



## The Influence of Product Quality, Promotion and Price on Purchasing Decisions

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**Abstract.** This study aims to analyze the Purchase Decision at the Wuling Car Showroom in Fatmawati, South Jakarta. This study uses SEM data analysis techniques and data processing using PLS 4.0. The population is the Jakarta community, which has a minimum income of Rp. 4,000,000 with a sample of 135 respondents. The sampling technique used was Purposive Sampling. By using a quantitative descriptive approach. The results of this study indicate that Product Quality has a significant positive effect on Purchase Decisions, Promotion has a significant positive effect on Purchase Decisions and Price has a significant positive effect on Purchase Decisions.

**Keywords:** Product Quality, Promotion, Price and Purchase Decision.

### INTRODUCTION

In this era of globalization in Indonesia in which there is an increasingly rapid and dense development of human life and accompanied by the rapid activity and mobility of its population, transportation facilities are an inseparable part and are needed by the community in everyday life (Siregar 2014). Innovation continues to be carried out by automotive manufacturers from time to time. The reason is certainly to meet the growing needs of automotive consumers and their increasing expectations. In the past, just an ordinary car has satisfied consumers. But along with the progress of the times and the aging of the earth, vehicle specifications desired by consumers are developing (Siswanto *et al.*, 2019).

Cars are vehicles that are currently commonly found on the roads of Indonesia. According to the Association of Indonesian Automotive Industries (Gaikindo), there are two categories of cars, namely commercial cars and passenger cars. Sales of passenger cars have always been more than commercial cars. Therefore, the factors affecting passenger car sales are interesting to research. The following is market share data or car market share from Gaikindo.

In general, passenger cars are divided into several kinds such as Sport Utility Vehicle (SUV), Multi-Purpose Vehicle (MPV), sedan, city car, Low Cost Green Car (LCGC), and so

on. Each type has its own advantages and distinctive features. SUVs are used to drive on uneven road conditions or off-road. MPV cars are used for ordinary travel with many people.

Sedan cars are usually used by people who prioritize prestige because of their luxurious impression, and so on. In Indonesia, there are cars assembled abroad (Completely Built-Up or CBU) and also cars assembled domestically (Completely Knock-Down or CKD), so there are automotive industries also in Indonesia.

The phenomenon that occurs is an increase in Wuling car sales that are in demand by consumers, it can be seen that Wuling is ranked number nine. Within a year, Wuling grew rapidly by carving wholesales sales figures of 13,170 units of vehicles from August 2017 to June 2018. The nick will continue to grow every month. Through this achievement, Wuling entered the ranks of the Top 10 Brands for the number of vehicle sales in Indonesia.

Based on the results of the Pre-Survey and from several previous research references and field studies that the researchers have distributed to 30 respondents in the Wuling car showroom Fatmawati South Jakarta branch, it is necessary to conduct this research to fill the gaps.

Product quality has a core in efforts to meet customer needs and desires that aim to keep pace with customer expectations. According to Kotler and Armstrong (2014), product quality is the ability of a product to demonstrate its function, this includes overall durability, reliability, accuracy, ease of operation and product repair as well as other product attributes. According to Kotler and Keller (2016), product quality is the ability of an item to provide appropriate results or performance even beyond what customers want. Product quality has an interest for consumers in managing good relationships with product provider companies. The existence of a reciprocal relationship between the company and consumers will provide an opportunity to know and understand what are the needs and expectations that exist in consumer perception. So, product provider companies can provide good performance to achieve consumer satisfaction through maximizing a pleasant experience and minimizing a less pleasant consumer experience in consuming products. If the performance of a product received or perceived is in accordance with consumer expectations, then the quality of the product received or felt is in accordance with consumer expectations. Meanwhile, according to Alma (2011) defining a product is a set of attributes both tangible and intangible, including the issue of color, price, factory name, good name of the store that sells (retailer), and factory service and retailer service, which is received by buyers to satisfy their desires.

According to Swastha and Irawan (2017), promotion is a one-way flow of information or persuasion made to direct a person or organization to actions that create exchanges in marketing. According to Shinta (2018) Promotion is a form of marketing communication. Marketing communication is a marketing activity that seeks to disseminate information, influence or persuade and remind the target market or company and its products to be willing to accept, buy and be loyal to the products offered by the company concerned. Promotion is also a tool or activity used by companies to communicate customer value (Ridwansyah, 2017). The promotions that the company conducts intend to market, provide information about the advantages of such products. Promotions used are usually such as television, radio, posters and others that aim to attract consumer interest.

In the research of Adinata & Yasa (2018), Uslu & Huseynli (2018), Suhaily & Soelasih (2017), Yasri *et al.* (2020) shows that price is the amount of money needed to get an item and its services. After the product produced is ready to be marketed, the company will determine the price of the product. The results also show that the results of price perception variables have a positive and significant effect on repurchase intentions." Price can also be described as the exchange rate of the product and can create customer satisfaction as well as customer loyalty (Khayru *et al.*, 2021). Consumers assess prices not only in terms of cheap or expensive prices, at this time consumers also perceive and assess a price in terms of benefits

(Darmawan & Grenier, 2021). Price is the amount of money charged for a product or service, or the amount of value that consumers exchange for benefits from owning or using the product or service (Kotler and Armstrong, 2018).

In addition to price factors that can affect purchase decisions, in the book Kotler and Armstrong (2016) the purchase decision is The buyer's decision about which brand to purchase. That is, that stage in the buyer's decision-making process where the consumer actually buys the product. From the definition above, it can be concluded that the purchase decision is the consumer's decision to choose a product or service from the many alternatives that exist and the consumer has previously evaluated the product or service purchased.

### Hypothesis

Based on the theoretical basis described above, several research hypotheses can be compiled as follows:

- H1: Product quality Has a positive and significant influence on Wuling car purchase decisions
- H2: Product quality Has a positive and significant influence on Wuling car purchase decisions
- H3: Product quality Has a positive and significant effect on Wuling car purchase decisions

### METHOD

This research was conducted at Wuling's car showroom, precisely at Fatmawati Branch, South Jakarta from February to December 2022. The timing and place of the study was based on drastically increased purchase growth. The type of research used in this study is a causal method to determine whether or not there is an influence between independent variables, namely Product Quality ( $X_1$ ), Promotion ( $X_2$ ) and Price ( $X_3$ ) on the dependent variable, namely Wuling Car Purchase Decision, Fatmawati South Jakarta Branch ( $Y$ ). A causal relationship is a causal relationship. So in causal research there are independent (influencing variables) and dependent (influenced) variables (Sugiyono, 2013).

### RESULTS AND DISCUSSION

#### Convergent Validity

Convergent validity testing of each construct indicator calculated with Partial Least Square. According to Ghozali (2015), an indicator is said to be good reliability if the value is greater than 0.70 while the loading factor value of 0.50 to 0.60 can be considered sufficient. Based on this criterion, if the loading factor is below 0.50, it is dropped from the model. According to Ghozali (2014) another method to assess discriminant validity is to compare the square root of average variance extracted (AVE) of each construct with the correlation between the construct and other constructs in the model, then it is said to have a good discriminant validity value. The recommended AVE value must be greater than 0.50 meaning that 50% or more variance of the indicator can be explained.

**Table 1. Average Variance Extracted Results**

Variable	Average Variance Extracted (AVE)
Product Quality	0.628
Promotion	0.553
Price	0.688
Purchasing Decision	0.709

Table 1 above shows that the three variables used in this study are valid because they produce AVE>0.5

**Composite Reliability Test and Cronbach's Alpha**

This test aims to test the reliability of the instrument in a research model. Or measure internal consistency and the value must be above 0.60. If all latent variable values have Composite Reliability and Cronbach's Alpha values  $\geq 0.70$ , it means that the construct has good reliability or the questionnaire used as a tool in this study has been reliable or consistent, can be seen in table 2 below

**Table 2. Composite Reliability and Cronbach's Alpha Test Results**

Variable	Composite Reliability	Cronbach's Alpha	Information
Product Quality	0.860	0.893	Reliable
Promotion	0.920	0.924	Reliable
Price	0.910	0.930	Reliable
Purchasing Decision	0.872	0.906	Reliable

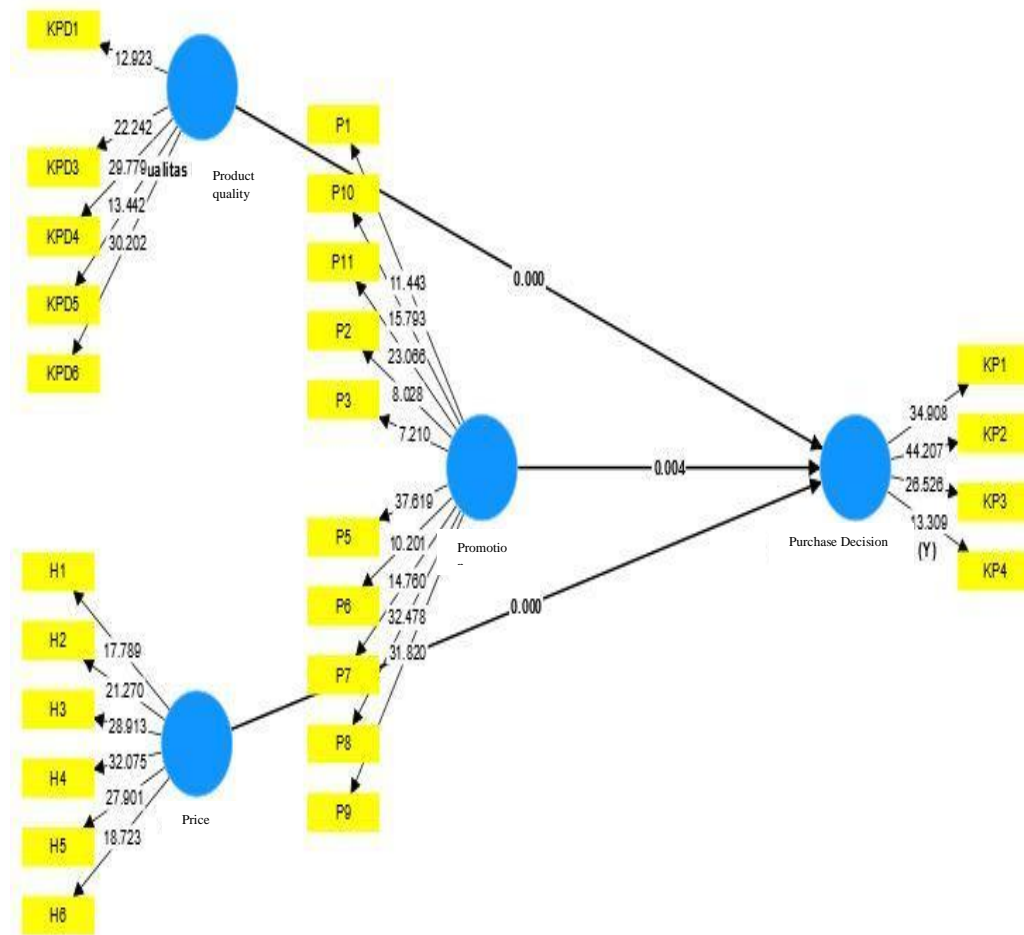
**Results of hypothesis testing (estimation of path coefficients)**

The estimated value for path relationships in the structural model must be significant. This significant value can be obtained by bootstrapping procedures. See the significance of the hypothesis by looking at the value of the parameter coefficient and the significance value of t-statistics in the algorithm bootstrapping report. To find out significant or insignificant seen from the t-table at alpha 0.05 (5%) = 1.96. Then the t-table is compared with the t-count (t-statistic). The value of testing the hypothesis of this study can be shown in table 3

**Table 3. Hypothesis Testing Results**

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Information
Product Quality (X1) -> Purchase Decision (Y)	0.232	0.229	0.062	3.722	0.000	Positive and Significant
Promotion (X2) -> Purchase Decision (Y)	0.246	0.256	0.086	2.859	0.004	Positive and Significant
Price (X3) -> Purchase Decision (Y)	0.461	0.456	0.103	4.454	0.000	Positive and Significant

Source: PLS processed products



**Figure 1. Bootstrapping Test Results**  
 Source: PLS Processing Results

**Discussion of Research Results**

Based on the results of the PLS (Partial Least Square) analysis, this section will discuss the results of the calculations that have been carried out. This study aims to determine the factors that influence interest in using electronic money with usage attitudes as intervening variables. Testing is shown through existing hypotheses so that it can find out how each variable affects other variables.

**1) The influence of product quality on purchasing decisions**

Based on the first hypothesis test (H1) in this study, it shows the results that Product Quality has a positive and significant influence on Purchasing Decisions because, the Original Sample value is 0.229 and the Statistical T value of the table > T (3.722 > 1.96) and hypothesis 1 in this case is accepted, meaning that Product Quality is proven to influence Purchasing Decisions in Wuling Car Showroom Consumers Fatmawati branch, South Jakarta.

The results of this study are reinforced by previous research According to Wulandari & Iskandar (2018), said there was an influence of brand image and product quality on purchasing decisions. Meanwhile, according to Erlangga (2021), there is an influence on service quality and product quality on consumer purchasing decisions.

**2) The influence of promotions on purchasing decisions.**

Based on the second hypothesis test (H2) in this study, it shows the results that Promotion has a significant positive influence on Purchasing Decisions because, the Original

Sample value is 0.267 and the Statistical T value of the table  $> T$  ( $3.272 > 1.96$ ) and hypothesis 2 in this case is accepted, meaning that Promotion is proven to affect Purchasing Decisions in Wuling Car Showroom Consumers Fatmawati branch, South Jakarta.

The results of this study support research conducted by Solihin, (2020), which said that there is an influence of customer trust and promotion on consumer purchasing decisions. While other supporting research according to Ernawati (2019), said that there is an influence on product quality, product innovation and promotion on purchasing decisions.

### **3) The effect of price on purchasing decisions.**

Based on the third hypothesis test (H3) in this study, it shows the results that Price has a significant positive influence on Purchasing Decisions because, the Original Sample value is 0.306 and the Statistical T value of the table  $> T$  ( $3.216 > 1.96$ ) and hypothesis 3 in this case is accepted, meaning that the price is proven to be a Purchase Decision for Wuling Car Showroom Consumers Fatmawati branch, South Jakarta.

The results of this study were reinforced by previous research conducted by Susanti, & Gunawan, (2019). In his research, he said that there is an influence of promotion mix and price on product purchase decisions. Meanwhile, other researchers, according to Ilmiyah & Krishernawan (2020), said that there is an influence of product reviews, convenience, trust, and price on purchasing decisions.

## **CONCLUSION AND SUGGESTION**

### **Conclusion**

This study is intended to determine the factors that influence Purchasing Decisions using Product Quality, Promotion and Price as variables (Study on Wuling Car Showroom Consumers Fatmawati branch, South Jakarta). The conclusions in the study are as follows: (1) Product Quality has a significant positive effect on Purchasing Decisions. From the results of this study, it can be concluded that the higher the level of Product Quality in a brand, it will strengthen for Customers to shop for Wuling car products. (2) Promotions have a positive and significant effect on Purchase Decisions. From the results of this study, it can be concluded that from the results of this study, it can be concluded that the higher the level of promotion on a brand, it will strengthen for customers to shop for Wuling car products. (3) Price has a positive and significant effect on the Purchase Decision. From the results of this study, it can be concluded that the higher the price level and affordable, it will make it easier for customers to own and buy Wuling car products.

### **Suggestion**

(a) In the Product Quality variable, almost in every indicator, the majority of respondents agree that Wuling Car Products have good Product Quality. On the other hand, the respondent's smallest answer value is the second indicator, namely "I feel Wuling cars have several model variants". This means that some respondents feel that Wuling cars do not have many variants. Therefore, a suggestion that can be taken into consideration is that the Wuling Car Showroom at the Fatmawati branch, South Jakarta makes a strategy to show several product variants of the Wuling car itself. (b) In the Promotion variable, almost in every indicator, the majority of respondents agree that the Promotion carried out by the Wuling Car Showroom in Fatmawati, South Jakarta can make consumers to make purchases. On the other hand, the respondent's smallest answer value is the second indicator, namely "I get notifications about promotions from Wuling car products by phone.". This means that some respondents feel they do not get notifications about promotions from Wuling car products by phone. Therefore, a suggestion that can be taken into consideration is the Wuling Car Showroom in Fatmawati, South Jakarta to conduct Direct Marketing through telephone

media to promote its products. (c) In the Price variable, almost in every indicator, the majority of respondents agree that the Wuling Car Showroom in Fatmawati, South Jakarta has an affordable price. On the other hand, the respondent's smallest answer value is the second indicator, namely "I determine the Wuling car to be the best choice for me to buy because the price is suitable". This means that some respondents feel less suitable because what is given does not get a good match for customers (customers). Therefore, a suggestion that can be taken into consideration is the Wuling Car Showroom in Fatmawati, South Jakarta to provide discounts or prices that are suitable for customers (customers) in order to attract more interest so that they can make purchases on Wuling Car Products at the Wuling Car Showroom in Fatmawati, South Jakarta.

For future researchers, suggestions that can be considered in future studies that want to research can expand the research area with different respondent characteristics so that the research sample is more accurate, and examine other variables that are not studied in this study such as: Brand Image, Brand Trust, Social Media, Electronic Word of Mouth and others. And finally, researchers must be very careful in seeing the problem and observant in determining the variables to be studied.

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