

THE EFFECT OF PRODUCT QUALITY, INNOVATION AND PRICE TO PURCHASING DECISIONS OF NOOLDE PRODUCTS

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ABSTRACT

The purpose of this study was to determine the effect of product quality, the effect of product innovation, and the effect of price perceptions on purchasing decisions. This study uses non probability sampling techniques and purposive sampling approach with the variables of product quality, product innovation, and price perceptions. The population is consumers of Indomie brand instant noodle products who are in Klaten Regency and have consumed Indomie brand instant noodle products at least 3 times. This study uses a sample of 100 respondents with data collection using a questionnaire. Based on the research results, it is hoped that Indomie will be able to maintain its quality, add new and more unique innovations, and maintain prices that can be reached by all the general public.

Keywords : Product Quality, Product Innovation, Price Perceptions, Purchasing Decisions

INTRODUCTION

Instant noodles are not foreign to Indonesians. And to get it is not difficult, the price offered is also very affordable, both per unit and per box. In Indonesia, eating instant noodles is not as common as eating rice every day. Likewise, instant noodles, although not good if consumed every day, many people in Indonesia consume it almost every day. The year 2020 began the worldwide outbreak of the COVID-19 Virus, which caused all working people to be laid off. Almost all households buy instant noodles as food reserves during the independent isolation period. The selective nature of consumers makes companies compete to make new innovations during this pandemic. According to Myres & Marquis (in Kotler, 2016: 454), product innovation is a combination of various processes that influence each other. Indomie is a pioneer of instant noodles in Indonesia since 1972. Indomie is also one of the brands with unique innovations in terms of taste, one of its products is "Selera Nusantara" which the flavor variant is the taste of regional specialties in Indonesia. Indomie creates Nusantara flavors to make it easier for consumers to enjoy the taste of Indonesian specialties at affordable prices and packaged in instant noodles. Here are the flavors of Indomie "Selera Nusantara":

Table 1. Flavors of Indomie "Selera Nusantara"

No	Flavors	From
1	Coto Makassar	Sulawesi
2	Cakalang	Sulawesi Selatan
3	Mi Celor	Sumatra Selatan
4	Empal Gentong	Jawa Barat
5	Soto Banjar	Kalimantan Selatan
6	Soto Betawi	Jakarta
7	Mi Kocok Bandung	Jawa Barat
8	Kari Ayam Medan	Sumatra Utara
9	Soto Medan	Sumatra Utara
10	Rendang	Sumatra Barat

Sumber : www.idntimes.com/food.dining-guide/safiramaharani/10-rasa-indomie-khas-nusantara-1/9

By carrying out an innovation, producers hope that there will be an increase in consumer purchasing decisions for Indomie brand instant noodle products. There are lots of instant noodle manufacturers in Indonesia such as Indomie, Mie Seddap, Sarimi, Supermi, Gaga, Lemonilo, and so on. The competition in the instant noodle business in Indonesia is tight because instant noodles are a product with the fast consumer good category or a product with fast turnover. This form of competition is fighting over the consumer's point of view on the quality and price of the product, which is an indicator for buying a product. In this competition, what is really needed is an innovation so that the products produced are different from others.

The quality of a product is very important as it becomes a pioneer whether a product is worth selling in the market. Good quality products will have a wide market share and will have consumers who are loyal to their products. Product quality is the first thing that manufacturers should pay attention to. Quality is the main tool to achieve the desired position. Quality shows whether a product survives or not from consumer trust. Currently there are 80 countries that are Indomie's export destinations, in 2017 Indomie became the first brand from Indonesia to enter the top 10 global brands. According to the results of the Top Brand Index, instant noodles in 2018 and 2019, Indomie were ranked first respectively. Here's the table:

Table 2. TBI Instant Noodles in Indonesia 2018 - 2019

Brand	TBI Tahun 2018	Brand	TBI Tahun 2019
Indomie	77%	Indomie	71,7%
Mie Seddap	10.2%	Mie Seddap	17,6%
Sarimi	4.4%	Supermi	3.7%
Supermi	4.1%	Sarimi	3.3%

Sumber : www.topbrand-award.com/en/2018/02/mie-instant-dalam-kemasan-bag-fase-1-2018.com.

Based on table 2, according to 2018 data Indomie remains the Top Brand Index in Indonesia with 77.8%. Meanwhile, in 2019 the results were not much different. Indomie was able to maintain its position for 2 consecutive years. This is where the quality of a product is a factor that consumers who are loyal and satisfied with the product will decide to buy the product again. Apart from having to attract new consumers, producers also have demands to retain loyal customers. So that consumer purchasing decisions must be encouraged by producers well. It is feared that consumer interest in buying will decrease. One of the factors that are considered to influence consumer buying interest is price. Price is an important thing in buying and selling goods or services. According to Tjiptono (2008) Price is an element in marketing that changes rapidly. The following is a comparison table of the prices of instant noodle products in Indonesia in 2021:

Table 3. Prices for instant noodles in 2021

No	Brand	Price
1	Indomie	Rp 2.300 - Rp 2.500
2	Mie Seddap	Rp 2.300 - Rp 2.500
3	Sarimi	Rp 1.900 - Rp 2.900
4	Supermi	Rp 2.300 - Rp 2.500
5	Gaga	Rp 2.900
6	ABC	Rp 2.200
7	Lemonilo	Rp 6.900

Sumber : www.kataloghargamurah.com

From the data above, it can be seen from the 7 types of instant noodle products that are circulating in the Indonesian market at almost different prices. The price offered for each product is very competitive. From here the price is also the basis for the formation of profits for producers so that producers will try their best to develop their market because some market demand is influenced by prices. Price perception is how consumers understand the meaning of price information. The impact of price is related to the purchasing power of consumers, because price is the main cost for consumers. The more expensive a price, the less demand for goods or services. Meanwhile, the cheaper the price of goods or services, the level of demand for the product, the more main factors are the most important factors when consumers decide to buy a good or service. From the description above the authors are interested in conducting research with the title Effect of Product Quality, Innovation, and Price Perception on Consumer Purchase Decisions of Indomie Brand Instant Noodle Products in Klaten Regency.

THEORETICAL FRAMEWORK

Product Quality

The definition of quality as all the characteristics of goods or services that have the effect of meeting a need for Kotler and Keller (2016). Kotler (2016) products are things that can be sold or purchased that have a function value and provide the wants or needs of every consumer. According to Kotler and Armstrong (2010: 27) Product quality is the main thing from producers because it is directly related to consumer satisfaction, which is the goal of marketing Oentoro products (2010). Product quality is the strength of a product for its function, while what includes skills, durability, accuracy, ease of operation, product improvement, and other valuable attributes. Therefore, a product must highlight the strength of its product both in terms of taste quality, quality of service or otherwise so that consumers feel satisfied and give a positive response to the product. Quality shows all types of product offerings that are useful for consumers Tjiptono (2008: 25). The main value that consumers think of is the best quality of the goods or services. Indicators of product quality according to Garvin, quoted by Fandy Tjiptono (2012: 121) are as follows: Performance of a product, Product specifications and suitability, Durability, Reliability, Aesthetics.

Product Innovation

Innovation is characterized by a new product being launched. New products here include original products that are renewed or developed again through the results of field research (Haryono and Maryati, 2017). Therefore, companies must be able to create new ideas that are as creative as possible by offering more innovative products so that customers feel satisfied. According to Kotler and Keller (2009). Innovation is an idea, idea, product or service that is new from one's thinking. Simply put, innovation means a new breakthrough related to a product or service. Kotler added that innovation can develop not only in the field of products and services, but innovation is a new thought that every company must have in order to offer more innovative products and services that make consumer satisfaction fulfilled and can survive in competition in market share. According to Kotler and Keller (2016: 454) the indicators of a product innovation are: Is a new product for the world, Improvements from previous products, New product lines, Additions to pre-existing product lines.

Price

Every human being, especially consumers, has a different character. Likewise, the consumer's view of a good or service is not always the same, there are various factors both internally and externally that influence it. Consumer thinking on price perceptions also

influences the decision to buy goods or services. Therefore every producer always gives its best effort in determining the price of the goods or services they will sell. According to Kotler and Keller (2009: 67) that price is a component of the marketing mix to produce revenue, other components produce costs. A company generally makes a pricing arrangement that varies in terms of demand and cost both in terms of geography, market segmentation, level of demand and other factors. Price perception is the value of a product and not a definite indicator Samsul Ramli (2014).

Perception of price involves information on a price so that it is easy to understand and meaningful for consumers. Consumers can make comparisons between the real price and the range price of the product they imagine. According to Peter & Olson (2008), price can describe a brand and provide superior functional competitiveness. When describing a brand, relatively high prices are known to be of high quality for some products and this is where consumers will feel the connection between quality and price.

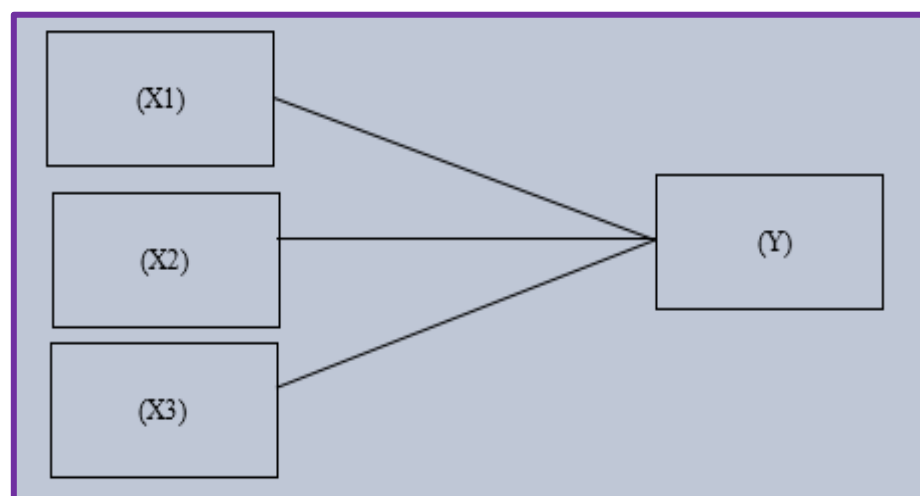
Purchase Decision

A purchase decision is a matter that must be decided upon the choice of two or more Sumarwan (2014: 377). A purchase decision is an attitude of consumer consideration to buy or not to buy a product or service. The factors that are taken into consideration are usually the quality and price of a product. According to Kotler (2009), purchasing decisions are all activities related to consumer responses when buying or consuming a product to meet their needs or desires. Daily activities make consumers have to choose and buy the products or services that they will consume. The purchase decision process according to Kotler and Keller (2009) is as follows: Introduction to Problems, Information search, Evaluation of alternatives, Purchase decisions, Post purchase behavior.

Indicators in purchasing decisions according to Kotler and Keller (2016) cited by Tjiptono (2016), the decision of a consumer to buy goods or services is as follows: Variations of products, Purchase quantity required, Choice of product supplier, Brand Variations

Research Framework

Gambar 1. Reach Framework



Information :

X1: Product Quality
X2: Product Innovation
X3: Price Perception

METHODS

According to Sugiyono (2009), population is a combination of elements that have certain specificities who also have the opportunity to be the choice of sample members. In the population study, namely consumers who have bought and consumed Indomie brand instant noodle products in Klaten Regency. Unlimited population quantity where there is no definite data on the number of consumers. Therefore, according to Sugiyono (2016), the sample is a small part of the quantity as well as the features of a small part of the population. The quantity of this research is 100 respondents who refer to Roscoe (1975) if the number of samples is more than 30 and less than 500 are suitable for the entire study. The sampling technique used is non-probability sampling in which there are criteria stipulated in accordance with the needs of the study, not forgetting the approach using purposive sampling, which is a technique by determining the sample with certain considerations. This means that the selected respondents are consumers of the Indomie brand of instant noodle products in Klaten Regency. The criteria for respondents are as follows: Located in Klaten Regency and Consume Indomie brand instant noodles at least 3 times. The method used a questionnaire which will later be processed using SPSS (Statistical Package for Social Sciences).

Data Analysis Methods

Validity Test

To find out the validity of the points, the statement must be equated with r - table. R - table at $\alpha = 0.05$ with df (degree of freedom) = $(N-2)$. So $df = 100-2 = 98$, then r - table = 0.1966, the statement points are said to be valid if the value of r count $>$ r table. The results of the analyst's output can be seen in the table as follows:

Table 4. Validity Test

	V	Person Correlation	R - tabel	Conclusion
Product Quality	X _{1.1}	0,526	0,1966	Valid
	X _{1.2}	0,516	0,1966	Valid
	X _{1.3}	0,583	0,1966	Valid
	X _{1.4}	0,784	0,1966	Valid
	X _{1.5}	0,780	0,1966	Valid
Product Innovation	V	Person Correlation	R - tabel	Conclusion
	X _{2.1}	0,534	0,1966	Valid
	X _{2.2}	0,494	0,1966	Valid
	X _{2.3}	0,634	0,1966	Valid
	X _{2.4}	0,616	0,1966	Valid
Price Perceptions	X _{2.5}	0,632	0,1966	Valid
	V	Person Correlation	R - tabel	Conclusion
	X _{3.1}	0,640	0,1966	Valid
	X _{3.2}	0,729	0,1966	Valid
	X _{3.3}	0,716	0,1966	Valid
Purchasing Decisions	X _{3.4}	0,751	0,1966	Valid
	X _{3.5}	0,772	0,1966	Valid
	V	Person Correlation	R - tabel	Conclusion
	Y1	0,576	0,1966	Valid
	Y2	0,632	0,1966	Valid
	Y3	0,726	0,1966	Valid
	Y4	0,807	0,1966	Valid
	Y5	0,727	0,1966	Valid
	Y6	0,822	0,1966	Valid

Sumber : Output SPSS 2020

Reliability Test

Reliability is functioned to measure a questionnaire which is an indicator of a variable. The formula for the Cronbach Alpha coefficient is used in this study, namely by equalizing the Alpha value with the standard. The reliability of a variable construct is said to be good if it has a Cronbach's Alpha value > 0.6 . (Sugiyono, 2017). The table is described as follows:

Tabel 5. Reliability Test

Variabel	Cronbach's Alpha	Conclusion
Product Quality	0,659	Reliabel
Product Innovation	0,671	Reliabel
Price Perception	0,767	Reliabel
Purchasing Decisions	0,814	Reliabel

Sumber : Output SPSS 2020

Based on the table data, we can see the Cronbach's Alpha value for each variable, by following the provisions (> 0.6). So it can be said that the construct of the statement which is the variable quality (X1), product innovation (X2), price perception (X3), and purchase decisions (Y) are considered to be realistic.

Normality Test

The table below shows that the Asymp.Sig (2-tailed) significance value is $0.200 > 0.05$. So in accordance with the basis of decision making in the Kolmogorov-Smirnov normality test, which means that the data is normally distributed. Thus, the assumptions or normality requirements in the regression model have been met.

Tabel 6. Normality Test

One-Sample Kolmogorov-Smirnov Test		
N		100
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,88608941
Most Extreme Differences	Absolute	,070
	Positive	,035
	Negative	-,070
Test Statistic		,070
Asymp. Sig. (2-tailed)		,200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Sumber : Output SPSS 2020

Multicollinearity Test

From the data below in the “Collinearity Statistics” section, it is known that the tolerance value for variables (X1), (X2), and (X3) > 0.10. Meanwhile, the value of VIF for variables (X1), (X2), and (X3) < 0.10. The conclusion is that in the multicollinearity test, there are no multicollinearity symptoms in the regression model.

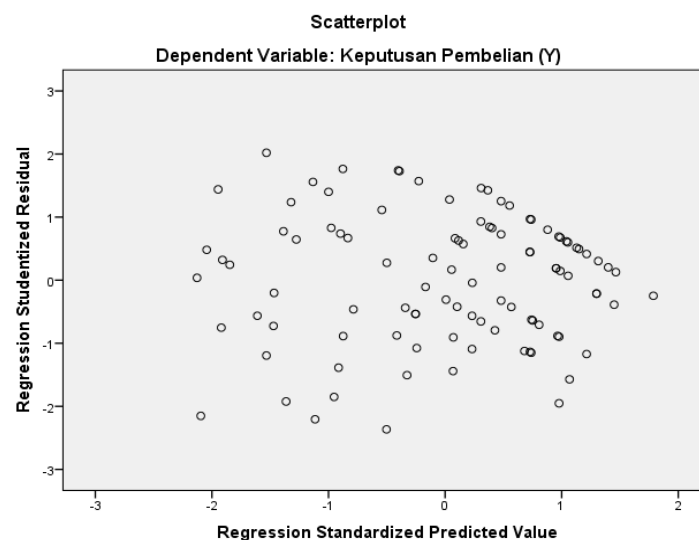
Tabel 7. Multicollinearity Test

Coefficients ^a		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Product Quality (X1)	,778	1,285
	Product Innovation (X2)	,822	1,217
	Price Perception (X3)	,765	1,306
a. Dependent Variable: Keputusan Pembelian (Y)			

Sumber : Output SPSS 2020

Heteroscedasticity Test

From the output data of the Scatterplot, it is known that the distribution of the dots is evenly spread around the number 0, does not gather and does not form a wave or form a pattern. Table 8. Heteroscedasticity Test



Sumber : Output SPSS 2020

Multiples Regression Test (Multiple)

From the Multiple Regression Test data below produces the following regression equation:

$$4,391 - 0,351X_1 + 0,164X_2 + 0,542X_3 + e = Y$$

Then it can be described as follows:

- The constant 4,391 can be interpreted if the independent variables: (X1), (X2), and (X3) simultaneously do not change = (0), the magnitude of the decision is 4,391.
- The coefficient value of product quality (X1) is 0.351 this figure has a positive effect on purchasing decisions (Y), when the variability (X1) increases then (Y) increases to 0.351 and other variables are assumed to be constant.
- The coefficient value of product innovation (X2) is 0.164 this figure has a positive effect on purchasing decisions (Y), when the variability (X2) increases, (Y) increases to 0.164 and other variables are assumed to be constant.
- The coefficient value of price perception (X3) is 0.542 this figure has a positive effect on purchasing decisions (Y), when the variability (X3) increases then (Y) increases to 0.542 and other variables are assumed to be constant.

Tabel 9. Multiples Regression Test (Multiple)

V	Koefisien Regresi (B)	t- hitung	Sig.	Conclution
Constant	4,391			
Product Quality	0,351	3,847	0,000	Signifikan
Product Innovation	0,164	2,483	0,015	Signifikan
Price Perception	0,542	6,321	0,000	Signifikan
F-hitung = 41,621				
R Square = 0,576				

Sumber : Output SPSS 2020

T test (Partial Test)

From the data table below, the effect of each variable can be seen from the comparison of its significance value (probability) with the standard value. And can be described as follows:

- The effect of product quality (X1) on purchasing decisions (Y) The t test results of (X1) on (Y) consumers of Indomie brand instant noodle products in Klaten Regency show a significance value of $0.000 < 0.05$, so the conclusion is H1 or the first hypothesis is accepted which means (Y) is influenced by (X1)
- The effect of product innovation (X2) on purchasing decisions (Y) The t test results from (X2) to (Y) consumers of Indomie brand instant noodle products in Klaten Regency show a significance value of $0.015 < 0.05$, so the conclusion is H2 or the second hypothesis is accepted which means (Y) is influenced by (X2).
- The effect of price perception (X3) on purchasing decisions (Y) The t test results from (X3) to (Y) consumers of Indomie brand instant noodle products in Klaten Regency show a significance value of $0.000 < 0.05$, so the conclusion is that H3 or the third hypothesis is accepted, which means (Y) is influenced by (X3).

Table 10. The t test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,391	2,028		2,165	,033
Product Quality(X ₁)	,351	,091	,291	3,847	,000
Product Innovation(X ₂)	,164	,066	,183	2,483	,015
Price Perception (X ₃)	,542	,086	,483	6,321	,000

a. Dependent Variable: Keputusan Pembelian (Y)

Sumber : Output SPSS 2020

F Test (Simultaneous Test)

From the data table below, it can be seen that the significance value is $0.00 < 0.1$. So it can be concluded that (Y) is simultaneously affected by (X1), (X2), and (X3).

Tabel 11. F Test (Simultaneous Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	470,334	3	156,778	42,736	,000 ^b
	Residual	352,176	96	3,668		
	Total	822,510	99			
a. Dependent Variable: Purchasing Decisions (Y)						
b. Predictors: (Constant), Price Perception(X ₃), Product Innovation (X ₂), Product Quality (X ₁)						

Sumber : Output SPSS 2020

Analysis of the Coefficient of Determination

From the data below, it is known that R has a value of 0.756 which means it has a strong bond. The value of R Square is 0.572 or 57.2%, which means that the effect of the independent variable on purchasing decisions is 57.2% and the remaining 42.8% is another variable that influences purchasing decisions outside the variables in this study.

Table 12. Determination Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,756 ^a	,572	,558	1,915
a. Predictors: (Constant), persepsi Harga (X ₃), Inovasi Produk (X ₂), Kualitas Produk (X ₁)				
b. Dependent Variable: Keputusan Pembelian (Y)				

Sumber : Output SPSS 2020

CONCLUSION

- Multiple linear regression models obtained from data analysis, namely: $4.391 - 0.351X_1 + 0.164X_2 + 0.542X_3 + e = Y$
- From the t test it can be explained that (Y) is partially influenced by (X1), (X2), and (X3) whose t sig value < 0.05 .
- From the F test it can be explained that (Y) is simultaneously influenced by (X1), (X2), and (X3) whose sig value is $0.00 < 0.1$.
- From the analysis of the coefficient of determination, it can be explained that (Y) is influenced by (X1), (X2), and (X3) by 57.2%, the remaining 42.2% are other variables that affect (Y) outside the variables inside. this research.

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