



Analysis of the Effect of Price, Service Quality, and Product Quality on Purchasing Decisions at Salasa Namudat Street Hawker Centers in Fakfak

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Abstract—Purchasing decisions are the actual actions of consumers in determining a product, either goods or services, which they will consume. Therefore, consumer purchasing decision-making is important, expressed as a process of choosing one of several alternative problem-solving methods with real follow-up. Salasa Namudat Street hawker center in Fakfak is a place that is always crowded with consumers, both those who will consume products directly on-site and those who will take them away. As one of the economic centers of Fakfak city, researchers are interested in conducting research to find out among price, product quality, and service quality, what factors encourage consumers to decide to buy a product from a trader compared to another trader's product, either different or similar. The method in this research is quantitative method. The type of research used is survey research with a random sampling method. The data used in this research is quantitative data presented in the form of numbers and calculations, this data is mainly obtained through questionnaires distributed by researchers and the questions in it are related to the research. The results of this study indicate that partially, product quality is the factor that most determines purchasing decisions followed by price, while service quality has no effect. However, simultaneously the three factors have a positive effect on consumer purchasing decisions.

Keywords—component; purchasing decisions, price, product quality, service quality, Fakfak hawker center

I. INTRODUCTION

The rapid growth of the business world today causes entrepreneurs to face increasingly fierce and complex competition. In an era of accelerating development and increasingly thin boundaries, humans demand to be considered more customized [1]. In determining whether or not to buy a product, buyers are increasingly selective in choosing the desired product.

Purchasing decisions are defined as the stage in the buyer's decision-making process where consumers will actually buy a particular product or service [2]. In other words, purchasing decisions are the actual actions of consumers in determining a product, either goods or services, which they will consume. Therefore, consumer purchasing decision-making is important, expressed as a process of choosing one of several alternative problem-solving methods with real follow-up. After consumers can evaluate choices and then can determine the attitude that will be taken next. In a purchasing decision, there are several consumer roles: initiator, influencer, decider, buyer, and user.

The role of motivation is also very important in order to arouse and direct the purchasing decision behavior of consumers. motivation is a more general term that refers to the entire movement process, including the situation that encourages, the impulse that arises within the individual, the behavior it causes, and the ultimate goal of the movement or action. Therefore, it can also be said that motivation awakens motives, motion, or oneself to do something in order to achieve a decision or goal. In a motive, there are generally two main elements, namely the element of encouragement or need and the element of purpose. The process of mutual interaction between these two elements occurs within humans but can be influenced by things outside of humans. For example, due to weather conditions, environmental conditions, and so on.

The Fakfak city hawker center is located in at the Salasa Namudat Street. In this hawker center, traders' carts are lined up with various types of snacks being sold. This hawker center operates from around 15.00 until around 00.00 WIT every day, and can be longer operating hours on weekends. As a hawker center with the largest number of consumers, researchers are interested in conducting research to find out the factors that encourage consumers to decide to buy a product from a trader compared to the products of other traders, both different and similar. This research is expected to provide answers about what factors influence purchasing decisions by consumers of the hawker center to provide input for traders and provide a foundation for other similar studies.



Fig. 1. The atmosphere at Salasa Namudat Street Hawker Center

II. LITERATURE REVIEW

A. Consumer Motives and Motivation

A motive is essentially not only a physical drive but also an elementary cognitive orientation directed towards need satisfaction. When people seek to satisfy needs for love, societal acceptance, or belonging, they are constantly confronted with suggestions on how to satisfy those needs. In other words, it motivates them to fulfill these needs. Motivation is the driving force in humans that makes them do something. The drive is caused by an unmet need. Motivation has an important role in everyday life because motivation is the basis of a person's behavior. Motivation is the tendency to move, starting from an internal urge and ending with self-adjustment [3]. Motivation usually has aspects of moving, directing, and supporting. Consumer motivation is a condition within a person that encourages, activates, or moves and that directs or channels behavior toward a goal. Buyers or consumers must have purchasing motives that can encourage them to make purchases.

Purchasing motivation is divided into rational and emotional motivation. Rational motivation is a purchase based on the facts shown by the product to consumers and is a functional and objective product attribute, for example, product quality, product price, availability of goods, and the efficiency of the use of these goods are acceptable. Meanwhile, emotional motivation in purchasing with feelings, and pleasures that can be captured by the five senses, for example owning a certain item can increase social status, the role of the brand makes the buyer show his economic status and is generally subjective and symbolic. When someone will make a decision to buy a product, of course, it will be influenced by these two types of motivation, namely rational and emotional motivation.

B. Purchasing Decisions

Purchasing decisions are the actions of consumers to buy or not to buy products [4]. Consumer purchasing decisions are also defined as the selection of one action from two or more alternative choices [5]. Purchasing decisions also known as an integrity process carried out to combine knowledge to evaluate two or more alternatives and choose one of them [6]. Of the various factors that influence consumers in purchasing a product or service, consumers usually always consider quality, price, and products that are well known to the public.

There are some factors that influence customer purchasing decisions are the emotional bonds that exist between customers and producers after customers use products and services from the company and find that these products or services provide added value [7]. The value dimension consists of four items, namely:

1. Emotional value, utility derived from feelings or affective or positive emotions arising from consuming the product. In essence, emotional value is related to feelings, namely what positive feelings consumers will experience when buying a product.
2. Social value is the utility derived from the product's ability to improve the consumer's social self-concept. Social value is the value held by a consumer, regarding what is considered good and what is considered bad by the consumer.
3. Quality value and utility gained from the product due to reduction in short-term costs and long-term costs.
4. Functional value is the value obtained from product attributes that provide functional utility to consumers. This value is directly related to the functions provided by the product or service to consumers.

III. RESEARCH METHOD

The method in this research is quantitative method. The type of research used is survey research with a random sampling method. This research was conducted to find out and study data from samples taken from a relatively large total population to find out something related to the specified research object. In this study, a survey was conducted to examine consumer purchasing decisions at the hawker center.

The data used in this research is quantitative data presented in the form of numbers and calculations, this data is mainly obtained through questionnaires distributed by researchers and the questions in it are related to the research.

In collecting this research data, researchers get it from various sources, namely:

1. Primary Data

Primary data is data that researchers get directly from the original source. Primary data is obtained by questionnaires and interviews.

2. Secondary Data

This data is obtained from a review of theoretical literature and previous research.

The primary data collection technique that researchers use in this study is to use a questionnaire. In preparing this questionnaire, the researcher used a scale to measure the variables of product quality, service quality, price, and purchasing decisions with a Likert scale with weights of 1-5.

The analysis and testing in this study were carried out using the following methods:

A. Data Instrument Test

1. Validity Test, which is a measure that shows the level of validity of an instrument or questionnaire. The validity test is carried out by comparing between r-count and r-table [8].
2. The reliability test is a test used to determine whether the questions in the questionnaire are reliable and consistent to measure the same symptoms in respondents. A questionnaire can be said to be reliable if the Cronbach alpha result is more than 0.600 [9].

B. Classical Assumption Test

The classical assumption test is a statistical requirement that must be met in multiple linear regression analysis based on ordinary least squares (OLS). So, regression analysis that is not based on OLS does not require classical assumption requirements, for example, logistic regression or ordinal regression. The classic assumption tests that are often used are the multicollinearity test, heteroscedasticity test, normality test, autocorrelation test, and linearity test [10].

C. Hypothesis Testing

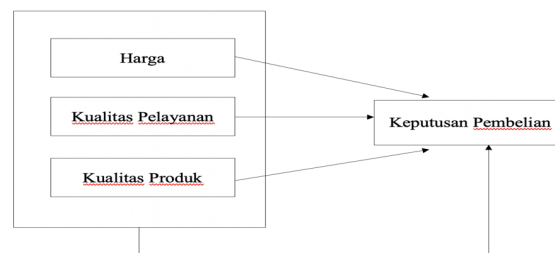


Fig. 2. Framework

The hypotheses of this study are:

1. Hypothesis I: It is suspected that product quality has a positive effect on consumer purchasing decisions at the hawker center.
2. Hypothesis II: It is suspected that service quality has a positive effect on consumer purchasing decisions at the hawker center.
3. Hypothesis III: It is suspected that price has a positive effect on consumer purchasing decisions at the hawker center.
4. Hypothesis IV: It is suspected that product quality, service quality, and price have a positive effect on consumer purchasing decisions at the hawker center.

The hypothesis test consists of:

1. Multiple linear regression analysis is used by researchers to test hypotheses and to determine the role of each independent variable on the dependent variable.
2. The coefficient of determination abbreviated as R^2 is an analysis used to determine the magnitude of the contribution of the independent variable to the dependent variable. If R^2 has a small value, then the ability of the independent variables to explain the variation in the dependent variables is limited. R^2 ranges from 0 to 1 which indicates how much the percentage of the influence of the independent variable affects the dependent variable.
3. The t-test

The hypothesis testing procedure is as follows [11]:

- a. Determining the hypothesis used hypothesis in the Spearman rank test, where:
 H_0 = There is no relationship between variables X_1 , X_2 , or X_3 to Y .
 H_1 = There is a relationship between variables X_1 , X_2 , or X_3 to Y .
- b. Determining the value of α that will be used by researchers and the default system use $\alpha = 5\%$.
- c. Determining the test statistics to be used, the test statistics on the Spearman rank test use the following calculation values:

$$t_{hitung} = r_s \sqrt{\frac{n-2}{1-r_s^2}}$$

Fig. 3. Spearman Calculation Values

Where n is the number of samples, and r_s is the Spearman rank coefficient. However, if you have difficulty calculating, you can use the chance value of the test statistic commonly called the p-value.

- d. Determine the hypothesis testing criteria, H_0 is rejected if the t-count > $t[n-2; \alpha]$ or p-value $\leq \alpha$.
 - e. Calculating the value of the test statistic with the sample data obtained.
 - f. Make conclusions from the results of calculations adjusted to the criteria for acceptance and rejection of H_0 .
4. Anova (analysis of variance) is the same as the t-test, which is to test the population mean, only here more than two population means will be tested. The purpose of the F test is to test whether the variants of two populations are the same or different [12].

The F test or Goodness of Fit Test is a test of the feasibility of the model. A feasible model is a model that can be used to estimate the population. The regression model is said to be feasible if the F value of a model meets the predetermined criteria. The F number can be found using the formula [13].

$$F_{hit} = \frac{R^2 / (k - 1)}{(1 - R^2) / (n - k)}$$

Fig. 4. The F-test

Model feasibility testing is carried out with the following criteria:

- If $F_{hit} > F_{tabel}(a, k-1, n-k)$, then H_0 is rejected.
- If $F_{hit} < F_{tabel}(a, k-1, n-k)$, then H_0 is accepted.

Where:

H_0 = There is no influence between variables X_1 , X_2 , X_3 on variable Y .

H_1 = There is an influence between variables X_1 , X_2 , X_3 on variable Y .

IV. RESEARCH FINDINGS

A. Respondent Data

The number of respondents involved in filling out the questionnaire was 50 people. The characteristics of respondents can be seen in the following table:

Table 1. Characteristic by age

Age	Total	Percentage
17-25	17	34%
26-35	18	36%
36-45	12	24%
46 above	3	6%

Table 2. Characteristic by job

Job	Total	Percentage
Students	22	44%
Civil Servant	5	10%
Private Employees	7	14%
Entrepreneurs	11	22%
Not working	3	6%
Others	2	4%

B. Classical Assumption Test

1. Normality Test

The normality test in this study was carried out using the Q-Q Plot Standarized Residual with the following results.

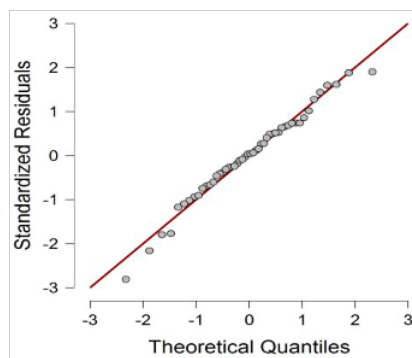


Fig. 5. Normality Test

Based on figure 5, shows that in the test on the variables of price, product quality, service quality, and purchasing decisions there are points that follow the diagonal line so it can be concluded that this study fulfills the normality test.

2. Multicollinearity Test

The basis for decision-making on the multicollinearity test can be done by looking at the tolerance value and the variance inflator factor value.

Table 3. Multicollinearity Test

Coefficients						Collinearity Statistics	
Model	Unstandardized	Standard Error	Standardized	t	p	Tolerance	VIF
1	(Intercept)	0.376	3.078	0.122	0.903		
	Kualitas_Produk	0.248	0.086	0.359	2.878	0.006	0.810 1.235
	Kualitas_Pelayanan	0.080	0.056	0.170	1.422	0.162	0.880 1.136
	Harga	0.245	0.090	0.332	2.732	0.009	0.852 1.174

Based on table 3, there is a tolerance value and a variance inflation factor value. The tolerance value on the price variable is 0.8852, the tolerance value of the product quality variable is 0.810, the tolerance value of the service quality variable is 0.880. From the tolerance value, it can be concluded that the tolerance value in the study does not occur in multicollinearity.

From the results of data processing, it is known that the variance inflation factor value of price is 1.174, the variance inflation factor value of product quality is 1.235, and the variance inflation factor value of service quality is 1.136. Because the variance inflation factor value is less than 10.00, it can be concluded that there is no multicollinearity in this study.

3. Heteroscedaticity Test

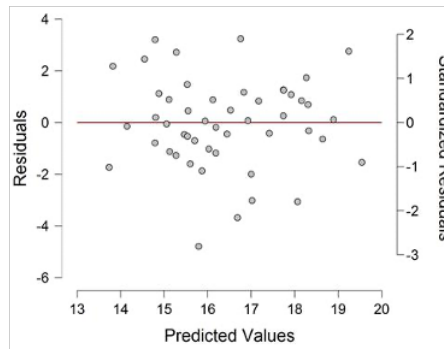


Fig. 6. Heteroscedaticity Test

Based on the picture above, the test on the variable price, product quality, service quality on purchasing decisions, there are points that do not form a certain pattern such as widening, narrowing, or the like so it can be concluded that this study fulfills the heteroscedasticity test.

C. Hypotheses Testing

1. Multiple Linear Regression Analysis

The results of multiple linear regression analysis testing can be seen in table 4.

Table 4. 1. Multiple Linear Regression Analysis

Coefficients						Collinearity Statistics	
Model	Unstandardized	Standard Error	Standardized	t	p	Tolerance	VIF
1 (Intercept)	0.376	3.078		0.122	0.903		
Kualitas_Produk	0.248	0.086	0.359	2.878	0.006	0.810	1.235
Kualitas_Pelayanan	0.080	0.056	0.170	1.422	0.162	0.880	1.136
Harga	0.245	0.090	0.332	2.732	0.009	0.852	1.174

From the results of the above analysis, multiple linear regression equations can be formed as follows:

$$Y = 0,376 + 0,245 + 0,248 + 0,080 + e$$

Fig. 7. Multiple Linear Regression Equations

Based on the regression equation, it can be interpreted that:

- The constant value of 0.376 indicates that if all variables are considered constant or equal to 0, the consumer purchasing decision is 0.376.
- The beta variable value on the price variable is 0.245, indicating that if there is a change in the price variable, it will result in a change in purchasing decisions by 0.245.
- The beta variable value on the product quality variable is 0.248, which means that if there is a change in product quality, it will result in a decision change of 0.248.

The beta variable value on the service quality variable is 0.080, which means that if there is a change in the service quality variable, it will result in a change in purchasing decisions by 0.080.

2. Determination Coefficient Analysis

In table 5, it can be seen the results of the coefficient of determination analysis in this study.

Table 5

Model Summary

Model	R	R ²	Adjusted R ²	RMSE	R ² Change	F Change	df1	df2	p
1	0.649	0.421	0.383	1.761	0.421	11.135	3	46	<.001

Based on the results of the coefficient of determination analysis, the result shows that the coefficient of determination is 0.383. The coefficient of determination shows that price, product quality, and service quality together (simultaneously) have a contribution of 0.383 or 38.3% to purchasing decisions. Meanwhile, 61.7% is influenced by other factors such as outlet position, emotional connection, brand, and so on.

3. Partial T-test
a. Price T-Test

Table 6. Price T-Test

Model	Unstandardized	Standard Error	Standardized	t	p	Collinearity Statistics	
						Tolerance	VIF
(Intercept)	0.376	3.078		0.122	0.903		
Harga	0.245	0.090	0.332	2.732	0.009	0.852	1.174

Based on the results of data analysis, the t-value is 2.732 with a t table value of 2.019. Which means H1 is accepted. The p-value is 0.009, which means the p-value is less than 0.05 so H1 is accepted. So, it can be concluded that the price of snacks offered is proven to have a significant effect on purchasing decisions at the hawker center.

b. Product Quality T-test

Table 7. Product Quality T-test

Model	Unstandardized	Standard Error	Standardized	t	p	Collinearity Statistics	
						Tolerance	VIF
1 (Intercept)	0.376	3.078		0.122	0.903		
Kualitas_Produk	0.248	0.086	0.359	2.878	0.006	0.810	1.235

Based on the results of data analysis, the calculated t value is 2.878 with a t table value of 2.019. Which means H1 is accepted. The p value is 0.006, which means the p value is less than 0.05 so that H1 is accepted. So, it can be concluded that the quality of the snack products offered is proven to have a significant effect on purchasing decisions at the hawker center.

c. Service Quality T-test

Table 8 Service Quality T-test

Model	Unstandardized	Standard Error	Standardized	t	p	Collinearity Statistics	
						Tolerance	VIF
1 (Intercept)	0.376	3.078		0.122	0.903		
Kualitas_Pelayanan	0.080	0.056	0.170	1.422	0.162	0.880	1.136

Based on the results of data analysis, the calculated t-value is 1.422 with a t-table value of 2.019. Which means H1 is rejected. The p-value is 0.162, which means that the p-value is greater than 0.05 so H1 is rejected. So, it can be concluded that the quality of service provided is proven not to be a purchasing decision at the hawker center.

4. Simultaneous F-test

Table 9. 4. Simultaneous F-test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	p
1	Regression	103.626	3	34.542	11.135	<.001
	Residual	142.694	46	3.102		
	Total	246.320	49			

Based on the results of data analysis, the calculated f value is 11.135 with an f table value of 2.560. Which means H₁ is accepted. The p-value is <0.001, which means the p-value is less than 0.005 so H₁ is accepted. So, it can be concluded that the price, product quality, and quality of service offered are proven to have a significant effect on purchasing decisions at the hawker center.

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusions

1. The partial t-test results of the variables state that product quality has a positive and most significant effect on purchasing decisions at the hawker center. This is evidenced by the t-test value where the t-count is greater than the t-table ($2.878 > 2.019$) with p-value $< \alpha$ ($0.006 < 0.05$).
2. The partial t test results of the price variable state that price has a positive effect on consumer purchasing decisions at the hawker center. This is evidenced by the t-test count greater than the t table ($2.732 > 2.019$) and the p-value is less than α ($0.009 < 0.05$).
3. The partial t-test results of the service quality variable state that service quality has no effect on consumer purchasing decisions at the hawker center. This is evidenced by the t-test being smaller than the t-table ($1.422 < 2.019$) and the p-value being greater than α ($0.162 < 0.05$).
4. The results of the simultaneous f-test state that the price, product quality, and service quality variables positively affect consumer purchasing decisions at the center. This is evidenced by the f-test count greater than the f-table ($11.135 > 2.560$) and p-value smaller than α ($< 0.001 < 0.05$).

B. Suggestions

From the research that has been conducted, the research team suggests that traders who open stalls at the Salasa Namudat Street hawker center pay attention to the price and product quality factors to increase the chances of consumers buying the products offered while still paying attention to the service quality factor. Although service quality does not have a positive effect on consumer purchasing decisions, simultaneously service quality, price, and product quality have a positive effect on consumer purchasing decisions.

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