

ANALYSIS OF THE EFFECT OF PRICE AND PRODUCT QUALITY ON PURCHASING DECISIONS FOR NUSANTARA FURNITURE IN JEMBRANA REGENCY IN 2024

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Abstract

Purchasing decisions are the most important thing from customer attitudes from research related to how organizations, groups, and individuals make choices on a service or product. Factors that can influence purchasing decisions include price and product quality. This aims to analyze the effect of price and product quality on purchasing decisions for Nusantara Furniture in Jembrana Regency. The sample of this study was 120 respondents who used purposive sampling method. The data in this study were selected by distributing questionnaires and interviews. The data were analyzed using multiple linear regression analysis as well as hypothesis testing including the coefficient of determination test, F test and t test. The result is that the price is positively meaningful to influence purchasing decisions, namely a score worth $5.714 > t\text{-table } 1.980$ and a sig score. worth $0.000 < 0.05$, which means that it can accept H_1 , namely positively meaningful prices influence purchasing decisions. In X_2 , it gets a value worth $5.872 > t\text{-table } 1.980$ and the amount of Sig.

Keywords: purchasing decisions, price, product quality

Introduction

The development of business owners, particularly in the furniture industry, has grown significantly alongside the rapid advancement of technology. Various business segments are evolving and are required to become more technology-oriented. Business sectors must adapt to changes to remain competitive. Marketing strategies increasingly emphasize product quality during the production process, which is directly linked to the impact and benefits of product quality for companies. High-quality products can significantly influence consumer loyalty. Purchasing decisions are an aspect of consumer behavior that involves research into how groups, organizations, or individuals shape their choices, make purchases, use products, and leverage their experiences with ideas, services, or goods to meet their needs and desires (Kotler et al., 2016).

Price plays a crucial role in communicating a product's quality (Syahri et al., 2022). Additionally, price relates to the development of transaction processes tailored to products, even when the offered price is high (Selvia et al., 2022). Product quality also significantly influences purchasing decisions. Customers place a high emphasis on product quality when making purchase decisions, particularly regarding the standards of goods offered (Matheos, 2021). Haryono (2018) explains that the quality of goods reflects their ability to be shaped and provide value to the product.

Mebel Nusantara is a business that focuses on the home furniture industry, specifically producing wardrobes. The company aims to maintain high product quality and emphasize its advantages in this area. Consumer purchasing decisions are vital to the company's business growth. The background issue prompting this research is that Mebel Nusantara's technological capabilities, particularly in business management, have not significantly impacted its business performance. This shortcoming has resulted in suboptimal product quality. Additionally, Mebel Nusantara offers its products at lower prices than competitors. While research indicates that product quality significantly impacts purchasing decisions, consumers may perceive the product as expensive if its price is higher than competitors. Therefore, this study aims to analyze how price and product quality affect consumer purchasing decisions for wardrobes produced by Mebel Nusantara.

Based on the background described, price and product quality are closely related to purchasing decisions, particularly for Mebel Nusantara's products. It is essential for Mebel Nusantara to understand how these factors influence consumer decisions and to use this understanding to develop future pricing and quality strategies. Problem Formulation From the identified issues, the research formulates the following questions:

1. Does price influence purchasing decisions for Mebel Nusantara products?
2. Does product quality influence purchasing decisions for Mebel Nusantara products?

Price represents the monetary value associated with the quality of a product expected by consumers and is linked to its nominal value. It also reflects the benefits derived from the product (Kotler et al., 2017).

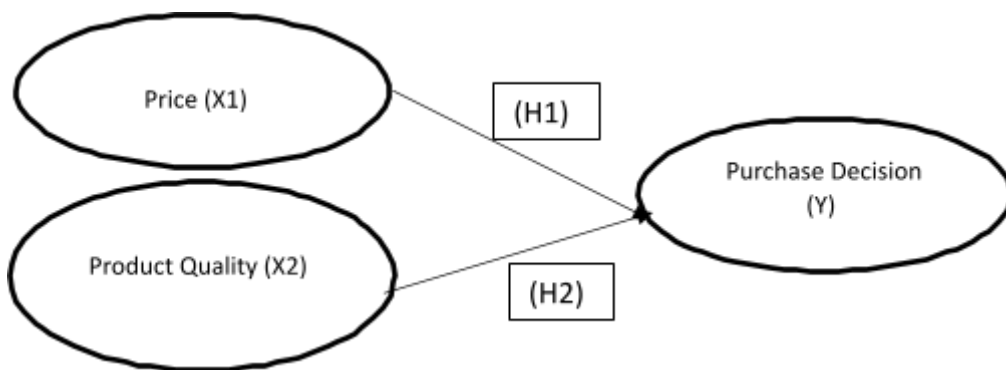
Thus, price plays a significant role in satisfying consumer needs during transactions (Sari et al., 2021). In reality, price reflects the value of the product offered. Consumers often compare products based on price to fulfill their needs and assess whether one product is superior to another. Price becomes a benchmark for consumers in making purchase decisions. It serves as a representation of the product's quality, as perceived by consumers, and is directly tied to the product's benefits (Kotler et al., 2017)

Product quality is essential in meeting consumer needs and refers to the characteristics of goods and services. Unlike perishable items, quality applies differently to durable goods. Consumers generally expect products to exhibit superior quality (Kotler et al., 2018). Quality is a key element that distinguishes a product and establishes it as a reliable choice (Anwar et al., 2015). The perception of quality highlights the product's advantages, such as taste and durability, that fulfill consumer expectations (Aditi, 2018). High-quality products are not only a reflection of craftsmanship but also a significant factor in driving customer loyalty and satisfaction.

According to Darwin et al. (2021), hypotheses in research are derived through quantitative methods and aim to predict potential outcomes. In this study, the hypotheses are formulated as follows:

- H1: Price influences purchasing decisions for Mebel Nusantara products.
- H2: Product quality influences purchasing decisions for Mebel Nusantara product

Figure 1. Concept of Hypothesis



Research Methods

Research uses quantitative associativity in subsequent research, especially in the relationship between cause and effect variables in reaching the correlation of the influence between two or more variables (Sugiyono, 2017). Based on the explanation of the background of the problem, in this research there is a problem formulation, namely, to see how price influences furniture purchasing decisions in the archipelago. Apart from that, to find out how the product price influences the purchasing decisions of Indonesian women in Jembrana Regency. The aim of this research is to analyze the influence of the relationship between price and product quality on purchasing decisions for Nusantara Furniture, Jembrana Regency. This research was conducted to analyze the influence of X1 and X2 on Y. To prove the hypothesis, each data in this research is strengthened by empirical theory.

The population in this study was all the people of Jembrana Regency. The population of this study cannot be predicted with certainty, therefore the sampling technique in this study follows the guidelines according to Hair *et al.* (2010), which depends on the number of indicators used, the reference is five to ten times the number of indicators used. Using methods *nonprobability sampling* namely the sample selection method using a consideration or technique *purposive sampling* (The data collection methods applied in the research were questionnaires and interviews (Hasibuan, 2018). Each question item was measured using a scale Liked 5 points shown in Table 1.

Table 1. Determination of Research Variable Scores

Alternative Answers	Code	Score
Strongly agree	SS	5
Agree	ST	4
Simply Agree	CS	3
Don't agree	TS	2
Strongly Disagree	STS	1

Source: Sugiyono (2017)

The indicators used to measure the value of each variable studied in this research are shown in Table 2

Table 2. Research Variable Indicators

Variable Type	Variable	Indicator	Source
Dependent	Purchase decision (Y)	Need for a product (Y1)	Hsu, Chang and Sweeney in (Martini, 2015)
		Desire to have a product (Y2)	
		Know the function of the product well (Y5)	
		Make time for	
		obtain the product (Y4)	
Independent	Price (X1)	Affordability (X1.1)	Philip dkk. (2012)
		Price competitiveness or price according to ability (X1.4)	
		Price match with benefits (X1.3)	
		Price conformity with product quality (X1.2)	
	Product quality (X2)	Product specifications (X2.1)	Kotler & Keller (2009)
		Product performance (X2.2)	
		Product display (X2.3)	

Source: processed data, 2024

The data analysis technique used in the research is a multiple linear analysis method, the aim of which is to understand the influence of the independent variable on the dependent variable (Hasibuan, 2018). The multiple linear regression equation is:

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + m$$

Where:

\hat{Y} : purchase decision

X_1 : price

X_2 : product quality

m : confounding variables that represent other factors that have an influence on Y but are not included in the model.

a : constant

$b_1 b_2$: regression coefficient of variables X_1, X_2

Next, the data obtained was analyzed using classical assumption tests including heteroscedasticity, normality and multicollinearity tests (Peter, 2013). Data that is free from classical assumptions will be analyzed using multiple linear regression tests along with hypothesis testing including F , t tests, coefficient of determination. Data analysis techniques in research are processed using program statistical analysis tools *IBM SPSS 25 for windows*.

Results and Discussion

The results of a field survey from 120 respondents, we conducted interviews with 15 consumer respondents in Jembrana Regency, that 8 respondents stated that they used or even bought products from Mebel Nusantara. This is because the price is still affordable according to the quality of the product provided. Using 5 respondents stated that they only knew a few Mebel Nusantara products and 2 respondents said they were less interested in buying products from Mebel Nusantara. The percentage of the trend behind Nusantara Furniture products and the results of interviews with respondents who still stated that they were less interested in buying Nusantara Furniture products. Due to the lack of interest and decision to purchase Nusantara Furniture products.

In connection with this research, a validity test was carried out which showed that the purchasing decision variable (Y) with the price variable (X_1) and the product quality variable (X_2) were interrelated and were valid. The results of data processing in SPSS state that there is an error of 1% between the R table, namely 0.234 and the related variables. The results of research instrument testing can be seen by conducting a validity test. Validity testing is carried out by correlating the factor values with the total value and the relationship between each factor is positive if *pearson correlation* ($r \geq 0.3$) with *alpha* worth 0.05 so that the research measuring tool can be considered valid (Sugiyono, 2017). Table 3 shows the results of the validity test, showing that each research variable instrument, namely price, purchasing decisions and product quality, is in accordance with the provisions of the validity test, where the numbers *pearson correlation* each instrument exceeds 0.3, then it can be considered valid and suitable for use as a research instrument.

Table 3. Recapitulation of Validity Test Results

No	Variable	Instrument	<i>Pearson Correlation</i>	Information
1.	Purchase Decision (Y)	Y1	0,803	Valid
		Y2	0,855	Valid
		Y3	0,833	Valid
		Y4	0,869	Valid
		Y5	0,835	Valid
2.	Price (X_1)	X1.1	0,845	Valid
		X1.2	0,865	Valid
		X1.3	0,843	Valid
		X1.4	0,822	Valid

3.	Product Quality X2)	X2.1	0,855	Valid
		X2.2	0,831	Valid
		X2.3	0,834	Valid

Source: processed research data, 2024

Based on Table 3, it shows that each research variable instrument, namely price, purchasing decisions and product quality, is in accordance with the validity test provisions, where the numbers *pearson correlation* each instrument exceeds 0.3, then it can be considered valid and suitable for use as a research instrument. Measuring the reliability of the measuring instrument this research applies *Cronbach's Alpha*. An indicator is considered reliable if it provides a coefficient *Cronbach's Alpha* exceeds 0.6 (Sugiyono, 2017). The test results are shown in Table 4.

Table 4. Reliability Test Results

No	Variable	<i>Cronbach's Alpha</i>	Information
1.	Purchase Decision (Y)	0,864	Reliable
2.	Price (X1)	0,788	Reliable
3.	Product Quality (X2)	0,894	Reliable

Source: processed research data, 2024

Based on Table 4, it proves that the score for each variable is *Cronbach's Alpha* located at a point above 0.6. So it can be stated that all variable instruments are in accordance with the requirements for reliability and reliability, thus they can be applied in conducting research. If the model is free from classical statistical assumptions, the regression model is considered a good model.. Table 5 below presents the test results.

Table 5. Normality Test Results (One-Sample Kolmogrov-Smirnov)

<i>Asymp. Sig. (2-tailed)</i>	<i>Unstandardized Residual</i>
	0,200

Source: processed research data, 2024

Based on the results of the normality test in Table 5, it shows that the numbers *Asymp. Sig. Kolmogrov- Smirnov* exceed the number *alpha*, namely $0.200 > 0.05$. Thus, indicating that the data used is capable of normal distribution, the conclusion is that the model complies with the normality assumption test.

Table 6. Multicollinearity Test Results

Model	<i>Colinearity Statistics</i>	
	<i>Tolerance</i>	<i>VIF</i>
Price	0,734	1,362
Product Quality	0,734	1,362

Source: processed research data, 2024

Based on the test results in Table 6, it can be seen that none of the independent variables have numbers *tolerance* below 0.1 or there are no variables whose VIF value exceeds 10. So in the regression model of this research there is no multicollinearity problem. The method is applied to test heteroscedasticity in this

research, if the independent variable significantly influences the absolute residual then heteroscedasticity is found in this regression model. Table 7 presents the results of statistical calculations using the Glejser method.

Table 7. Heteroscedasticity Test Results

Model	T	Say.
Price	0,188	0,852
Product Quality	-1,088	0,279

Source: processed research data, 2024

Based on the results of the heteroscedasticity test in Table 7, it shows that each model has a significance figure of 0.852 and 0.279, which has a value exceeding 0.05. So it is known that the independent variable in this research does not have a significant influence on the dependent variable, namely *absolute error*, thus there is no heteroscedasticity in this study. This research applies data analysis techniques in the form of multiple linear regression analysis to measure the influence of independent variables on other variables. Table 8 displays the results of multiple linear regression analysis tests.

Table 8. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Say.
Constant	2,424	1,361		1,781	0,077
Price (X1)	0,518	0,091	0,417	5,714	0,000
Product Quality (X2)	0,741	0,126	0,429	5,872	0,000

Source: processed research data, 2024

The following is the multiple linear regression equation according to the results shown in Table 8, namely:

$$Y = 2,424 + 0,518 X_1 + 0,741 X_2$$

Notes:

X1 : Price

Y : Purchase decision

X2: Product quality

The equation above shows the direction of each independent variable towards the dependent variable. The statement of this equation can be seen with the constant value of the purchasing decision variable (Y) before being influenced by other variables such as product quality variables (X2) and price (X1) which is known to be

2.424. This indicates that if the independent variable does not exist, then no change will be found in the purchase interest variable. The regression coefficient number for the price variable (X1) with a constant value of 0.518 indicates that the price variable has a positive and meaningful effect on the purchasing decision variable for each additional unit of the price variable. then variable Y will be affected by 0.518. The product quality coefficient (X2) has a constant score of 0.741, which proves that the product quality variable positively influences the purchasing decision variable. For each additional unit of the product quality variable, the purchasing decision variable will be influenced by 0.741. To find the existence of an individual or independent influence from the independent variable on the dependent variable, it can be done through a t test, the results of the t test are shown in Table 9.

Table 9. t test results

Variable	T	Say.
Price (X1)	5,714	0,000

Product Quality (X2)

5,872

0,000

Source: processed research data, 2024

According to the t-test results in Table 9, it can be seen that the t-calculated price variable (X1) received a score of $5.714 > t\text{-table } 1.980$ and a sig score. worth $0.000 < 0.05$, which means that you can accept H1, namely that it positively means that price has an influence on purchasing decisions. This has an impact on prices which influence product purchasing decisions at Nusantara Furniture, Jembrana Regency. Based on the t test value on variable worth $0.000 < 0.05$, which means accepting H2, namely product quality which positively means it has an influence on purchasing decisions for Nusantara Furniture products, Jembrana Regency. To see the existence of a concurrent or simultaneous influence of the independent variable on the dependent variable, it can be determined through the F test, the following F test results are shown in Table 10.

Table 10. Test F

	F	Sig.
<i>Regression</i>	69,296	0,000 _b

Source: processed research data, 2024

Based on the results of the F test in table 10, it can be seen that the F-count $> F\text{-table score is } 69.296 > 3.07$ and the sig number is obtained. $0.000 < 0.05$. This proves that the variables product quality (X2), price (X1), and Y simultaneously have a positive and significant influence. To see what percentage influence the independent variable has on the dependent variable, it can be seen through the coefficient of determination test shown in Table 11.

Table 11. Coefficient of Determination Test Results

<i>R-Square</i>	<i>Adjusted R-Square</i>
0,542	0,534

Source: processed research data, 2024

According to the results of the coefficient test, it can be seen that the R-Square number is 0.542 or 54.2%. So it can be said that the variable effect of price and product quality is able to explain 54.2% of the variation in purchasing decisions and the remaining 45.8% is explained by other variables that are not discussed. The following discussion of the results of spss data processing is as follows:

1. The Effect of Price on Purchasing Decisions.

Price has a related influence on purchasing decisions at Mebel Nusantara stating that the price of the product can be significantly high with other companies. However, furniture products have good durability. Of course it has an impact on price adjustments. This is in accordance with the opinion of Tjiptono (2018) in making equations in previous research Tusa'dah (2019) which concluded that the selling price of furniture has an influence on purchasing decisions.

2. The Effect of Product Quality on Purchasing Decisions.

Product quality has an important impact on selling furniture or cupboard products. Nusantara furniture has very good product quality so that the alamari or meberl that is sold has a sturdy durability quality. So that purchasing decisions should increase according to the influence of product quality. Products are goods that are used to satisfy the target market. This is emphasized by the opinion of Kotler and Armstrong (2012: 283), as well as having a good product quality.

Conclusion

Based on the presentation of the discussion results, the conclusion related to the effect of price and product quality on purchasing decisions for Nusantara Furniture products in Jembrana Regency is that the price variable and the product quality variable significantly and positively influence the decision to purchase Jembrana Regency Furniture products. This means that the better the price offer and based on the perceived quality, it will maximize a person's purchasing decision for an item.

Suggestion

Based on these conclusions, several things can be suggested that are pleasing to the owner of Nusantara Furniture which produces products in its main sales strategy efforts to improve consumer purchasing decisions. The company must continue to pay attention to the price of each type of product, because the quality of an item can be determined from the price, the results obtained and the usefulness received by the user, besides that the price and quality of the product also affect the customer in deciding on a purchase.

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