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Assessing How Product Quality and Price Affect Buying Behavior at Retail Sector

ABSTRACT

This research highlights the main issue related to the intensifying competition in the market, which requires producers to be more sensitive to changes across various aspects. The primary aim of this study is to analyze consumer behavior in purchasing decisions and how this influences the company's marketing strategy. The research employs both qualitative and quantitative analysis based on sales data and consumer surveys. The findings indicate that consumer purchasing decisions are affected by product quality and pricing, with a noted decline in purchases due to these issues. The novelty of this research emphasizes the importance of understanding consumer behavior for formulating more effective marketing strategies. The implications of this study suggest that companies should adapt to market demands and enhance product quality and pricing to meet consumer expectations and maintain their market position.

Keywords: Market Competition, Consumer Behavior, Purchasing Decision, Marketing Strategy, Product Quality.

INTRODUCTION

This spice company has been an influential name in the spice industry since 1968. The company focuses on delivering high-quality spice products by adhering to rigorous standards and obtaining notable certifications such as ISO 9001:2008 and Good Manufacturing Practice (GMP). Additionally, spice company provides HALAL-certified products, ensuring safety and quality through recognized certifications. In today's ever-changing market, understanding consumer needs is essential for successful marketing. Companies must be proactive in identifying what their consumers want now and anticipating future desires. Studying consumer shopping behavior is crucial, as this knowledge significantly impacts marketing strategy formulation. The marketing mix—consisting of product, price, promotion, and place—must evolve to align with market trends and shifts in consumer behavior.

Moreover, consumer purchasing decisions have profound implications for marketing strategies. Businesses need to select target markets effectively and craft an appropriate marketing mix to satisfy consumer requirements. Kotler, Keller, Ancarani & Costabile (2014) illustrates four dimensions that guide consumer decision-making: the desire to use a product, the intention to purchase, prioritization of that purchase, and the readiness to sacrifice for it. Sales data from 2017 showed fluctuations, with a decline in purchasing decision influenced by product quality and pricing challenges at various outlets.

The sales of this spice company saw a significant decline in September 2017, indicating a drop in consumer purchasing decisions. Throughout the year, the company only achieved its targets in four months, highlighting a serious issue, especially given the high rate of returns linked to poor product durability and overall quality concerns. This situation relates closely to product quality, as it affects market perceptions and ultimately leads to decreased purchasing decisions. As noted by Malekpour, Yazdani & Rezvani (2022) product quality plays a crucial role in consumer purchasing decisions, as high quality correlates with positive outcomes for businesses. Moreover, the current market conditions are challenging, with emerging competitors offering more attractive prices. When making purchasing decisions, consumers evaluate their preferences and trust in brands, which influences their loyalty. Product quality is a significant factor in these evaluations, as it reflects the value that sellers provide compared to their competitors.

Quality must be assessed from the consumer's perspective; their preferences strongly impact how a product is perceived and managed in terms of quality control. To maintain customer interest, companies must ensure their product quality aligns with consumer expectations. However, suboptimal products can still hinder purchasing decisions, indicating that product has not yet fully achieved the desired quality standards. Alongside product quality, pricing remains a critical element in shaping purchasing decisions. Effective pricing strategies are essential for the success of both profit-driven and non-profit organizations. Price is the only marketing mix component that generates revenue for the company, making it vital to compare pricing strategies with competitors to enhance market positioning. This is crucial as pricing affects market share, revenue, net profits, and consumer satisfaction (Liang et al., 2023).

In March 2018, a noticeable difference in purchasing decisions emerged between the retail outlets, primarily attributed to the varying retail prices at these locations. The company strategically utilizes pricing to stimulate transactions, encouraging consumers to choose specific brands while motivating sales personnel to push these products aggressively. Additionally, lower prices can stimulate demand, inviting consumers to try new products and increasing the frequency of purchases, which ultimately boosts sales

volume. To enhance its marketing strategy, the company employs various advertising media, including TV, radio, newspapers, magazines, billboards, and banners.

The firm also sponsors cooking shows on television to bolster its image, emphasizing the quality and superior attributes of its ingredients compared to competitors. The company demonstrates awareness of the factors influencing consumer purchasing decisions, with product quality and pricing being critical issues for enhancing sales in the Bandung region. As the market remains dynamic, marketers are increasingly challenged to anticipate consumer needs. Mason, Oduro, Umar & Zamparo (2023) highlight that research supports the notion that customers often rely on price as an indicator of product quality when making purchasing decisions. Furthermore, Ghorbani and Westermann (2025) explore the significance of packaging in shaping brand images from consumer perspectives. Thus, it can be concluded that appropriate pricing and high product quality significantly affect purchasing decisions. Product quality and price are dynamic conditions related to services, people, processes, and environments that can meet or exceed consumer expectations. Accurate pricing and high product quality can provide a competitive advantage for companies. Paz & Vargas (2023) state that various studies support the notion that customers often rely on price as an indicator of product quality when making purchasing decisions. This understanding reinforces the importance of aligning product quality with strategic pricing to enhance consumer satisfaction and drive sales.

METHOD

This study employs a descriptive survey research method. The study utilizes primary data collected through questionnaires distributed to respondents who meet specific criteria. The questionnaires are designed to measure the variables of product quality, price, and purchasing decisions. Data quality is assessed through validity and reliability tests. Validity testing measures that the questionnaire accurately measures what it intends to measure, while reliability testing evaluates the consistency of the results obtained from the same questionnaire when administered at different times. Data analysis is conducted using SPSS 21 software. Path analysis is employed to investigate the relationships between the independent variables of product quality (X_1) and price (X_2) and the dependent variable of purchasing decisions (Y). This analytical method allows for the assessment of both direct and indirect effects of the independent variables on the dependent variable.

Validity testing is conducted for each item within every variable. The scores of each question item are correlated with the total score of all items. Items with a positive correlation to the criterion (total score) and a high correlation indicate that the item possesses very high validity. Typically, an item is considered valid if the correlation

coefficient is greater than 0.3. Therefore, if the correlation between an item and the total score is less than 0.3, that item in the instrument is deemed invalid and will be removed from the questionnaire or replaced with a revised statement. A validity coefficient is considered valid if the calculated r value exceeds the table r value at a significance level of 5%.

Reliability testing is conducted using Cronbach's Alpha. If the alpha value is greater than 0.7, it indicates sufficient reliability. When the alpha exceeds 0.8, this suggests that all items are reliable and that the entire test is consistently reliable internally due to its strong reliability. The reliability can be interpreted as follows an alpha of 0.90 indicates perfect reliability. An alpha between 0.70 and 0.90 signifies high reliability. An alpha between 0.50 and 0.70 suggests moderate reliability. An alpha below 0.50 indicates low reliability. This analysis aims to determine whether there is an influence between variable X_1 (product quality) and X_2 (price) on variable Y (purchasing decisions).

Path analysis is a development of regression statistics, meaning that regression analysis can be considered a specific form of path analysis. Path analysis is used to describe and test models of relationships among variables in a cause-and-effect format.

RESULT AND DISCUSSION

This research aims to explore the validity and reliability of the data collected from respondents to ensure the robustness of the findings. By rigorously assessing the measurement instruments used in the study, we will establish a clear understanding of how effectively the data reflects the intended constructs. Validity and reliability will be assessed to ensure consistency in the results across multiple administrations of the instruments at table 1.

Table 1. Validity and reliability test

Variables			
No. Item	**X1**	**X2**	**Y**
1	0,511	0,484	0,714
2	0,526	0,582	0,745
3	0,713	0,578	0,639
4	0,777	0,720	0,742
5	0,701	0,680	0,606
6	0,730	0,548	0,680
7	0,760	0,571	0,600
8	0,717	0,720	0,742
9	0,678	0,631	0,725
10	0,615	0,601	0,636
11	0,693	0,561	0,712
12	0,540	0,489	0,585

13	0,696	0,495	0,571
14	0,548	0,506	0,627
15	0,548	0,588	0,480
R2	**0,909**	**0,862**	**0,903**

The results of the data quality test at table 1, for variable X_1 (product quality) indicate a strong outcome, with a correlation coefficient ranging from 0.511 to 0.777. The R^2 value for product quality is 0.909, which signifies that a significant portion of variance in purchasing decisions can be explained by product quality. The minimum requirement for the questionnaire to be considered valid is that the calculated r value must exceed the critical r value of 0.300. Since this condition is met, we can conclude that the questionnaire is valid, and all statements effectively serve as indicators of product quality. The results of the data quality test for variable X_2 (price) show a promising outcome, with a correlation coefficient ranging from 0.484 to 0.720. The R^2 value for price is 0.862, indicating that a substantial amount of variance in purchasing decisions can be explained by the price variable. The minimum requirement for the questionnaire to be deemed valid is that the calculated r value must exceed the critical r value of 0.300. Since this condition is satisfied, we can conclude that the questionnaire is valid, and all statements accurately serve as indicators of price.

The data quality test results for variable Y (purchasing decisions) reveal a favorable outcome, with a correlation coefficient ranging from 0.480 to 0.745. The R^2 value for purchasing decisions is 0.903, indicating that a substantial portion of the variance in purchasing decisions can be explained by the factors measured in the questionnaire. The minimum requirement for the questionnaire to be deemed valid is that the calculated r value must exceed the critical r value of 0.300. Since this condition is satisfied, we can conclude that the questionnaire is valid, and all statements accurately act as indicators of purchasing decisions.

The calculated r coefficients exceed the critical r value of 0.700 for all three research variables: product quality at 0.909, price at 0.862, and purchasing decisions at 0.903. Therefore, the research instruments can be deemed reliable, meaning that when the measuring tools are tested repeatedly, they yield consistent results.

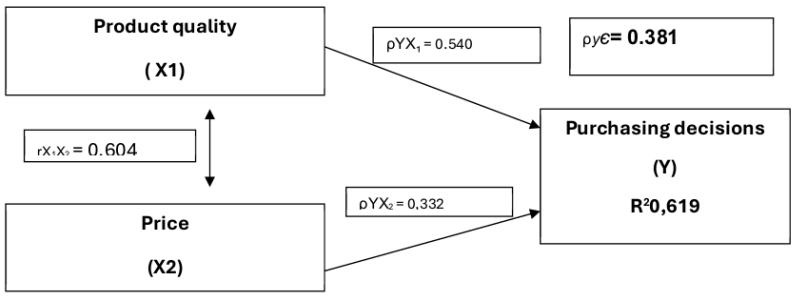

Figure 1. Path Analysis Results

The path analysis results indicate that the product quality variable (X_1) has a path coefficient of 0.540, while the price variable (X_2) has a path coefficient of 0.332. The simultaneous effect of both product quality (X_1) and price (X_2) on purchasing decisions (Y) is reflected in the R^2 value, which stands at 0.619. This suggests that these two variables together significantly influence purchasing decisions.

The research findings demonstrate a significant relationship between product quality, price, and buying behavior. Ampadu et al. (2022) reveal that high-quality products recommended online can lead to increased e-impulse buying, suggesting that consumers are more likely to make spontaneous purchases when they perceive the product quality as superior. Ali and Amir (2024) further elaborate on this by examining consumer herding behavior in online purchases, illustrating that when consumers observe positive reviews and high product quality, they are inclined to follow suit, impacting their buying decisions positively.

Juhana (2023) underscores the effect of product quality on perceived price and price fairness, indicating that consumers are more likely to choose products perceived as fair in pricing and high in quality. This relationship emphasizes the importance of balancing both elements to influence customer choices effectively. Lastly, Sadeli et al. (2023) explore consumer purchase behavior in short food supply chains through social commerce, finding that both quality and price significantly drive purchasing decisions in this context as well.

Sharif et al. (2024) highlight that consumer perceptions of quality management in beverage food products significantly influence their intention to repurchase. When consumers perceive high quality, their willingness to return for future purchases increases, demonstrating the importance of maintaining product standards. Putra et al. (2025) further examine how brand image and price affect purchasing decisions, revealing that consumers are more likely to buy products when they feel confident about the brand's reputation and perceive the price as justified. This interrelation underscores the need for businesses to foster a positive brand image alongside competitive pricing strategies to optimize sales. Rahmani and Kordrostami (2023) add to the discussion by analyzing price sensitivity and online shopping behavior during the COVID-19 pandemic. Their findings show that during this period, consumers became more price-conscious, indicating that fluctuations in price can significantly sway buying decisions. The studies illustrate that both product quality and pricing strategies are vital in shaping consumer buying behavior, ultimately driving repurchase intentions and influencing purchasing decisions.

CONCLUSION

The research findings demonstrate that product quality (X_1) significantly influences purchasing decisions. The analysis shows a t-value of 6.874, exceeding the critical value of 1.664, with a significance level of 0.000, which is less than 0.05. This leads us to reject the null hypothesis (Ho) and accept the alternative hypothesis (Ha), confirming that product quality has a dominant effect on purchasing decisions (Y). Conversely, the results indicate that price (X_2) also affects purchasing decisions but does so to a lesser extent. The t-value of 4.238 exceeds 1.664, and again, the significance level of 0.000 allows us to reject Ho and accept Ha. Thus, while price positively influences purchasing decisions, it is not as dominant as product quality. The study reveals that together, product quality and price account for 61.9% of the variance in purchasing decisions. The remaining 38.1% relates to other variables, such as promotional strategies, brand image, service quality, and perceived value, which were not explored in this research. Given that product quality significantly impacts purchasing decisions, the company must enhance its product offerings to achieve optimal results. Many consumers behaviours doubts about whether the products have received BPOM verification. To address this, the company should work on changing public perceptions, clarifying that the proper use of MSG does not impair cognitive function and that it is safe when consumed in moderation. Regarding pricing, the company should assess market conditions before implementing price increases. Raising prices during a promotional period of competing products could jeopardize consumer loyalty and sales. Since both product quality and pricing significantly affect purchasing decisions, the company should concentrate on improving its product and carefully setting its prices. By doing so, the company can foster an increase in purchasing decisions that align with its goals. Boosting purchasing decisions will not only enhance customer satisfaction but also increase sales turnover. For future research, exploring additional influential variables such as specific promotional strategies and brand reputation would provide a more comprehensive understanding of consumer behaviours. This broader examination could lead to more effective marketing strategies and improved business outcomes.

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