The Influence of Product Quality and Price Perception on Purchase Decision: Satisfaction as A Moderation

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Abstract
This study examines the influence of product quality and price perception influence purchasing decisions, with satisfaction as a moderating variable at PT. Pariaman Iced Tea. Methods of data collection through surveys and distributing questionnaires, with a sample of 100 respondents. The analytical method used is SEM analysis using smartpls. The research results based on hypothesis testing showed a significant influence of product quality on purchasing decisions. There is a significant influence of price perceptions on purchasing decisions. There is no significant effect of product quality on purchasing decisions which is moderated by satisfaction. There is no significant effect of perceived price on purchasing decisions which is moderated by satisfaction.

Keywords: Product Quality, Perceived Price, Satisfaction and Purchase Decision

1. Introduction
Marketers try to differentiate their products by emphasizing attributes they claim can meet consumer needs better than competing brands. They strive to create a product image that is consistent with the self-image of the relevant target consumer segment. Successful positioning results in a distinctive brand image that consumers rely on in making product choices. In today's intense competitive environment, the image of a special product is paramount (Shirvani Dastgerdi & De Luca, 2019). If the product becomes more complex and the market is more crowded, consumers will rely more on the product's image than on its actual attributes in buying (Asshidin et al., 2016).

A positive brand image is related to consumer loyalty, consumer confidence regarding the positive brand value, and willingness to seek the brand. A positive brand image also helps increase consumer interest in brand promotions in the future, and strengthens position in the face of competitors' marketing activities. Perceptual mapping techniques help marketers determine how consumers will perceive their product or service in comparison to competing brands according to one or several relevant characteristics. This technique allows them to see the positioning gaps of all brands within that product or service class and identify areas where consumer needs are not adequately met.

Purchasing decisions are individual activities directly involved in obtaining and using the goods offered (Iskamto, 2020). Consumer purchasing decisions are processes where consumers select and evaluate products or services, and consumers often consider various things that suit their needs in the purchasing decision process.

Customer Satisfaction is a feeling of pleasure or disappointment from comparing the perceived product performance (or results) and their expectations (Arli et al., 2018). Whether a customer is satisfied or not depends on product performance (Perceived Performance) compared to the customer’s expectations and whether the customer interprets a deviation or gap between performance and expectations. If performance is lower than expectations, the customer will be dissatisfied. If the performance matches expectations, then he will be satisfied. Meanwhile, if the performance exceeds expectations, the customer will feel very satisfied or even happy (delighted).
Price is the money needed to obtain several combinations of products or services. Assets solely based on company policy but of course considering various things (Raga et al., 2021). Cheap or expensive a product is very relative in nature. The company must continue to monitor the prices set by competitors so that the prices set by these companies remain stable from the market share prices in circulation. Product quality is everything that can be offered to a market to be noticed, owned, used, and consumed so that it can satisfy wants and needs (Limpo et al., 2018). According to , products and brands have symbiotic value for individuals, who judge them based on consistency (suitability) with their picture of themselves (Fraccascia et al., 2023). Some products seem to fit an individual's self-image, others don't. Consumers try to maintain an enhanced self-image by buying products and patronizing retail outlets that they believe match their self-image, and avoid those that do not.

Satisfaction is an important element that reflects the success of the manufacturer or service provider. The word satisfaction (satisfaction) comes from the Latin "satis" (meaning good enough, adequate) and "facio" (to do or make), so that satisfaction can be interpreted as "efforts to fulfill something" or "to make something adequate". According to (Tjipronto, 2022) Customer satisfaction is a feeling of pleasure or disappointment that a person gets from comparing the perceived product performance (or results) and their expectations.

According to (Kotler & Amstrong, 2018) Product quality is one of marketers' main positioning tools. Quality has a direct impact on product or service performance, therefore, quality is closely related to customer value and satisfaction. In a narrower sense, quality can be defined as being free from damage. But most customer-centric companies go far beyond that narrow definition. Products are defined by as follows: anything that can be offered to a market for attention, acquisition, use, or consumption that can satisfy a want or need. Meanwhile, according to (Tjipronto, 2022), product quality is everything that can be offered to a market to be noticed, owned, used, and consumed to satisfy wants and needs.

According to (Vryoni et al., 2017) satisfaction is an attitude based on the experience gained. Satisfaction is an assessment of the characteristics or features of a product or service, or the product itself, which provides a level of consumer pleasure related to meeting consumer consumption needs. Consumer satisfaction can be created through quality, service and value. The key to generating customer loyalty is delivering high customer value.

According to (Kotler & Amstrong, 2018) price is the amount of money charged for a product or service, the amount of value customers exchange to obtain or use a product or service. According to (Quoc & Tri, 2020), the price is the value of an item expressed in money. Meanwhile, (Nagle & Muller, 2018) suggest that price is a component that generates income while the others generate costs. Price is a price reduction given to buyers when making purchases of goods or services. Discounts are a promotional strategy that has been around for a long time for offline and online transactions (Timoumi et al., 2022). Discount is a reduction in the recorded price the seller offers to the buyer when shopping (Hawaldar et al., 2019).

2. Methods
The research method used by researchers is quantitative, with the sampling method using proportionate stratified random sampling. In this study, the variables are (1) the independent variables consisting of $X_1 = \text{Product Quality}$ and $X_2 = \text{Perceived Price}$; (2) Moderating Variables namely $Z = \text{Satisfaction}$; (3) Dependent Variable, namely $Y = \text{Purchase Decision}$.

The population is all consumers of PT. Pariaman Ice Tea. The number of samples is determined using the Slovin formula. Based on the calculation of the Slovin formula, a total sample of 100 people was obtained. Respondents must fill out a questionnaire that the researcher has provided. The scale used is the Likert scale. Strongly agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1). The research variable indicators are in the table below:

Table 1. Variable Indicators

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Indicators</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purchase Decision</td>
<td>1. Problem Recognition</td>
<td>(Suhaily &amp; Darmoyo, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Information Search</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Information Evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Buying Decision</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Post Purchase Behavior</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Indicators</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Satisfaction</td>
<td>1. Conformity of expectations</td>
<td>(Pham &amp; Ahammad, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Interest in visiting again</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Willingness to recommend</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Quality</td>
<td>1. Performance</td>
<td>(Wantara &amp; Tambrin, 2019)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Features</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Reliability</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Durability</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Aesthetics</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Price</td>
<td>1. Price list</td>
<td>(Kotler &amp; Amstrong, 2018)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Rebates/discounts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Special discounted price</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Payment</td>
<td></td>
</tr>
</tbody>
</table>

Data analysis techniques in this study used Smart PLS, assessing the outer model before elimination and the outer model after subsequent elimination by measuring the inner model (structural model). To test the significance of the research hypothesis, it is done through assessing the value of the path coefficient or inner model which is indicated by the T-Statistic or T-count value compared to the T-table value of 1.96 for the error of rejecting data of alpha 5% (Saputro & Siagian, 2018) as follows:
1. If the T statistic is > 1.96 then the hypothesis is accepted
2. If the value of the T statistic is < 1.96 then the hypothesis is rejected

The framework for this research is in Figure 1 below:

![Figure 1. Conceptual Framework](image)

### 3. Result and Discussion

Based on the results of testing the outer model using SmartPLS, the correlation values of the statement variable research items are obtained as follows:
In the development stage, a correlation of 0.50 to 0.6 is considered adequate or still acceptable. In the research, the value limit for convergent validity is above 0.6. Based on the results of testing the outer model using SmartPLS, the correlation values obtained between the items of the research variable statements are as follows:

![Figure 2. Outer Loading Before Elimination](image1)

![Figure 3. Outer Loadings After Elimination](image2)

In the development stage, a correlation of 0.50 to 0.6 is considered adequate or still acceptable. In the research, the value limit for convergent validity is above 0.6. Several indicators are eliminated from product quality variables and price perceptions on purchasing decisions through satisfaction. Criteria for the validity of a construct or variable can also be assessed through the Average Variance Extracted (AVE) value of each construct or variable. The construct is said to have high validity if the value is above 0.50.

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Apart from the picture above, to assess the Average Variance Extracted (AVE) value it must be more than 0.50 as the following table:

**Figure 4. Average Variance Extracted (AVE) Value**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Com. Alpha</th>
<th>Rel.</th>
<th>CR Value</th>
<th>AVE Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efek Moderasi 1</td>
<td>0.751</td>
<td>0.732</td>
<td>0.637</td>
<td>0.563</td>
</tr>
<tr>
<td>Efek Moderasi 2</td>
<td>0.751</td>
<td>0.732</td>
<td>0.637</td>
<td>0.563</td>
</tr>
<tr>
<td>Kepuasan (Z)</td>
<td>0.751</td>
<td>0.732</td>
<td>0.637</td>
<td>0.563</td>
</tr>
<tr>
<td>Keputusan Pembelian (Y)</td>
<td>0.800</td>
<td>0.804</td>
<td>0.809</td>
<td>0.625</td>
</tr>
<tr>
<td>Kualitas Produk (X1)</td>
<td>0.751</td>
<td>0.732</td>
<td>0.637</td>
<td>0.563</td>
</tr>
</tbody>
</table>

**Source:** Data processed by authors, 2023

Based on the picture and table above, it can be concluded that all the constructs or variables above meet the criteria for good validity. This is indicated by the Average Variance Extracted (AVE) value above 0.50 as the recommended criteria.

After knowing the data's validity level, the next step is to determine the level of data reliability or the level of reliability of each construct or variable. This assessment is by looking at the composite reliability value and the Crombach alpha value. The value of a construct is said to be reliable if it gives a composite reliability value > 0.70.

**Figure 4. Composite Reliability Value**
Based on the SmartPLS output in Figure 4.4 above, it has been found that the composite reliability value of each construct or variable is greater than 0.70. Thus it can also be concluded that the level of data reliability is good or reliable.

![Figure 5. Composite Reliability Value](image)

Based on the output of SmartPLS in Figure 4.5 above, it has been found that the Cronbach Alpha value for each construct or variable is greater than 0.70. Thus it can also be concluded that the level of data reliability is good or reliable.

The next testing process is testing the inner model or structural model which aims to determine the relationship between constructs as has been hypothesized. The structural model is evaluated by considering the R-Square value for the endogenous construct from the influence it receives from the exogenous construct. The following is the structural model of the test results using SmartPLS:

![Figure 6. Equation Structure](image)

Based on the picture above, the structural model above can be formed as follows:

a. The Equation Model illustrates the magnitude of the influence of product quality constructs and price perceptions on purchasing decisions with each coefficient that exists for each construct plus an error which is an estimation error.

\[ Y = 0.490 X_1 + 0.394 X_2 \]

b. The Equation Model illustrates the magnitude of the influence of product quality constructs and...
price perceptions on purchasing decisions which is moderated by satisfaction with each of the existing coefficients for each construct plus an error which is an estimation error.

\[ Y = 0.106 X1 * Z + 0.049 X2 * Z \]

Next, as explained earlier, the assessment of the inner model will be evaluated through the R-Squared value, to assess the effect of certain exogenous latent constructs on endogenous latent constructs whether they have a substantive effect, the following is the R-Square estimate:

![Figure 7. Evaluation of R Square Value](image)

Figure 7 shows that the R-Square value of the purchase decision construct is 0.761 or 76.1%, which illustrates the magnitude of the influence received by the purchase decision construct from the product quality and price perception constructs.

Hypothesis testing aims to answer the problems that exist in this study, namely the influence of certain exogenous latent constructs with certain endogenous latent constructs either directly or indirectly through mediating variables. Testing the hypothesis in this study, can be judged by the value of the t-statistic or t-statistic compared to the t-table of 1.96 at an alpha of 5%. If t-statistic/t-count < t-table 1.96 at alpha 5%, then Ho is rejected and if t-statistic/t-count > t-table 1.96 at alpha 5%, then Ha is accepted. The following is the output of SmartPLS, which describes the estimated output for testing the structural model:

**Table 2. t-Test Result**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statement</th>
<th>T-Statistik</th>
<th>P-Value</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Product quality on purchasing decisions</td>
<td>5,960</td>
<td>0,000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Perceived price on purchasing decisions</td>
<td>4,230</td>
<td>0,000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Based on the results of the SmartPLS test in the table, it can be seen that the results of testing the research hypothesis start from the first hypothesis to the fifth hypothesis which is a direct influence of product quality constructs and price perceptions on purchasing decisions.

**Table 3. Hypothesis Test Results**

**Source:** Data processed by authors, 2023
The results of testing the data using the SmartPLS program tool found a product quality coefficient value of 5.960 which is the magnitude of the influence exerted by this construct on purchasing decisions. Furthermore, to assess whether this hypothesis is accepted or rejected, the comparison between t-statistics or t-count with t-table is 1.96 at an alpha of 5%. Where the value of t-statistics > t-table 1.96 at alpha 5% or 5.960 > 1.96 P-Value 0.000 > 0.05 therefore H0 is rejected and H1 is accepted, in other words there is a significant influence on product quality buying decision. The results of this study are in line with research conducted by (Imaningsih & Rohman, 2018) where there is a significant effect of product quality on purchasing decisions.

Price Perceptions of Purchasing Decisions
The results of testing the data with the SmartPLS program found that the value of the price perception coefficient was 4.230, which is the magnitude of the influence exerted by this construct on purchasing decisions. Furthermore, to assess whether this hypothesis is accepted or rejected, the comparison between t-statistics or t-count with t-table is 1.96 at an alpha of 5%. Where if the t-statistic value > t-table 1.96 at alpha 5% or 4.230 > 1.96 the P-Value is 0.000 > 0.05 then the hypothesis can be accepted or H0 is rejected and H2 is accepted, in other words there is a positive influence significant price perception on purchasing decisions. The results of this study are in line with research conducted by (Anwar & Andrean, 2021) where there is a significant effect of perceived price on purchasing decisions.

Product Quality on Purchase Decision Moderated by Satisfaction
Based on the results of data testing using the SmartPLS program tool, it can be seen that the product quality coefficient value is 1.277 which is the magnitude of the influence exerted by this construct on purchasing decisions. Furthermore, to assess whether this hypothesis is accepted or rejected, the comparison between t-statistics or t-count with t-table is 1.96 at an alpha of 5%. Where the value of t-statistics > t-table 1.96 at alpha 5% or 0.980 < 1.96 P-Value 1.277 > 0.05 therefore H0 is accepted and H3 is rejected, in other words there is no significant effect on product quality towards purchasing decisions moderated satisfaction. This study's results not align with research conducted by (Waluya et al., 2019) where product quality has an insignificant effect on purchasing decisions moderated by satisfaction.

Conclusions
From the discussion in the previous chapters, several conclusions can be drawn as follows:
1. There is a significant influence of product quality on purchasing decisions.
2. There is a significant influence of price perceptions on purchasing decisions.
3. There is no significant effect of product quality on purchasing decisions which is moderated by satisfaction.
4. There is no significant effect of perceived price on purchasing decisions which is moderated by satisfaction.

References


