



## Does Price Affect Consumer Decisions In Buying Products? (Food Industry case study)

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### ABSTRACT

This study aims to determine the effect of price on purchasing decisions at Cafe ABC in Pekanbaru. This study uses quantitative methods by distributing questionnaires to collect primary data. A total of 99 respondents became the sample in this study. Found Based on the results of simple linear regression analysis obtained The coefficient is positive, meaning that there is a positive relationship between price and purchase decisions. The better the price, the better the purchase decision, it is also found that there is a significant effect between the price on the purchase decision

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### INTRODUCTION

Business competition in the current era of globalization is very tight, where every company is required to be able to meet consumer needs and strive to create products that are different from competitors. Thus, different product development efforts can be an effective strategy for companies in providing innovative product offerings so as to achieve a satisfaction for each party, both from buyers for buying products that suit their tastes and for companies who want to benefit from sales of its products and also maintain a good image of the company in the eyes of customers. In this effort to develop products in the form of food and beverages, of course there are ways that entrepreneurs PT. Citra Interbuana Multirasa do, one way is how to market them. Because marketing is one of the main activities carried out by entrepreneurs in an effort to maintain their survival, to develop and to earn a profit. Success or failure in achieving business goals depends on the expertise of the entrepreneur in the fields of marketing, production, finance and other fields. In addition, it also depends on the ability of the entrepreneur to combine these functions so that the company's business can run smoothly. Basically the goal in establishing a company is to make as much profit as possible. The success of a company in achieving that goal is strongly influenced by the company's ability to market its products. The company can sell its products at favorable prices at the expected quality level, will be able to overcome the challenges of competitors, especially in the field of marketing. Therefore, to attract consumers to make purchases, the company must be able to implement an appropriate marketing strategy in accordance with the market conditions faced. The success of the marketing strategy is

influenced by several factors, namely market research and analysis, product decisions, pricing, promotion and distribution (marketing mix). Price is one element of the marketing mix that generates revenue, the other elements generate costs. Perhaps price is the easiest element in a marketing program to adjust, product features, channels, and even communication take more time. Price also communicates the intended value positioning of the company's product or brand to the market.(Iskamto, 2015, 2015, p. 201, 2017, 2020a). Products that are designed and marketed well can be sold at high prices and generate large profits (Kotler and Keller, 2009: 67).

## **LITERATURE REVIEW**

### **Factors Affecting Price Levels**

The state of the economy, the state of the economy greatly affects the prevailing price level. In the recession period, for example, it is a period where prices are at a lower level and when there is a government decision on the exchange rate of the rupiah with a foreign currency, there will be reactions from the business community, the spontaneous reaction of that decision is an increase in prices. - price. 2. supply and demand, In general, a lower price level will result in a greater quantity demanded while a higher price will lead to a larger quantity supplied. 3. Elasticity of demand, Another factor that can affect price determination is the nature of market demand, in fact the nature of market demand not only affects price determination but also affects the volume sold. For some types of goods, prices and sales volumes are inversely related. 4. Competition, The selling price of some goods is often influenced by the circumstances of existing competitors. Many of these sellers and buyers will find it difficult for individual salespeople to sell at a higher price to other buyers. 5. Cost, Cost is the basis in determining prices, because a price level that cannot cover costs will result in losses. 6. company goals, Determining the price of an item is often associated with the goals to be achieved. Each company does not always have the same goals as other companies. 7. Government supervision, Government supervision is also an important factor in determining prices. Government supervision can be realized in the form of: determining the maximum and minimum prices, price discrimination, and other practices that encourage preventing efforts towards monopoly.(Iskamto, 2020b).

### **Price Indicators**

There are four price indicators used for purchasing decisions, namely according to Kotler and Armstrong translation of Sabran (2012: 278) including: Price affordability, Price affordability is the affordability of prices offered by producers to consumers. Price Conformity with Product Quality, Price compatibility with product quality, namely aspects of pricing carried out by producers or sellers in accordance with product quality that can be obtained by consumers. Price Competitiveness, namely the price offer given by the producer/seller is different and competitive with that given by other manufacturers, on the same type of product. Price Match with Benefits,

### **Buying decision**

According to Schiffman and Kanuk translated by Agus Susanto (2009: 112), purchasing decisions are the selection of two or more alternative purchasing decision choices, meaning that if someone can make a decision, several alternative choices must be available. According to Engel et. AL (2000:31), purchase decision is the process of formulating various alternative actions in order to make a choice on one particular alternative to make a purchase. According to Angipora (2000: 123), the purchase decision is a decision that can only be made after the evaluation stages of various brands and characteristics that have been arranged according to rankings that will form the purchase value of the most preferred brand.(Agusra, Febrina, Lussianda, & Susanti, 2021). According to Kotler and



Armstrong (2001:226), the stage in the buying decision-making process where consumers actually buy. Decision making is an individual activity that is directly involved in obtaining and using the goods offered. So the purchase decision is a decision-making process carried out by the buyer to make a purchase after an evaluation. According to Engel, Blackwell, translated by Hadi (2007: 123), is "a purchase decision is an act of consumer decisions in buying and using products according to their needs and abilities". Purchase decisions taken by consumers are actually a collection of a number of decisions (Harwina, 2021). In this research, four indicators are used to determine purchasing decisions quoted from Kotler translated by Agus Susanto (2000:212), namely: stability in a product, habits in buying products, giving recommendations to others, making repeat purchases.

### Influence of Price on Purchase Decision

According to Kotler and Keller (2009:72) price influences consumer purchasing decisions, because purchasing decisions are based on how consumers perceive prices and some of the current actual prices they are considering, not prices stated by marketers. lower than that limit indicates poor quality or unacceptable quality, and also a price upper limit where prices higher than that limit are considered too excessive and not worth the money spent.

### RESEARCH METHODS

This research was conducted at a trading company at Sultan Syarif Kasim II Airport Pekanbaru. The collection of prime data uses a questionnaire, a list of questions made in a simple form with a closing question method given to the respondents regarding purchasing decisions by consumers associated with product prices so as to obtain data related to the problems studied. as many as 99 respondents became the sample in this study.

### RESULTS AND DISCUSSION

#### Validity test

Validity is the accuracy or accuracy of an instrument in measuring what it wants to measure. Validity test is a measuring tool to see or find out whether the questionnaire can be used to measure the actual respondent's condition. Validity testing is carried out using a simple linear correlation method (Bivariate correlation) which is then processed using the SPSS program. From the results of the analysis, it was found that the correlation value between the item scores and the total score. This value was then compared with the rtable value, the rtable was sought at significant 0.05 with a 2-sided test and the amount of data  $(n) = 99 - 2 = 97$  then obtained an rtable of 0.1975

Table 1 Price Variable Validity Test

Statement Items	r count	r table	Description
Item 1	0.624	0.1975	Valid
Item 2	0.799	0.1975	Valid
Item 3	0.552	0.1975	Valid
Item 4	0.683	0.1975	Valid
Item 5	0.608	0.1975	Valid
Item 6	0.619	0.1975	Valid
Item 7	0.708	0.1975	Valid
Item 8	0.637	0.1975	Valid
Item 9	0.410	0.1975	Valid
Item 10	0.696	0.1975	Valid

Item 11	0.689	0.1975	Valid
Item 12	0.492	0.1975	Valid

From 1 above, it can be seen that the  $r_{\text{count}}$  value for each question item on the price variable is greater ( $>$ ) than the  $r_{\text{table}}$  value (0.1975), so it can be concluded that the data is in accordance with the actual situation or the data is valid. The statement item that has the highest  $r_{\text{count}}$  value in the price variable is the statement item in item 2, namely the price of food and beverages varies according to the size of the product.

Table 2 Consumer Decision Variable Validity Test

Statement Items	$r_{\text{count}}$	$r_{\text{table}}$	Description
Item 1	0.570	0.1975	Valid
Item 2	0.624	0.1975	Valid
Item 3	0.565	0.1975	Valid
Item 4	0.703	0.1975	Valid
Item 5	0.697	0.1975	Valid
Item 6	0.663	0.1975	Valid
Item 7	0.559	0.1975	Valid
Item 8	0.499	0.1975	Valid
Item 9	0.489	0.1975	Valid
Item 10	0.614	0.1975	Valid
Item 11	0.646	0.1975	Valid
Item 12	0.583	0.1975	Valid

From table 2 above, it can be seen that the value of  $r_{\text{count}}$  for each statement item on the consumer decision variable is greater ( $>$ ) than the value of  $r_{\text{table}}$  (0.1975), it can be concluded that the data is in accordance with the actual situation or the data is valid. The statement item that has the highest  $r_{\text{count}}$  value for the consumer decision variable is the statement item in item 4, namely I bought food and drinks at the Transit cafe because I used to buy them when I was at the airport.

### Reliability Test

Reliability test is used to find out whether respondents' answers from time to time have the same/consistent answers or not. In this study the method used is the Cronbach's Alpha method which requires the Cronbach's Alpha value  $> 0.60$  then the data is reliable or trustworthy. Following are the results of the reliability test:

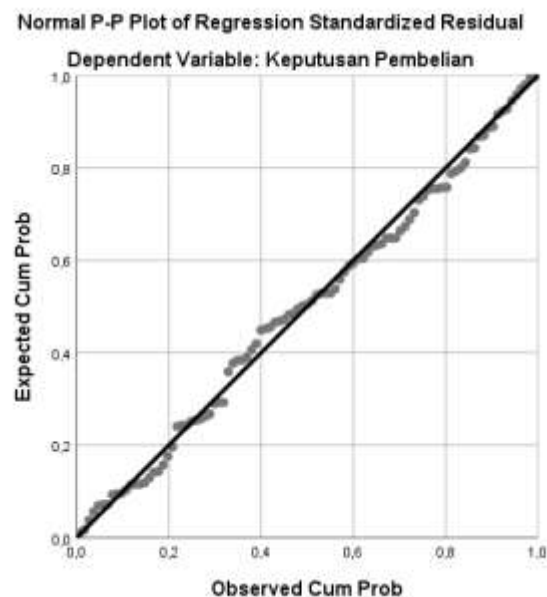
Table 3 Reliability Test

No	Variable	Cronbach's Alpha	Description
1	Price	0.858	Reliable / Consistent
2	Consumer Decision	0.837	Reliable / Consistent

From table 3 it can be explained that the Price variable has a value of  $0.858 > 0.60$  and the Consumer Decision variable is  $0.837 > 0.60$ , it can be concluded that all variables in this study are reliable or consistent, meaning that all statements can be trusted.

### Normality test

This normality test is used to see whether the data distribution is close to the diagonal line or not, if it is far from the diagonal line then the data is not normally distributed, following the results of the data normality test.



**Figure 1 Normality Test**

Based on Figure 1 above, it can be explained that the distribution of the data is approaching the diagonal line, so it can be concluded that the data is normally distributed.

.Hypothesis testing

**a. t test**

The t test is used to determine whether the price has a significant or no effect on consumer decisions. The test uses a significance level of 0.05 and 2 sides, with the SPSS output results as follows:

Table 4 Test\_t

Model		Unstandardized Coefficients		T	Sig
		B	Std.Error		
1	(Constant)	14,731	2.958	4.981	.000
	Price	,608	0.77	7.892	.000

Based on table 4 above, it can be seen that the t-count value is 7.892 to carry out the t-test, the following steps are carried out: significantly influence the decision to purchase food and beverages at the Transit Cafe (PT. Citra Interbuana Multirasa) Sultan Syarif Kasim II airport branch Pekanbaru.

**b. Coefficient of Determination**

The coefficient of determination shows how much influence the independent variable has on the dependent variable. The following is the output of the coefficient of determination:

Table 5 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
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1	,625a	,391	,385	5,20000
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Based on table 5 above, it can be obtained the R\_square value or the coefficient of determination of 0.391 or 39.1%. R\_square is used to determine the percentage effect of the independent variable (price) on changes in the dependent variable (purchase decisions). The conclusion that can be drawn is the magnitude of the influence of the independent variable (price) on the dependent (purchase decision) is 39.1% while the remaining 60.8% is influenced by other variables.

### Conclusion

Based on the analysis of the coefficient of determination R Square (R<sup>2</sup>) of 0.391 or 39.1%. This shows that the percentage of the influence of the independent variable (price) on changes in the dependent variable (purchase decisions) is 39.1 % while the remaining 60.9 % is influenced by other variables. on the consumer decision variable, then this is in accordance with the research hypothesis, namely there is a significant influence between the price variable on the consumer decision variable.

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