These consumer desires include product durability, product reliability, ease of use, and other valuable attributes that are free from flaws and damage.

Understanding Prices

Price is a product value, because it will affect producer profits. Price is also a consideration for consumers to buy, so special considerations are needed to determine the price. Prices are directly related to revenue and profit. Price is an element of the marketing mix that brings income to the company, which in turn affects the size of the profit and market share obtained. Price indicators include:

    a. Price affordability Price affordability is where the price offered by a company is able to reach all consumers, from the upper, middle, to lower classes.

    b. Price compatibility with product quality A product quality that is very suitable for the price marketed by a company

    c. Price competitiveness The prices set by a company may be very different from those of other companies selling the same product.

    d. Discounts Price discounts need to be done by a company in order to attract the attention of consumers to want to buy their products.

    e. The suitability of the price with the benefits of the product A price of a product or goods also depends on how the benefits of the product to the consumer if the consumer buys it

III. Methods

The research model used in this research is descriptive method. Descriptive research studies problems in society and the ways in which society and certain situations occur, including relationships, activities, attitudes, views, ongoing processes and the effects of a phenomenon. . Many experts embed the descriptive method under the name of a normative survey. With this descriptive method, the position of the phenomenon or factor is also investigated and seen the relationship between one factor and another. Therefore this descriptive method is also called a case study.

Population and Sample

The author uses two discussions, namely qualitative analysis and quantitative analysis. Qualitative analysis is an analysis without using statistical calculations, in this case by using the method used by the company in determining the price and product quality for purchasing decisions. While quantitative analysis is an analysis that uses statistical calculations. Distribution of Questionnaires as many as 75 questionnaires

.

IV. RESULTS

Product Quality Validity and Reliability Test (X1)

In the Reliability Statistics above, it can be seen that the value of Cronbanch's Alpha is 0.866 with a total of 10 questions. When compared with the alpha value according to Yudi Mahadianto & Adi Setiawan (2013:20) in their book Dependency Parametric Analysis with the SPSS Program, the Cronbach's Alpha value of the price variable is greater than the value = 0.70. So it can be concluded that all questionnaires about the effect of the price are proven to be reliable.α

Price Validity and Reliability Test (X2)

In the Reliability Statistics above, it can be seen that the value of Cronbanch's Alpha is 0.874 with a total of 10 questions. When compared with the alpha value according to Yudi Mahadianto & Adi Setiawan (2013:20) in his book Parametric Dependency Analysis with the SPSS Program, the Cronbach's Alpha value of the product quality variable is greater than the value = 0.70. So it can be concluded that all questionnaires about the effect of product quality are proven to be reliable.α

Test the Validity and Reliability of the Purchase Decision Variable (Y)

In the Reliability Statistics above, it can be seen that the Cronbanch's Alpha value is 0.890 with a total of 10 questions. When compared with the alpha value according to Stanislaus Uyanto (2009:274) in his book Guidelines for Data Analysis With SPSS, the Cronbach's Alpha value of the purchasing decision variable is greater than the value = 0.70. So it can be concluded that all questionnaires about the effect of the purchase decision are proven to be reliable.α

Correlations

		Buying decision	Product quality	Price
Pearson Correlation	Buying decision	1,000	.953	.948
	Product quality	.953	1,000	.921
	Price	.948	.921	1,000
Sig. (1-tailed)	Buying decision	.	.000	.000
	Product quality	.000	.	.000
	Price	.000	.000	.
N	Buying decision	75	75	75
	Product quality	75	75	75
	Price	75	75	75

Source: Data processed by SPSS 20

From the table above it can be seen that:

The effectiveness of product quality is indicated by the correlation coefficient value of 0.953, close to 1, where the correlation has a positive and strong influence. The magnitude of the price effectiveness is indicated by the correlation coefficient value of 0.948, close to 1, where the correlation has a positive and strong influence. So the influence of product quality and price is strong and has a positive influence. This means that it can be said that price and product quality are good for improving purchasing decisions. The direction of the positive influence shows the better the price and quality of the product will make consumer purchasing decisions increase. Vice versa, the worse the product quality and price, the lower the level of consumer purchasing decisions.

The Correlations table shows that: the effectiveness of product quality and price is significant or not with purchasing decisions, it can be seen from the probability number of 0.000 < 0.05. It states that if the probability number is < 0.05, then there is a significant effectiveness between the three variables. A significant value of 0.000 indicates that the correlation between the three variables is significant, meaning that it rejects Ho and accepts Ha.

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2450,625	1	2450,625	716,380	.000b
	Residual	249,722	73	3.421		
	Total	2700,347	74			
2	Regression	2540,859	2	1270,429	573,529	.000c
	Residual	159,488	72	2.215		
	Total	2700,347	74			

a. Dependent Variable: Y
b. Predictors: (Constant), X1
c. Predictors: (Constant), X1, X2

Source: Data processed by SPSS 20

From the data above, it can be seen:

From the ANOVA test, the calculated F for model 1 is 716,380 with a significant level of 0.000 where the number $0.000 < 0.05$ and also F count > F table or $716,380 > 1.96$, thus Ho is rejected and Ha is accepted meaning that there is a linear effect between product quality variables and purchase decision, then the regression model is feasible and appropriate to predict purchasing decisions.

From the ANOVA test, the calculated F for model 2 is 573,529 with a significant level of 0.000 where the number $0.000 < 0.05$ and also F arithmetic > F table or $573,529 > 1.96$, thus Ho is rejected and Ha is accepted meaning that there is a linear effect between the price variable and the decision purchase, then the regression model is feasible and appropriate to predict purchasing decisions.

V. CONCLUSIONS

From the results of the analysis of the effect of price and product quality on purchasing decisions, using coefficient analysis, it is known that price and product quality have a positive and strong correlation with purchasing decisions.

1. The results of the calculation of the correlation for product quality show that it is 0.953 and the price is 0.948, which means it is close to one where the correlation has a positive and strong relationship.

2. From the determinant coefficient for model 1, 90.8% is obtained, meaning that product quality influences purchasing decisions by 90.8% and the remaining 9.2% is influenced by other factors. While the results of the determinant coefficient for model 2 is obtained at 94.1%, meaning that the price affects purchasing decisions by 94.1% while the remaining 5.9% is influenced by other factors. This proves that the three factors (product quality, price and purchasing decisions) influence each other.

3. From the ANOVA test, it is obtained that f count for product quality is 716,380 and price is 573,529 and f table is 1.96 which is obtained from table f for degrees of freedom degree of freedom (df) $75 - 2 = 73$ and significant level = 0.05 (f count > f table) means Ho is rejected and Ha is accepted. This shows that there is a relationship between price, product quality and purchasing decisions.

4. Based on the hypothesis test for product quality, the t-count results are 7,108 and for the price, the t-count results are 6382 and t-table is 1.666 obtained from the t-distribution table for degrees of freedom degree of freedom (df) $75 - 2 = 73$ and significant level = 0.05 (t count > t table) means Ho is rejected and Ha is accepted.

REFERENCES

Abdullah, Thamrin and Francis Tantri. (2012). Marketing Management. Depok: PT.Grafindo Persada.
Abdurrahman, Nana Herdiana. (2015). Marketing Strategy Management. Faithful Library.
Assauri, Softjan. (2012). Marketing Management. Jakarta: RajaGrafindo Persada.
Daryanto. (2011). Sari Marketing Management Course. Bandung: PT. Means Prosperous Conscience Tutorial.
Herlambang, Susatyo. (2014). Basic Marketing (Basics of Marketing). Yogyakarta:Goshen Publishing.
Hurriyati, Ratih. (2012). Marketing Mix & Consumer Loyalty. Bandung: Alphabet.

Kotler and Armstrong. (2012). Principles of marketing. Pearson Prentice Hall.

Like, Dawn. (2011). Marketing Management. Yogyakarta: Graha Ilmu.

Oentoro, Deliyanti. (2012). Modern Marketing Management. Yogyakarta: Laksbang Pressindo.

Saladin, Djaslim.(2012). Marketing Management. Bandung: Linda Karya.

Sangadji, Etta Mamang and Sopiah. (2013). Consumer behavior. Yogyakarta: Andy

Sudaryono. (2014). Consumer behavior. Semarang: Diponegoro University.

Sugiyono. (2011). Qualitative Business Research Methods and R & D. Bandung: Alphabet

Sumarwan. (2013). Marketing Management: Research Guide.

Sunardi & Anita Primastiwi. (2012). Introduction to Business. PT. Fun Book.

Stanton, W. (2012). Marketing Principles. Jakarta: Erlangga.

Sunyoto, Danang. (2013). Marketing Management Fundamentals. Yogyakarta: COPS

Tjiptono, Fandy. (2014). Service Marketing. Yogyakarta: Andi.