



The Effect of Product Quality and Price Perception on Purchasing Decisions for Tango Wafers in Surabaya

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ABSTRACT

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The purpose of this study was to determine and analyze the effect of product quality and price perception on purchasing decisions for Wafer Tango in Surabaya. This research method uses quantitative research methods where the dependent variable is purchasing decisions and the independent variables in this study are product quality and price perception. The number of samples in this study were 72 Wafer Tango consumers in Surabaya. Sampling using non probability sampling method with accidental sampling technique through distributing questionnaires. Data analysis was carried out using the component-based Structural Equation Modeling (SEM) method using the Partial Least Square (PLS) analysis tool. The results of this study indicate that product quality and price perception have a positive impact on purchasing decisions for Wafer Tango in Surabaya.

KEYWORDS:

Product Quality, Price Perception, Purchase Decision

1. INTRODUCTION

The development of the snack food industry is currently growing rapidly. So that it can provide very promising business opportunities because Indonesia has a fairly high population which of course will be directly proportional to the need for food products. But on the other hand, this can result in increasingly fierce competition in the business world. Including Wafer snacks. Wafer Tango is a snack product produced by PT Ultra Prima Abadi since December 1995. Wafer Tango carries the concept of "One Bite Size" is a wafer that is just right to chew, Tango wafer consists of several layers of wafers with cream in the middle. Wafer Tango has several flavors including Chocolate, Vanilla Milk, Choco Javamocca, Choco Tiramisu, Choco Banana, Sassy Strawberry, and French Vanilla Milk.

In the Indonesian market, Tango wafers are a well-known snack product. This is shown by the survey results regarding the wafer that is most often discussed by netizens. In this case, problems related to the quality of Tango wafer products can be identified based on negative comments made by netizens in Twitter social media accounts belonging to consumers of Tango wafer products.

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Fig 1. Number of Positive and Negative Comments about Wafer Products on Social Media Twitter

Source: <https://analysis.netray.id/wafer-favorite-warganet/>

Table 1. Top Brand Index Wafer Tango

2018	64,60%
2019	48,50%
2020	43,30%
2021	38,60%
2022	37,00%

Source: Top Brand Index

The number of negative comments from netizens regarding the quality of Wafer Tango has caused the Top Brand Index of Wafer Tango to decline over the past 5 years. Based on the survey results, Wafer Tango managed to occupy the first position with the highest index in the wafer product category from 2018-2022.

Product quality is a factor that might affect purchasing decisions when running a business. According to Kotler and Armstrong (2016) in Haribowo Product quality is the capacity of a product to successfully perform its function; this encompasses product features such as dependability, durability, simplicity of use, fixity, and repairability.

Consumers take into account pricing perception in addition to product quality when making purchases. Consumers of a product will assess the suitability of price perceptions with product quality. According to Kotler (2012) in Syahidin & Adnan, The cost of a product or service is what is perceived as its pricing.

II. LITERATURE REVIEW

Product Quality

Product quality is one of the things that must be considered by producers or companies, it is called because product quality is very influential with consumer satisfaction issues, which is the objective of the business' marketing initiatives. ASSUARI (2009) in S.Sani . Product quality is a term used to describe how well products, people, the environment, and services perform in comparison to expectations of consumers Fandy, Tjiptono (2003) in Paramita. Product Quality is from several alternative purchasing decision options, the meaning of this is that consumers can make decisions, there must be more than one alternative choice. The decision to make a purchase can lead to how the decision-making process is carried out. Purchasing decisions are influenced by several consumer behaviors. According to Kotler & Armstrong (2018) in Mega Selvia ⁵.

Price Perception

The amount of money paid to obtain a good or service determines its price perception. Kotler (2012) in Syahidin & Adnan. According to Assuari (2015) in Siregar, price perception is everything or the value set against something. Something can be a product in various stages of completion, without or with quality assurance, without or with support services, or it can also be a pure service. According to Yusuf (2021) in Ichsan 7 price perception is one of the factors of the marketing mix that shares income or revenue for an industry, on the other hand, the other three factors, namely product, position and advertising, cause the appearance of fees or expenses.

Purchase Decision

According to Kotler & Armstrong (2014) in Dumiaty (2021) When customers make purchasing decisions, they are at the point in the decision-making process where they actually make purchases. According to Tjiptono (2016) in M. Marbun (2022) purchasing decisions are part of consumer behavior. Consumer behavior is an action related to the identification and acquisition of a good or service, including the choice made both before and after the event. According to Kotler (2011) in Dumiaty (2021) purchasing decisions are the actions of consumers in purchasing or not a product.

Product Quality and Purchasing Decision

According to research (Oni Tabroni, Tia Aprilia Susnita, 2022) argues that factors affecting product quality have a favorable and significant impact on purchase decisions. The findings of this study demonstrate that customer purchasing decisions can be influenced by research on product quality in accordance with the degree of consumer wants and needs.

Purchasing decisions are influenced by good product quality, with good product quality and can meet consumer expectations, consumers will make purchasing decisions. The product quality variable has an influence on purchasing decisions.

H1 : product quality has a positive effect on purchasing decisions for Wafer Tango in Surabaya.

Price Perceptions and Purchasing Decisions

According to research (Mega Selvia, Altje L. Tumbel, Woran Djemly, 2022) suggests that the price perception variable influences purchases in a favorable and significant way. The findings of this study demonstrate that consumer purchase decisions can be influenced by research on how consumers perceive prices in relation to product quality and advantages.

Price perception is the sum of money needed to purchase a good. Consumers anticipate receiving benefits and quality that are on par with or better than their expectations based on their impression of the price they paid. It is evident that the price perception variable affects consumers' purchase choices.

H2 : Price perception has a positive effect on purchasing decisions for Wafer Tango in Surabaya.

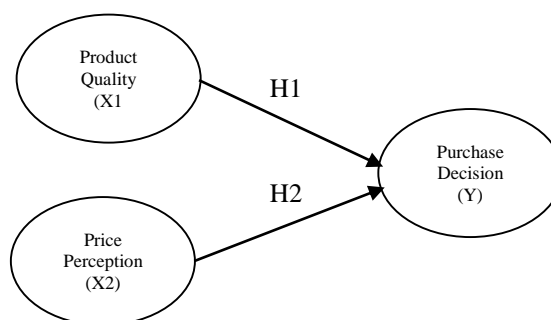


Fig 2. Conceptual Framework

III. RESEARCH METHODS

Consumers of Wafer Tango in Surabaya are the population of this study, which use quantitative methodologies. A non-probability sampling strategy with an accidental sampling technique and 72 respondents was used to produce the research sample. This study employed a questionnaire to collect data by disseminating a list of questions. to respondents who had purchased Wafer Tango in Surabaya via Google Form which was distributed online. The data analysis process uses the Structural Equation Modelin (SEM) analysis technique using the Partial Least Square (PLS) analysis tool.

IV. RESULTS AND DISCUSSION

Of the 72 respondents who answered the questionnaire that had been distributed, it can be seen that the age of the most respondents was 21-25 years as many as 61 respondents or 84.7%. And the most occupations are students as many as 57 respondents or 79.1%.

Validity and Reliability Test

The amount of indicator variation held by the latent variable is indicated by the term "Average Variance Extracted" (AVE), which is a numerical figure. Good validity sufficiency for latent variables is shown by convergent AVE values larger than 0.5.

Composite reliability harus di atas 0.7, maka indikator dianggap konsisten dalam mengukur variabel laten

Table 2. Average Extracted (AVE) and Composite Reliability

	Average Variance Extracted (AVE)	Composite Reliability
Product Quality (X1)	0,799708	0,941046
Price Perception (X2)	0,779856	0,934021
Purchase Decision (Y)	0,810047	0,944578

Source : Data Processed 2023

The average variance extracted (AVE) value for each construct (variable) in reflective indicator variables reveals this. If the AVE of any construct is more than 0.5, a good model is necessary. In general, the variables in this study can be deemed to have good validity because the AVE test results for the Product Quality variable (X1) were 0.799708, the Price Perception variable (X2) was 0.779856, and the Purchasing Decision (Y) was 0.810047.

The Product Quality variable (X1), Price Perception variable (X2), and Purchasing Decision variable (Y) all have Composite Reliability values above 0.70, indicating that all variables in this study are reliable, according to the results of the Composite Reliability test.

Inner Model (Structural Model Testing)

The R-Square value, a goodness-of-fit model test, is used to evaluate the structural model. The R-square in the equation between the latent variables can be used to determine the inner model testing. The R2 number reflects how well the endogenous (dependent / dependent) variables can be explained by the exogenous (independent / free) variables in the model. R2 has a value of 0.507228. According to this interpretation, the model can account for the phenomenon of purchasing decisions that are influenced by independent variables such as product quality and price perception with a variance of 50.72%, with the remaining

49.28% being explained by factors not related to the study (other than product quality and price perception).

Hypothesis Testing

The significance of the results of the Bootstrapping TStatistic value can be seen in the following figure 3:

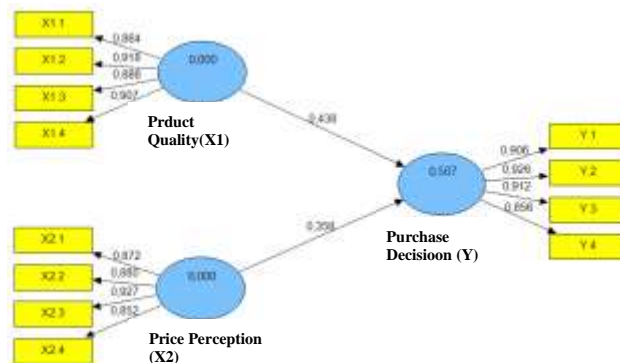


Fig.3 : T-Statistic Bootstrapping Source : Data Processed 2023

Additionally, the following table provides the coefficient results and T-statistic values of the inner model for hypothesis testing.. If the T-statistic value is larger than the T table and the p-value is less than the 5% significant threshold, then the value of the influence of exogenous (independent) factors on exogenous (dependent) variables is significant. The following hypothesis testing results can be seen from the table 3

Table 3. Path Coefficients (Mean, STDEV, T-Values, P-Values)

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STERR))	P Values
Product Quality (X1) -> Purchase Decision (Y)	0,438402	0,439626	0,114438	3,830915	0,000
Price Perception (X2) -> Purchase Decision (Y)	0,357832	0,365132	0,107705	3,322342	0,001

Source : Data Processed 2023

IV. DISCUSSION

Effect of Product Quality (X1) on Purchasing Decisions (Y) Wafer Tango in Surabaya

Based on the findings of the research, it can be concluded that Product Quality has a favorable and significant impact on Wafer Tango Purchase Decisions in Surabaya. This shows that the quality of Wafer Tango products is considered good by consumers in Surabaya City so that consumers buy Wafer Tango products because they have good taste, variety, hygienic products, and practical packaging. The Outer Loading analysis' findings show that product diversity is the most important determinant of product quality.. So in making purchasing decisions for Wafer Tango products in Surabaya, consumers are encouraged to buy Wafer Tango because it has many product

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variations. The results of the discussion of this study explain that the higher or better the product quality, the higher the interest of consumers to make purchasing decisions.

From this study it can be concluded that the higher or better the quality of Wafer Tango products, the higher the consumer interest in making purchases, especially in product variations, with a variety of product variations, it will encourage consumers to make purchasing decisions for Wafer Tango in Surabaya City.

The findings of this investigation are consistent with Oni Tabroni, Tia Aprilia Susnita, (2022), Mega Selvia, Altje L. Tumbel, Woran Djemly, (2022), Ellisyah Mindari, (2022) which states that The impact of product quality on purchasing decisions is both favorable and significant.

The Effect of Price Perception (X2) on Purchasing Decisions (Y) Wafer Tango in Surabaya

Based on the findings of the study, it can be concluded that consumers' perceptions of pricing have a favorable and significant impact on their choices to buy Wafer Tango in Surabaya. This shows that the price perception of Wafer Tango is considered good by consumers in Surabaya so that consumers buy Wafer Tango products because the perception of the price offered is varied and affordable by consumers, the price perception is in accordance with the quality of the product provided, the price perception is in accordance with the benefits provided, and the price perception is competitive with similar products. Based on the results of the Outer Loading analysis, it can be seen that the most influential indicator for price perception is because the price perception competes with similar products. So in making purchasing decisions for Wafer Tango products in Surabaya, consumers are encouraged to buy Wafer Tango because of the perception that the price is competitive with similar products. The results of the discussion of this study explain that the perception of prices that can compete for Wafer Tango will lead to high consumer interest in making purchasing decisions.

From this study it can be concluded that consumers make purchasing decisions for Wafer Tango in Surabaya driven by the perception of prices that compete with similar products. The results of the discussion of this study explain that the perception of competitive prices will lead to high consumer interest in making purchasing decisions.

The results of this study are in line with Oni Tabroni, Tia Aprilia Susnita, (2022), Mega Selvia, Altje L. Tumbel, Woran Djemly, (2022), Ellisyah Mindari, (2022) It claims that the perception of price influences purchases in a favorable and significant way.

V. CONCLUSION

On the basis of the findings of the investigation carried out, it can be concluded that:

1. Product Quality Influences Wafer Tango Purchase Decisions in Surabaya. This demonstrates that

buyers are more motivated to make purchases when a product's quality is higher or better..

2. In Surabaya, Wafer Tango purchase decisions are influenced by price perception. This demonstrates how consumers' favorable price perceptions of Wafer Tango will result in significant consumer interest in choosing products.

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