

The Effect of Price and Product Quality on Purchase Decision of Aqua Drinking Water Product in Malang City

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Abstract

This study aims to determine the effect of price and product quality on the purchasing decision of Aqua drinking water products in Malang City. Using a quantitative approach, this research was conducted on 150 Aqua consumers and analyzed using multiple regression analysis. The results of this study conclude that price has a significant positive effect on purchasing decisions. Product quality has a significant positive effect on purchasing decisions. Product quality is more dominant than price in purchasing decisions.

Keywords— price, product quality, purchase decision.

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh harga dan kualitas produk terhadap keputusan pembelian produk air minum Aqua di Kota Malang. Dengan menggunakan pendekatan kuantitatif, penelitian ini dilakukan terhadap 150 konsumen Aqua dan dianalisis menggunakan analisis regresi berganda. Hasil penelitian ini menyimpulkan bahwa harga berpengaruh positif signifikan terhadap keputusan pembelian. Kualitas produk berpengaruh positif signifikan terhadap keputusan pembelian. Kualitas produk lebih dominan dibandingkan harga dalam keputusan pembelian.

Kata kunci: harga, kualitas produk, keputusan pembelian

INTRODUCTION

Purchasing decisions are something that is very important to pay attention to because decisions are something that companies use to create good marketing strategies. The success or failure of a company's marketing strategy can be seen in how often consumers make decisions to buy the product. The fewer purchasing decisions for these goods, the more necessary it is to improve and change the marketing strategy used. There are many factors that influence consumer behavior in purchasing decisions for goods and services, namely studying and analyzing consumer behavior in purchasing decisions is the most important because by knowing good basics regarding consumer behavior you will be able to provide input that is used to combine knowledge to evaluate two or more alternative behaviors and choosing one of them. Kotler (2011) said that purchasing decisions are consumer actions, regardless

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of whether they want to buy a product or not. Among the various factors that influence consumers when purchasing products or services, consumers tend to consider the quality and price of products that are already known to the public. Among the various factors that influence consumers when purchasing products or services, consumers tend to consider quality, price, and products that are already known to the public.

Product quality here can also be called the benefit value which determines the price of whether the product being sold is affordable or not. Companies create products aimed at solving problems experienced by consumers for which there is no solution. Therefore, the more value the benefits provided or the better the quality of the product provided, the more confident the consumer will be in the consumer's decision to buy the product. The next factor is price. Price is one of the variables that influences consumer satisfaction. Aqua is the first bottled water brand in Indonesia. The company's first product was a 950 ml glass bottle launched in 1974 at the Bekasi factory. On September 4, 1998, Aqua agreed to merge with the Danone Group. This resulted in an improvement in the quality of Aqua products and made Aqua the largest producer of packaged mineral water in Indonesia. Aqua has also received numerous awards, such as the Indonesia Best Brand Award. However, over time and with the emergence of many competitors, Aqua's sales have been declining every year, although it still holds the largest market share in Indonesia. This is due to the increasing number of competitors, which has led to competition both in terms of product quality and pricing. The quality of the product refers to whether the quality provided matches the price set. The better the product quality at an affordable price, the more confident consumers will be in their decision to purchase Aqua products. Aqua's product quality itself has a pH of 7, which is considered neutral. However, in this day and age, many people are starting to switch to drinking water with a pH above 7, which is alkaline. They believe that alkaline water provides more benefits compared to neutral pH water. From the pricing perspective, it is important to consider whether the price paid by consumers to purchase Aqua is in line with the benefits obtained. The more affordable the price, the higher the consumer's interest in buying Aqua. However, Aqua's pricing can be considered relatively high compared to other competitors. Considering that drinking water is a necessity (convenience good), where consumers need it at all times, consumers will choose a product with a more affordable price that offers the same value of benefits.

The Aqua company itself uses materials originating from selected spring sources and has three protections, namely, protecting the ecosystem of the water source, maintaining the naturalness of the minerals, and processing it carefully to maintain its authenticity until it reaches consumers. This aims to maintain the durability of their products which have power. It can last 2-3 hours if it is continuously open, while in closed conditions it can reach 2 years depending on storage conditions depending on the temperature level and exposure to the surrounding air. From consideration of the factors determining the price offered by Aqua, consumers will consider several things when purchasing Aqua products, such as whether the existing price is in accordance with an attractive packaging design, has long durability and a wide variety of packaging sizes and also whether the service provided is easy, accessible and able to resolve complaints and provide solutions to consumers. Through identifying customer perceived value, Aqua has reasons why the products they sell are more expensive than their competitors. This is because Aqua has better value in terms of products, namely by providing various sizes and every form of packaging. Aqua can be provided in various places and events, the service provided can also be found in every place in Indonesia and the quality of the service provided is in accordance with consumer desires. Therefore, the purpose of this study is to determine whether there is an influence on price and product quality on the purchase decision of Aqua in Malang City.

LITERATURE REVIEW

The theoretical review in this study focuses on the purchasing decision, product quality, and price. According to Notoatmojo (2003), consumer behavior refers to the activities performed by individuals or groups that can be observed or not observed by others. This behavior occurs because of the need to achieve a goal, which creates motivation to attain that goal. The consumer behavior model is a theory that examines the factors influencing consumers when making transactions for goods or services. The consumer behavior model can be seen as a simplified concept that describes consumer activities. It provides an understanding that consumer behavior is influenced by the circumstances and situations in which they develop. Product quality is the ability of a company to provide distinct characteristics in each product produced, enabling consumers to recognize the product (Kanuk, 2008). The more closely the product aligns with consumer expectations, the higher the perceived product quality. In other words, quality refers to a product or service that undergoes several stages of the process while considering the value of the product and service, without any deficiencies and delivering according to high customer expectations. The dimensions are as performance, which relates to the basic operating characteristics of a product. Features, which are product characteristics designed to enhance its functionality. Reliability, which is the probability that a product will perform satisfactorily or not over a certain period of time. Conformance, which refers to the extent to which the basic operating characteristics of a product meet specific consumer specifications. Durability, which indicates how long the product will last before it needs to be replaced. Serviceability, which includes the speed and ease of repairing the product. Aesthetics, which is related to the appearance of the product. Perceived quality or often referred to as the result of indirect measurements because there is a possibility that consumers may not understand or lack information about the product in question. According to Harumanto (2021) in his research findings, product quality has a significant impact on purchasing decisions. Similarly, Ardiansyah & Rokhmi (2017) also state that product quality has a significant influence on purchasing decisions. Based on these research findings, it can be concluded that product quality plays a crucial role in influencing the decision to purchase a product. Therefore, the better the quality of Aqua's products, both in terms of packaging and the products themselves, the more confident consumers will be in their purchasing decision for Aqua products.

According to Kotler (2009), price is the amount paid by consumers to obtain a product or service sold by a company. The money spent typically indicates the value of the intended purchase. Therefore, it can be concluded that price is the value of a good or service measured by the amount of money consumers are willing to spend and determined by the company to acquire the product. Price fairness is an assessment of the outcome and process to achieve a reasonable and acceptable result. Price fairness is the consumer's judgment of whether the seller's price is reasonable and justifiable compared to prices from other parties (Sutiyani, 2018). Amryyanti, et al., (2013) define price fairness as an evaluation of the process to achieve a reasonable and acceptable outcome. Price fairness can be measured in several ways, including customers feel they are paying a fair price in each transaction. Reference to the fairness level of prices, where customers feel it is fair if the same type of product or service from a company is priced differently. The pricing policy set by the company is considered fair and acceptable by customers. According to Fortuna (2018), price has a significant influence on purchasing decisions for Aqua in the city of Bandar Lampung. Additionally, Anggraeni (2018) stated that price has a positive and significant impact on the purchasing decision of Aqua drinking water. The research conducted by Dewi & Prabowo (2018) also concluded that price significantly and positively influences purchasing decisions. From these research findings, it can be concluded that the price set during the purchasing process helps consumers decide on their purchases. During the transaction, consumers compare the price of the

product with other companies in order to find a location that is suitable for their budget. Therefore, it can be inferred that the more reasonable the price of Aqua, the more confident consumers will be in their decision to purchase Aqua.

Fatmaningrum & Susanto (2020) concluded that both product quality and price have a significant positive impact on purchasing decisions. However, Harumanto (2021) concluded that price does not have a significant impact on purchasing decisions, while product quality does. Furthermore, Ardiansyah & Rokhmi (2017) stated that price and product quality have a positive and significant impact on the purchasing decision of Cleo drinking water. The latest research by Eltonia & Hayuningtias (2022) concluded that price does not have a significant impact on purchasing decisions, while product quality does. Therefore, based on the findings of the researchers mentioned above, it can be concluded that product quality has a more dominant influence than price on purchasing decisions. Based on the explanation above, it was found that the hypotheses proposed in this study include:

H1: Price significantly affects purchase decision

H2: Product quality significantly affects purchase decision

H3: Product quality has a more dominant influence than price on purchase decision

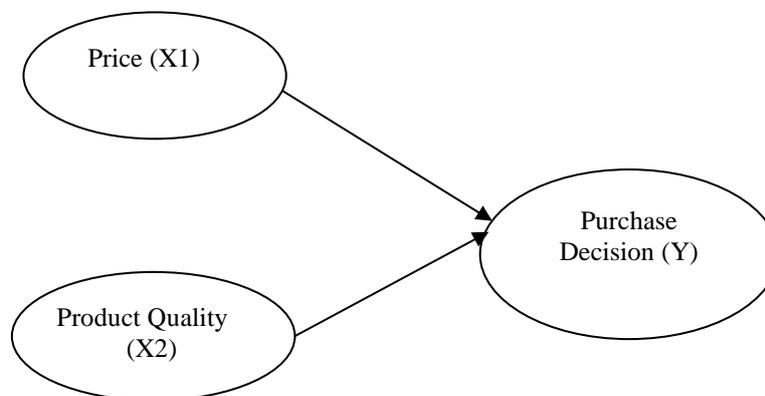


Figure 1. Conceptual Framework

RESEARCH METHODS

The research design used in this study is quantitative research, which involves the use of numerical data. The population used consists of Aqua consumers in Malang City who have made purchases of Aqua in the past week. In this study, the sampling technique used is non-probability sampling, specifically accidental sampling. Accidental sampling is a sampling method where the sample is based on individuals or cases that are accidentally encountered by the researcher. The data collection technique employed in this research is by administering a questionnaire in the form of a Google Form link to eligible respondents. The sample size for this study is determined to be 150 respondents and analyzed using multiple regression.

RESULTS AND DISCUSSION

The results of the characteristics of the respondents showed that the majority was male (66%) and in the range of 26-35 years (55.33%). The demographic details can be seen in the following table:

Table 1. Respondent Demography

Information	Item	Respondents	Percentage
Gender	Male	99	66.00
	Female	51	34.00
Age	17-25years	32	21.34
	26-35years	83	55.33
	>36years	35	39.34

Source: primary data processed (2023)

Table 2. Validity Test

Variable	Item	R count	R table	Information
Product Quality	X1.1	0,692	0,160	Valid
	X1.2	0,689	0,160	Valid
	X1.3	0,662	0,160	Valid
	X1.4	0,723	0,160	Valid
Price	X2.1	0,609	0,160	Valid
	X2.2	0,692	0,160	Valid
	X2.3	0,507	0,160	Valid
	X2.4	0,704	0,160	Valid
Purchase Decision	Y1	0,712	0,160	Valid
	Y2	0,715	0,160	Valid
	Y3	0,693	0,160	Valid
	Y4	0,679	0,160	Valid

Source: primary data processed (2023)

Based on table 2, it can be seen that the calculated r value of each indicator is greater than r table (0.160). So it can be concluded that all statement items on the questionnaire are declared valid.

Table 3. Reliability Test

Variable	Cronbach's Alpha	Result
Quality Product	0.775	Reliable
Price	0.664	Reliable
Purchase Desicion	0.751	Reliable

Source: primary data processed (2023)

Based on the table 3, the reliability test results in the table above show that all variables used in this study have a cronbach's alpha value of more than 0.5. Thus, it can be concluded that all variables used in this study are declared reliable. The normality test is used to find out whether the data used in this study is normally distributed or not. The data used can be declared normal if the Kolmogorov-Smirnov significance value shows a significance value > 0.05 . The following is the normality test data in this study

Table 4. Normality Test

Number of Respondents	Value. Sig	Information
150	0.065	Normal

Source: primary data processed (2023)

From the results of the normality test performed, it can be seen that the *Asymp. The resulting sig* is greater than 0.05 which indicates that the data used in this study is normally distributed. The multicollinearity test aims to test whether the regression model finds a correlation between the

independent variables or not.

Table 5. Multicollinearity Test

Variable	Tolerance	VIF	Conclusion
Price	0.422	2.370	Non-Multicollinearity
Product quality	0.432	2.370	Non-Multicollinearity

Source: primary data processed (2023)

From Table 5, we can find out the results of the multicollinearity test which shows no symptoms of multicollinearity. This is indicated by the *tolerance value* of more than 0.1 and the VIF value below 10. In testing data analysis, researchers conducted multiple linear regression tests with the results in the table 6as follows:

Table 5. Result of Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	,671	1,071		,626	,532
Quality Product	,377	,053	,560	7,075	,000
Price	,303	,090	,267	3,377	,001

Source: primary data processed (2023)

Table 6. Hypotheses Result

Variable	T-Count	T-Stat	Sig.	Note
Product Quality → Purchase Decision	7,075	1,976	0,000	Significant
Price → Purchase Decision	3,377	1,976	0,001	Significant

Source: Data processed (2023)

Based on the test results above, it can be seen that for the product quality variable, the t-value is 7.075 with a significance of 0.000 and for the price variable the t-value is 3.377 with a significance of 0.001. To determine the r-table, it is based on the total number of samples minus 2 to obtain the number 148. So it is obtained from Table 6 that the significance level for the one-way test is 0.025 and the significance level for the two-way test is 0.05, the t-table is 1.976. The calculated t-value of the two variables is greater than the t-table of 1.976 and the significance of the two variables is smaller than 0.05, so it can be concluded that each independent variable, both product quality and price, has a significant individual influence on purchasing decisions.

The result of the analysis proved that the quality of Aqua products has a positive and significant influence on Aqua's purchasing decisions in Malang City. This influence shows that the better the quality of the products provided by Aqua, the more confident consumers will be in making purchasing decisions. The good quality of products from Aqua can make consumers confident when buying Aqua drinking water products. Therefore, this research supported previous research by Ardiansyah & Rokhmi (2017) that product quality has a substantial impact on purchase decisions. Based on these findings, it is possible to conclude that product quality has a significant impact on the decision to acquire a product.

It can be proved that the price of Aqua has a positive and significant effect on Aqua purchasing decisions in Malang City. The existence of this influence shows that the more reasonable the price given by Aqua, the more confident consumers are in making purchasing decisions. Aqua's reasonable prices

can make consumers confident when buying Aqua drinking water products. Furthermore, this research supported research by Anggraeni (2018) and Dewi & Prabowo (2018) that pricing significant influence on purchasing decisions.

It can be proven that product quality has a more dominant influence than price on Aqua purchasing decisions in Malang City. The existence of this influence shows that good product quality is more dominant than a reasonable price in making consumer purchasing decisions. This is because the Aqua brand, which is the first drinking water company in Indonesia, means that the quality of their products is guaranteed to be good in the eyes of the public. So if a company offers a higher price than its competitors, most consumers will continue to buy Aqua products because the Aqua brand is well-known and guaranteed. This makes consumers confident in making purchasing decisions.

CONCLUSION

Based on the results of the research that has been conducted and has been described previously, several conclusions can be drawn from the overall research results. Product quality has a positive and significant influence on purchasing decisions, meaning that the quality of Aqua's products, both in terms of packaging and the drinking water produced, has a significant influence on purchasing decisions for bottled drinking water in Malang City. The better the quality of Aqua products, the more confident consumers will be in making decisions to purchase Aqua brand drinking water in Malang City. Price has a positive and significant effect on purchasing decisions. This means that the more reasonable the price offered by Aqua to consumers in Malang City, the more confident consumers are in buying Aqua brand drinking water products. Product quality is more dominant than price in Aqua purchasing decisions in Malang City

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