Effect of Product Quality, Price, and Promotion to Purchase Decision

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Abstract—This study aims to analyze the influence of product quality, price, and promotion of purchasing decision in Indonesia. The data used taken from some Indonesian people who usually drink local tea. The purposive sampling method used in the selection of respondents involving ninety-two people. The results of this study partially indicate that quality had a significant and positive effect on purchasing decisions by sixty percent. Price had a significant and positive effect on purchasing by forty-two percent. The promotion had a significant and positive effect on purchasing decisions by fifty percent. Simultaneously, the quality, price, and promotion significantly affected the purchase decision by seventy-two percent.

Keywords—Product quality; price; promotion; purchase decision

I. INTRODUCTION

A very rapid and dynamic business developments world influence the actions of producers in a marketing strategy. Changes that occur require manufacturers always to be more creative, innovative, follow the direction of change and adapt to consumers who play an essential role in purchasing decisions. Buying decisions from consumers to buy a product is an integral part of a company's production. Purchasing decisions are the selection of two choices or more consumers on purchases [1]. Every day consumers make decisions about aspects of daily life. However, sometimes the decision was taken without thinking about how to make decisions and what is involved in this decision-making process. Choices must be available to a person when making decisions.

Many factors influence purchasing decisions. Promotion, price, value, and quality of a product can affect a person to make a purchase [2]–[5]. Promotion factors also need to be considered considering today's information becomes a critical consideration for consumers. As one of the marketing elements, promotion plays a small role in consumer purchasing decisions. The success of marketers strategy in attracting consumers depends on the ability of the company to consider other elements, such as marketing communication [6]. However, managing the distribution is also crucial to support marketing services [7].
Dealing with the reality of many goods and services similar to the various quality and tastes of the multiple consumers and the emergence of new competitors, resulting in increasingly fierce competition. Companies should try to gain market share, maintain and even expand the market share to compete with other similar companies. In addition to the emergence of many identical consumer goods increasingly smart and selective of products to be purchased. Sometimes consumers are willing to spend more money on quality goods [8]. Consumers also have different perceptions of a product. The choice of consumers to a wide range of products becomes an excellent opportunity for manufacturers to continue to increase sales with appropriate marketing strategies. One effort that can be done is to identify the behavior of individuals in their efforts to obtain and use goods or services included in the purchase decision process. Consumer behavior is influenced by cultural, social, personal and psychological factors [9].

Consumer behavior dramatically affects the viability of the company as an institution that seeks to meet the needs and desires of consumers. The purpose of business is to create and keep consumers mindful of marketing strategies. In other words, the success of a business depends on the understanding, service, and ways of influencing the consumer to achieve the goal. Thus, companies can compete by maximizing their services to consumers [10]. If tracing the domestic beverage industry has never lethargic. Various companies continue to develop products to adapt trends and tastes of the market [11].

II. LITERATURE REVIEW

In the competition of the ready-to-drink tea industry, Indonesia local tea is brave to innovate and deliver quality products at competitive prices. Quality product with competitive price in tea industry can influence and become consumer choice. The growth of ready-to-drink tea in packs have been associated with consumers who like the practicality of drinking tea. Tea is ready to drink, good taste, pure to carry everywhere, and the affordable price makes consumers choose this product. Tea business in Indonesia requires help for tea farmer to reduce the risk of expenses [12]. Thus, the company can provide excellent services to globalizing the tea industry.

Indonesia has a large number of people, who spend more time-consuming tea every day. The tea market provides tea drink products with several sizes that can be enjoyed by the needs of people [13]. Therefore, this research aims at analyzing the effect of product quality, price, and promotion of purchasing decision of Indonesia local tea. This research is expected to enrich the science of marketing, especially the factors that influence the purchase decision. The findings of this study can be a picture and an additional consideration for consumers about things to consider before they buy a tea product. By large tea consumers, they are expected to be more intelligent in deciding to buy a
product.

Therefore, marketing understanding for marketers is fundamental to realize the needs and desires of customers, determine the target market to offer. Thus, the marketing insight is also highly beneficial for the company to provide the right products, services, and programs to serve the market to optimize the sales. Marketing is the process by which the company creates for customers and builds strong relationships with customers to get from customers in return [9].

In creating and building strong relationships with customers, various ways can be done such as customer needs, determining the right product for production, developing the offer through promotion and distribution. The company requires all these factors to achieve customer satisfaction and generate more profit which is the company’s goal. Effective marketing is one of the leading programs in modern marketing [14]. All factors controlled by the company to influence consumer demand for goods and services known as marketing terms.

Effective marketing programs integrate all elements of the marketing mix into an integrated marketing program designed to achieve the company’s marketing goals by delivering value to consumers [15]. Marketing mix comprises a collection of tactically controlled marketing tools that the company combines to produce the desired response in the target market [16], [17]. The marketing mix consists of all the things a company can do to influence its product demand. These possibilities can be grouped into four groups of variables called four P, product, price, place, and promotion [18], [19]. The product is a combination of goods and services the company offers to the target market. Price is the amount of money the customer must pay to get the product. The place is the placement of a product to be available to the target consumer, a type of activity related to how to deliver products from producer to consumer. Promotion is the activity of communicating and conveying information about the product to the consumer, and persuading the target consumers to buy the product.

Product quality is the ability of a product to demonstrate its function; it includes overall durability, reliability, accuracy, ease of operation and product reparation as well as other attributes [20]. Based on the theory put forward the means of product quality is defined as the assessment of consumers about product attributes in products that will meet the needs and provide benefits to consumers. Quality is also a dominant element to sell to consumers. Eight dimensions of product quality that marketers can play. Performance, feature, reliability, conformance, durability, serviceability, aesthetics, and perceived quality are the eight dimensions.

Performance is the main characteristic or function of a product. This is the main benefits or benefits of the products we buy [21]. Usually, this is the first consideration we buy the product. The second dimension is reliability, i.e., the opportunity for a product free from failure when performing its function.
Providing the warranty comprises the indication of product reliability [22]. The dimensional feature is characteristic or additional characteristics that complement the primary benefits of a product. Features are optional or option for consumers. New features of a product tend to make consumers decide to purchase [23]. Durability indicates the age of the product, i.e., the amount of use of a product before it is replaced or damaged. Durability is another new option for the consumer to compare one and another product [24]. Conformance is the conformity of product performance with the stated standard of a product. It is a kind of promise that must be fulfilled by the product [25]. The next dimension is the aesthetic dimension is regarded as the beauty of the product display [26]. The last aspect is perceived quality. This concerns consumer ratings of imagery, brands, or advertisements. Well-known branded products are usually perceived to be more qualified than the inaudible brands [27].

Based on the above dimensions, it can be concluded that a quality dimension is a requirement for a product value allows to be able to satisfy customers as expected. Price is the only element of the marketing mix that is often used as a consideration for consumers in making purchases that cannot be ruled out by the company. Price is the amount of money that the customer must pay to obtain the product. Furthermore, prices are the amount of value that consumers redeem for the number of benefits by owning or using a good or service.

For a company, the price is an essential factor in determining marketing success [27]. The price is very influential on revenue and a net profit of the company. Also, the price can compete with other products will form a competitive advantage of a product in the eyes of consumers. Price is the only element in the income-generating marketing mix; all other parts symbolize cost. Price of the product tends to have a positive effect on the purchasing decision if the price rationally and commensurate with the benefit of the given product can influence the consumer in making the purchase. Companies use promotions to trigger transactions, so consumers want to buy a particular brand and encourage salespeople to sell it aggressively.

Also, promotions can stimulate demand for a product [28]. With the promotion is expected consumers want to try these products and encourage existing consumers to buy products more often so that there will be repurchase and sales volume of a company's products will increase. Through promotional activities can attract consumers to be interested in buying products, and able to provide a stable buyer response, dramatize product offerings and boost sales in the short term. The promotion is expected to affect the purchasing decisions if the promotion is done continuously and enhanced it can stimulate the purchase of products and increase the number of goods purchased by consumers. Through promotions, companies can attract new customers, encourage consumers to buy more and influence their customers to try new products.
III. METHODS

This research involves ninety-two respondents. The sample used by researchers is determined by the criteria of respondents, i.e., people who once consumed local Indonesian Tea. Measurements made in this study using a Likert scale. To measure the variable quality of the product, price, promotion and purchasing decision by using Likert scale modified to four choice answers, which strongly agree, agree, disagree, and strongly disagree. Answer strongly agree, agree, disagree, strongly disagree with a row score 4, 3, 2, 1. This research used the quantitative method. This research examines the influence of independent variable that is promotion, price, and product quality with a dependent variable that is consumer decision to consume Indonesia local Tea. Data analysis technique used in this research is multiple regression analysis techniques, this study is designed to examine the variables that influence from independent variable to dependent variable [29]. This analysis is intended to identify patterns and measure changes in product quality, price, and promotion of purchasing decisions.

IV. RESULTS

The questionnaires were distributed to ninety-two respondents are categorized into an independent and dependent variable. Independent variable consists of quality of local Indonesian tea (X1), the price of domestic Indonesian tea (X2), and promotion of local Indonesian tea (X3). The dependent variable consists of a decision to buy local Indonesian tea (Y). In the following figures, the author describes the respondents’ perception of local Indonesian tea.
Based on Figure 1, it can be seen in the first indicator, overcoming thirst was perceived the majority of the respondents. The overcoming thirst item was chosen by more than a half or about fifty-seven percent of the respondents were in the agree category and more than eight percent in the strongly agree. In the second indicator, interesting package, respondents answered agree as many as about sixty-four percent and more than five percent responded strongly agree.

On the third sign, delicious taste, respondents who agree as many were almost sixty percent and more than twenty percent strongly agreed. From the three signs in this variable, respondents who strongly disagree are not more than 3.30% and up to 31% who oppose. Thus, there were more than a half of the respondents, or about 56.75 reached the agreement that local Indonesian tea has a quality due to some indicators; they are overcoming thirst, interesting package, and delicious taste. Interestingly, almost 30% of the respondents chose strongly agree on the delicious taste as the factor makes the local Indonesian tea has good quality.

![Price of Indonesian local tea](image)

**Fig. 2. Price of Indonesian local tea**

Figure 2 above indicates that the first indicator, affordable prices was chosen by a majority of respondents. Eighty-seven percent of the respondents reached an agreement that affordable prices make the local Indonesian tea is different from import tea. Surprisingly, there was more than thirty percent of the respondents chose strongly agree on keep buying the even cheaper item.
This is an indication that many of the respondents perceived that the price of the local Indonesian tea that is cheaper than the imported tea is reasonable. More than seventy-eight percent of the respondents reached an agreement on an item of price according to benefits. This means that majority of the respondents perceived that the price is in line with the benefit they get from the local Indonesian tea. Also, more than a half of the respondents viewed always to compare Indonesian local tea price with the imported product.

![Promotion of Indonesian local tea](image)

**Fig. 3. Promotion of Indonesian local tea**

Based on Figure 3, it can be seen that the majority of respondents perceived widespread advertisement. There was only more than five percent of the respondent did not reach the agreement that local Indonesian tea is advertised extensively. In the second indicator, many respondents chose an item of persuade people to buy does not make the promotion. However, more than a half of the respondents perceived that item of persuading people to buy makes the promotion of local Indonesian tea. Although there were many of the respondents did not perceive that makes people are interested in buying tea as an indicator of promotion, their percentage was lower than those who reach an agreement in this item. Another indicator is digital media is interesting to advertise the leded majority of the respondents to perceive this item as a factor affecting the promotion. Also, another four indicators consist of printed media...
is also interesting to advertise, advertisement assures me, the innovative advertisement is interesting, and Ads is intensive were agreed reasonably by more than a half of the respondents. Interestingly, the other item, digital and printed media are easily accessible was perceived by almost ninety percent of the respondents as an indicator promotion on local Indonesian tea.

**Decision to buy Indonesian local tea**

![Diagram showing decision to buy Indonesian local tea](image)

**Fig. 4. Decision to buy Indonesian local tea**

Figure 4 above indicates that the respondents perceived the items reasonably: 1) drink as needed, 2) compare to the imported product before buying, 3) decided to keep buying the local Indonesia product, 4) plan to buy the domestic product in the future and 5) recommended a friend to buy the domestic product. There were some other items that respondents are highlighted mostly by the respondents, such as 1) easy to obtain information, 2) easier to search information through advertisement on TV, and 3) suitable to the expectation. It seems that respondents were balanced in deciding the item of decide the local product as the leading choice. A questionnaire is said to be valid if the question on the questionnaire can reveal that the questionnaire
will measure. Item can be meant to be valid if r-count is greater than 0.30 as in Table 1 below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>r-value</th>
<th>r-table</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Quality</td>
<td>1</td>
<td>0.864</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.826</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.868</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0.707</td>
<td>0.30</td>
</tr>
<tr>
<td>X2 Price</td>
<td>2</td>
<td>0.797</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.826</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0.529</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0.522</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.849</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.784</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0.670</td>
<td>0.30</td>
</tr>
<tr>
<td>X3 Promotion</td>
<td>5</td>
<td>0.423</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>0.792</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>0.799</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>0.730</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>0.794</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0.672</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.530</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.351</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0.534</td>
<td>0.30</td>
</tr>
<tr>
<td>Y Decision of purchasing</td>
<td>5</td>
<td>0.727</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>0.822</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>0.696</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>0.835</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>0.845</td>
<td>0.30</td>
</tr>
</tbody>
</table>

Table 1 above shows that all items statement in the questionnaire is valid because it has an r-count greater than 0.30. Then the whole item statement in the questionnaire can be set to be a valid measuring tool for the variables to be studied. A questionnaire is categorized to be reliable if one is answers to questions consistently over time. In this study, measurements were made only once, and the results were compared with other queries or measured correlations between answers to questions. A variable is said to be reliable if it gives a Cronbach Alpha value greater than 0.60 as in Table 2 below.
Table 2 above shows that all items statement in the questionnaire is reliable because it has a value of Cronbach's alpha greater than 0.60. Then the whole item statement in the questionnaire can be set to be a valid measuring tool for the variables to be studied. To determine the relationship between two or more independent variables (product quality, price, and promotion) to one dependent variable (purchasing decision) that has been processed using SPSS Statistics 21.0 software as follows as in Table 3 below.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.850(^a)</td>
<td>.722</td>
<td>.713</td>
<td>2.238</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), Promotion, Quality, Price

R is the correlation coefficient. Correlation coefficient shows strength (strength) linear relationship and direction of the relationship between variables studied. Based on Table 4.12, the R-value is positive at 0.850, which means that the variable X1 (product quality), X2 (product price), X3 (promotion) and Y (purchase decision) have a substantial unidirectional relationship. It means that the better the quality of the product, the price and the promotion are given, it will improve the consumer's purchase decision of the shoot Harum Tea product.

R square is the coefficient of determination. R square is used as information to know about the suitability of a model. Based on table 4:12, the value of R square is equal to 0.722 or 72%. It means that 72% purchase decision of Shoot Harum Tea product is influenced by product quality, price, and promotion factor while the influence of other factors not examined in this research is 28%.

The constant score of a by 2.264 means that by ignoring the quality of the product, price, and promotion, the consumer's decision to purchase the local Indonesian tea is 2.264. The regression coefficient of X1 by 0.607 means that any addition of one unit of product quality variables can lead to an increase in...
purchasing decisions of local Indonesian tea by 0.607. The regression coefficient of X2 by 0.419 means that any addition of one unit of price variable can lead to an increase in purchasing decision of Indonesian local tea product by 0.419. The regression coefficient of X3 by 0.499 means that every addition of one unit of product promotion variable can lead to an increase in purchasing decision of local Indonesian tea by 0.499. The more details of the regression coefficients are as in Table 4.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Stg.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.264</td>
<td>6.035</td>
<td>1.442</td>
<td>.153</td>
</tr>
<tr>
<td>Quality</td>
<td>.607</td>
<td>.192</td>
<td>.242</td>
<td>3.167</td>
</tr>
<tr>
<td>Price</td>
<td>.419</td>
<td>.147</td>
<td>.205</td>
<td>2.849</td>
</tr>
<tr>
<td>Promotion</td>
<td>.499</td>
<td>.068</td>
<td>.538</td>
<td>7.332</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Decision of purchasing

The above Table 4 examines whether individual independent variables affect the dependent variable. The way of testing is if the probability >0.05, then the independent variable partially does not affect significantly the dependent variable. If the probability <0.05, then the independent variables somewhat affect the dependent variable. From the results of multiple regression analysis of quality variable (X1) as in Table 1, it can be seen that the significance value is equal to 0.002 smaller than the probability of 0.05. Thus, it can be concluded that H0 is rejected and H1 "The product quality positively affects the purchase decision of Indonesian local tea" is accepted. That is partial there is a significant influence on product quality to the purchase decision.

The price variable (X2) on Table 1 indicates that the results of multiple regression analysis are of significant value (sig.) by 0.005 smaller than the probability of 0.05. Thus, it can be concluded that H0 is rejected and H2 "Price has a positive effect on purchase decision of Indonesian local tea" is accepted. This means that there is a partial influence on the price of the purchase decision. Thus, the promotion variables (X3) indicates that result of multiple regression analysis in table 1shows that the significance value (sig.) is 0.000 smaller than probability 0.05. Thus, it can be concluded that H0 is rejected and H3 "Promotion positively affects the purchase decision of Indonesian local
teac” is accepted. That is partial there is a significant influence on the promotion of purchasing decisions.

Moreover, in examining whether the independent variables together affect the dependent variable, ANOVAs test is used as in Table 2. If probability >0.05, hence independent variable simultaneously do not affect the dependent variable. If the probability <0.05, then the independent variables simultaneously affect the dependent variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>861.324</td>
<td>3</td>
<td>287.108</td>
<td>17.192</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>1469.579</td>
<td>88</td>
<td>16.700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2330.902</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Decision of purchasing

b. Predictors: (Constant), Quality, Price, Promotion

Based on table 5 above, it can be seen that the value of sig 0.000 is smaller than probability 0.05. Thus, Table 2 indicates that H0 is rejected and Ha is accepted. Therefore, it can be concluded that simultaneously, there is significant influence between the independent variable (quality, price, and promotion) and the dependent variable (decision of purchasing) of local Indonesian tea.

V. DISCUSSION

Based on hypothesis test, that is T-test, hence can be concluded that quality variable (X1) gives significant value by 0.002 which is smaller than <0.05. Thus, this research indicates that there is a significant partial influence between the quality of the product on the purchase decision. Therefore, this research support that quality affects the intention of a consumer to purchase a product [30]. This research also indicates that the price variable (X2) gives the sig value by 0.005, which is smaller than <0.05. Hence, this research shows that there is a significant partial influence between price and purchase decision. Price has the leading role in making consumers decision to purchase a product [31]. Finally, the promotional variable (X3) gives sig value by 0.000, which is smaller than <0.05 indicating there is partially significant influence between promotion to purchase decision. a consumer responds to promotion through to the intention to buy [32].

The whole value of the regression coefficient is positive, which means that the quality of the product, price and promotion positively influence the
decision of purchasing the local Indonesian tea. Based on the SPSS output of simple linear regression of the Summary Model section, it can be known that R-value is 0.850, which means that the X1 (quality), X2 (price), X3 (promotion) and Y (decision of purchasing) variables are very clear-cut. It means that the better the quality of the product, the price and the promotion are given, it will improve the consumer's purchase decision of local Indonesian tea. Based on the output of SPSS simple linear regression section Summary Model can know the value of R square is equal to 0.722 or 72%. It means that product quality, price influence 72% purchase decision of Indonesian local tea product and promotion done, while the remaining 28% affected by other variables not examined in this study. Based on the hypothesis test that has been done, that is F test; it can be concluded that the value of sig 0.000 <0.05, which means that there is simultaneously significant influence between product quality, price, and promotion to consumer decision to purchase local Indonesian tea.

VI. CONCLUSION

From the result of research variable of local Indonesian tea, quality has influence strongly to a variable of the decision of purchasing. Hence, to maintain consumer appraisal to the quality of local Indonesian tea, the Indonesian local tea companies should able to increase quality. For example, the tea company can add taste variants by the wishes of consumers. This research indicates that the price variable Indonesian local tea should be continuously adjusted with quality. In determining the price, the company should be better adapted the price of domestic Indonesian tea with the purchasing interest of the people and the quality of the product itself that affect the purchase decision. Thus, to maintain consumer appraisal to the promotion of local Indonesian tea to remain attractive, the tea company should improve promotion aspect.

REFERENCES


