

Customer's Purchase Decision in Alfamaret Tataaran II Minahasa

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ABSTRACT

This study aims to determine the partial effect of service quality and price perceptions on customer buying decisions; and the simultaneous influence of service quality and price perception on customer buying decisions at Alfamart Tataaran II Minahasa. This research applied a quantitative approach with a survey method. The population comprised consumers who have made purchases at Alfamart Tataaran II Minahasa. The research sample consisted of 150 respondents selected by accidental sampling. The data were collected through questionnaires and analyzed by multiple regression. The findings reveal a significant effect of service quality on customer buying decisions, a positive and significant influence on price perceptions on customer buying decisions, and a collective positive influence and significant service quality and price perceptions on customer decisions.

Keywords: Price Perception, Purchase Decisions, Service Quality

INTRODUCTION

Along with the development of the increasingly modern era, there is a lot of competition in the business world, including the retail business. This is evident in modern markets immensely springing up with various shapes and sizes, which makes the existence of traditional markets has begun to be shifted. Retail sales include all activities that involve the sale of goods and services to end consumers for personal and non-business use (Saladin, 2012).

Consumer behavior determines the decision-making process in purchasing for each same consumer, however, the entire process is not always carried out by consumers. The decision-making process is a problem-solving approach to human activities to buy goods or services to meet their needs. Purchase decision is one main component of consumer behavior (Nasution & Putri, 2019). Studies on purchasing decisions have indeed been carried out by many previous researchers. Fatimah and Priyono in Padmantyo and Handayani (2017) examined purchasing decisions using advertising and lifestyle variables. Parmar & Patel (2015) conducted a study about the



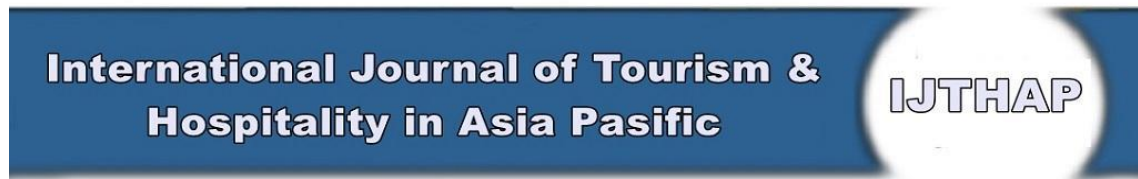
impact of the use of celebrities on purchases, Saidani and Ramadhan (2013) examined the effect of advertising and product attributes on purchasing decisions. These studies simply used one variable to investigate purchasing decisions. The purchase decision is consumer behavior based on confidence and a strong sense of confidence in deciding to make a purchase and the believes that the decision is the right thing. Developing a company image is one way to make consumers familiar with it. It will influence consumers in making purchasing decisions.

Service quality is what consumers pay attention to in making decisions. The service quality provided by a company aims to provide convenience for consumers. Within every business process, both goods and services, consumers must be given good service since service quality has a close relationship with purchasing decisions. It allows companies to maintain their business and compete with other competitors. Widodo (2016) argued that service quality variables have a significant effect on purchasing decisions. The better the quality of service provided by employees, the higher the level of purchasing decisions.

In purchasing decisions, price information is highly needed by consumers. Price is the amount of money that must be paid to get the product. According to Swastha and Irawan (2005), for each product or service offered, marketing departments have the right to determine the cost. Consumer perception about the product price can be used as a measure of product quality based on the price. If the benefits felt by consumers are higher, the value of the product will also be higher. From our preliminary observations, the problem with the customer's purchase decision lies in the price and service. Based on the explanation above, the problem in this study is related to customer purchase decisions at Alfamaret Tataaran II Minahasa. Specifically, the study aims to analyze the effect of service quality and price perceptions on customer purchase decisions at Alfamaret Tataaran II Minahasa.

Consumer behavior is the process of making buying decisions, using, and disposing of purchased goods or services, including the factors that influence purchasing decisions and product use (Lamb, Hair, & McDaniel, 2001). Meanwhile, consumer behavior is defined as the study of the purchasing unit and exchange process that involves the acquisition, consumption, and disposal of goods, services, experiences, and ideas (Peter & Olson, 2000). According to Cahaurasiya et al. (2020), consumer bhavior studies how particular customers select, buy, use, and dispose of ideas, good, and services to satisfy their needs and wants.

Purchase decision is consumer preference for brands in the collection of choices and intention to buy the most preferred brand. It is a decision as to the ownership of action of two or more alternative options. Kotler and Amstrong (2008) defined purchase decision as one's attitude to buy or use a product of goods or services to satisfy themselves and willingness by simultaneously taking the risk that may occur. They also proposed five steps before someone decides to buy a particular product. The steps are problem identification, information searching, alternative evaluation, purchase



decisions, and post-purchase behavior. Mukarromah, Kusuma, and Anggraeni (2019) contended that price perception positively affects purchase decision. To understand consumer decision-making, we must understand the nature of consumer engagement with a product or service. Understanding the level of consumer involvement means that marketers try to identify what causes someone to feel to be involved in a purchase of a product or service. The indicator is the consumer purchasing decision process (Kotler, 2009).

Service is any action or activity one can offer to another, basically, it is intangible and does not result in any ownership (Lupiyoadi, 2009). According to Raharjani (2005), service is an activity carried out for the needs of others. It is an intangible and quickly lost performance, and customers can participate more actively in the process of consuming the service. Parasuraman and Valerie (2001) argued that company success in providing quality service to its customers includes five service dimensions. They are tangibles or physical evidence, reliability, responsiveness, assurance, and empathy.

Price is one marketing mix element that generates revenue and costs and is the easiest to adjust, which aims to communicate the value position a company intends to market about its products and brands (Kotler, 2009). According to Alma (2002), price is the value of an asset expressed in money. The selling price is determined based on the cost of goods. Meanwhile, the cost of goods is determined by how much it costs to acquire or produce the goods.

Retail is a form of selling goods. Stores sell many products in quantities. It involves selling goods directly to end consumers. Companies that run this business are called retailers. Levy and Weitz (2009) explained that retailing is a series of activities to add value to the business of goods and services sold to consumers for personal or household use.

RESEARCH METHOD

This study used a survey method with multiple regression analysis (Sugiyono, 2012), which aims to analyze the effect of service quality (X_1) and perceived price (X_2) on customer purchase decisions (Y). The population is all customers who have bought more than two times at Alfamaret Tataaran II. The sample consisting of 150 respondents was selected by accidental sampling and asked to fill out a questionnaire (scored with a Likert scale) in a Google Form.

RESULTS AND DISCUSSION

Validity and Reliability Test

The results of the validity test on 10 items of the service quality variable (X_1) indicate that $r_{\text{count}} > r_{\text{table}}$ (sig t < 0.05), with a range of 0.196 to 0.656. The validity test results on 10 items of perception of price (X_2) show is $r_{\text{count}} > r_{\text{table}}$ (sig t > 0.05), with a range of 0.317 to 0.621. The results of the validity test on 10 items of customer purchase decision (Y) shows $r_{\text{count}} > r_{\text{table}}$ (sig t > 0.05), with a range of 0.339 to 0.687. The results



above show that all items meet the valid requirements. The reliability test results show that the three variables have a Cronbach alpha value greater than 0.6. This implies that it meets the requirements reliably.

Normality test

The result of the Kolmogorov-Smirnov normality test, by taking into account the Asymp value Sig. (2-tailed), is sig > 0.05, and the data is normally distributed. This means that the test results show that the research data has a normal distribution.

Table 1. Regression Analysis Results

Coefficients ^{a, b}					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16,033	2,656		6,037	.000
Service quality	.637	.075	.574	8,525	.000

a. Dependent Variable: Purchase Decision

$$Y = 16,033 + 0,637 X_1 + e_1;$$

Table 1 indicates that the coefficient (obtained from the beta coefficient of OLS results) is 0.574^a, with a t_{count} value of 8,525 and a Sig t of 0.000. As $t_{\text{count}} > t_{\text{table}}$ (8,525 > 1,980) and Sig t < 0.05 (0.000 < 0.05), it can be concluded that service quality (X_1) affect customer purchase decisions (Y). Since the coefficient has a positive sign that indicates a positive relationship, the higher the value of service quality (X_1), the higher the customer's purchase decision (Y). Furthermore, the service quality contribution explaining customer purchase decisions can be seen in Table 2.

Table 2. Model Summary Table^b (R Square value)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.574 ^a	.329	.325	25.07627

a. Predictors: (Constant), Quality of Service

Table 2 shows that the value of R Square is 0.329 or 32.9 %. This means that purchase decision (Y) is 32.9 % influenced by service quality (X_1), and 67.1 % is influenced by other variables outside the model.



Table 3. The Results of Equation $X_2 - Y$

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17,360	2,387		7,273	.000
Price Perception	.591	.068	.584	8,747	.000

a. Dependent Variable: Purchase Decision

$$Y = 17,360 + 0.591X_2 + e_1;$$

Table 3 presents that the coefficient (obtained from the beta coefficient of OLS results) is 0.584^a, with a t_{count} value of 8.747 and a Sig t of 0.000. Since $t_{\text{count}} > t_{\text{table}}$ (8,747 > 1,980) and Sig t < 0.05 (0.000 < 0.05), it concludes that there is an effect of perceived price (X_2) on customer decisions to buy (Y). The positive coefficient indicates a positive relationship, implying that the higher the perceived price value (X_2), the higher the purchase decision (Y).

Table 4. Model Summary Table^b (R Square value)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584 ^a	.341	.336	4.39677

a. Predictors: (Constant), Perceived Price

Table 3 illustrates the contribution of price perceptions explaining purchase decisions. The value of R Square is 0.341 or 34.1%. This means that the customer's decision to buy (Y) is influenced by 34.1% by perceived price (X_2), and 65.9% is influenced by other variables outside the model.

Table 5. The Results of Equations $X_1, X_2 \rightarrow Y$

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	15,068	2,567		5,870	.000
Service quality	.351	.157	.316	2,244	.026
Price Perception	.308	.142	.305	2,166	.032



Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	15,068	2,567		5,870	.000
Service quality	.351	.157	.316	2,244	.026
Price Perception	.308	.142	.305	2,166	.032

a. Dependent Variable: Purchase Decision
 $Y = 15,068 + 0,351 X_1 + 0,308 X_2$

Table 6. Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.602 ^a	.363	.354	4,33800	1,346

a. Predictors: (Constant), Perceived Price, Quality of Service
 b. Dependent Variable: Purchase Decision

Table 6 shows that the value of the Adjusted R Square is 0.354 or 35.4 %. This means that the customer purchase decision (Y) is influenced 35.4 % by service quality (X_1) and price perception (X_2), and 64.6 % more is influenced by other variables outside the model.

Hypothesis 1

Based on the results of processing and analysis of simple correlation testing the effect of service quality (X_1) on purchasing decisions (Y), with $r^2 = 0.605$ or 60.5%. Furthermore, to determine the coefficient generalization, its significance must be tested by calculating the t_{count} . It is obtained t_{count} of 12.0126 at the 95% confidence level ($\alpha = 0.05$) obtained by the t_{table} value of 1.655. It turns out that t_{count} is greater than t_{table} ($12.0126 > 1.655$), implying that the service quality variable (X_1) cannot be ignored.

This is in line with Widodo (2016), Zeithaml (2002), and Pardede and Haryadi, (2018). Thus, the hypothesis suggests that a significant difference between the Effect of service quality against purchasing decisions in Alfamart Tataaran II Minahasa. Service quality has a significant effect on purchasing decisions. This means that the higher the quality of service, the better the purchase decision.

Hypothesis 2

The simple correlation test shows that the effect of price perception (X_2) on purchasing decisions (Y) is $r^2 = 0.603 = 60.3\%$. To assess the coefficient generalization, the significance must be tested by calculating t, from the results of the research. It obtained that $t_{count} = 11.533$ at the 95% confidence level ($\alpha = 0.05$), the value of $t_{table} =$



1,655 turns out to be greater than t_{table} ($11,533 > 1,655$). This means that the price perception variable (X_2) is in line with Sugiarto (2013), Kusdyah (2010), Manongko and Kambey (2018), Garatu (2013), Verina, Yulianto, and Latif (2014), Zeithaml (2002), and Pardede and Haryadi (2018). Thus, the hypothesis that states that there is a significant influence between price perceptions (X_2) on purchasing decisions at Alfamart Tataaran II Minahasa is accepted. Price perceptions have a significant effect on purchasing decisions, implying that the better the perception of the price given, the better the purchase decisions.

Hypothesis 3

The analysis of multiple correlation testing of service quality (X_1) and perceived price (X_2) on purchase decisions (Y) obtained the value of $r^2 = 0.665$ or 66.5%. The significance is $f_{count} = 848.598$ at the 95% confidence level ($\alpha = 0.05$), the value of $f_{table} = 3.905$ in which f_{count} is greater than f_{table} ($848,598 > 3,908$). This means that the service quality variable (X_1) and perceived price (X_2) cannot be ignored. This is in line with Garatu (2013), Verina, et al. (2014), Tan (2011), and Pardede and Haryadi (2018). Thus, the hypothesis which states that there is a significant influence between service quality and price perceptions on purchasing decisions at Alfamart Tataaran II Minahasa is accepted. This highlights a simultaneous influence on service quality and price perception on purchasing decisions. The higher the quality of servants and price perceptions, the higher the motivation of customers to buy.

CONCLUSIONS

Our analysis leads to the conclusion that service quality, price perception, service quality, and price have positive effects on customer purchase decisions. This implies that service quality makes customers prefer provided services allowing them to come back and repeat purchases. Also, price perception monitors the price of the goods to be relatively affordable and cheaper than the price at competing minimarkets. This encourages customers to make purchases. This study develops other methods in examining service quality and price perceptions of purchasing decisions, for example through in-depth interviews with respondents, enabling the information obtained to be more varied than the questionnaire in which answers are already available.

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