

The Effect of Price and Service Quality on Consumer Purchasing Decisions of Alfamart in Semarang City

Bagus Yunianto Wibowo¹

¹Politeknik Negeri Semarang, Indonesia

Corresponding Author: baqusyuniantowibowo@polines.ac.id

Abstract

This study aims to determine and analyse the effect of price and service quality on consumer purchasing decisions. The objectives of this study are: (1) Determine the effect of price on purchasing decisions (2) Determine the effect of service quality on purchasing decisions. By using quantitative descriptive research, the sampling technique used in this research is the saturated sampling method. The data obtained in this study were obtained by distributing questionnaires to 100 respondents of Alfamart consumers in the city of Semarang. SEM Package Amos 24.0 is used as an analytical tool The results obtained are (1) price has a positive and significant effect on purchasing decisions (2) service quality has a positive and significant effect on purchasing decisions.

Keywords: Price, Service Quality, and Purchase Decision.

INTRODUCTION

Indonesia with the fourth largest population in the world makes it one of the potential targets for product marketing. The large demand for goods and services from consumers makes it an attraction in itself. All business people both domestic and foreign are competing to create products that consumers want and market them in the territory of Indonesia. These activities are carried out solely to seek company profits and fulfil consumer needs in the form of goods and services.



But it is not easy in this day and age. The rapid development of technology and globalisation has caused major changes in the market. Along with the changes that occur in the marketing world, business people must also continue to change and innovate because competition between similar and dissimilar companies in an effort to dominate the market will increase. Consumers will also increasingly demand companies to maximise their resources so that increasingly varied market needs can be met.

Consumer behaviour based on current market developments makes consumers want to be pampered. This encourages the creation of markets with certain models according to consumer needs. One of them is the modern market, which in this day and age has sprung up a lot and has become a consumer idol in the midst of their busy daily lives. For example: Alfamart, Alfamidi, Indomaret, Carefour, Transmart, Berastagi Supermarket and other modern markets. Consumers who used to shop at traditional markets to fulfil their needs must be willing to be in a smelly and hot market atmosphere, but now consumers can shop in modern markets with a much safer, more comfortable atmosphere and can choose their own products according to their needs and desires.

This increasingly varied market condition makes consumers selective in making purchases and increasingly critical in their purchasing behaviour. One of the most popular markets today in the city of Semarang is Alfamart. Alfamart's modern market sells almost all consumer needs, both primary and secondary needs. In addition to competitive prices, the quality of the products is also good. And the most prominent is the position of Alfamart which is located almost in every place. It is very easy to find Alfamart. Wherever we go throughout the city of Semarang, it will be easy to find Alfamart along the way. That's why Alfamart is one of the modern markets that is very popular with consumers.

The increasingly intense market competition that exists, especially competition from similar modern markets, makes companies increasingly required to move faster in terms of attracting consumers. So that companies that apply the marketing concept need to pay close attention to consumer behaviour and the factors that influence their purchasing decisions in their efforts to market a product. This is because in the marketing concept, one way to achieve company goals is to know what the needs and desires of consumers or target markets are and to provide the expected satisfaction more effectively and efficiently than competitors (Kotler, 2009).

LITERATURE REVIEW



The purchasing decision-making process in everyone is basically the same, what distinguishes the decision-making process is the personality traits, age, income and lifestyle of each consumer. According to Peter and Olson (2010) argue that purchasing decisions are an integration process that combines knowledge to evaluate two or more alternative behaviours and choose one of them.

According to Schiffman and Kanuk (2010) purchasing decisions are selections from two or more alternative choices. These decision-making actions include decisions about the types and benefits of products, decisions about the form of products, decisions about brands, decisions about the number of products, decisions about the seller and decisions about the time of purchase and how to pay.

(Aditia, et.al, 2021) Price is the value that is included in relation to the benefits and ownership or use of a product or service. So, it cannot be denied that price is an important factor for both companies to influence consumers and remain competitive. If the consumer accepts the set price, the product is sold. In this study the indicators of price are as follows (Jackson, 2013): number of ownership, price comparison with competitors, and suitability of price with product quality.

Pricing policy is also very important when marketing a product because price is the only element of the marketing mix that gives the opinion of an organisation or company. Based on this definition, it is known that price influences purchasing decisions (Nurhayati, 2017). Based on these assumptions, the first hypothesis is as follows:

From the information of the experts above, there are many factors that influence purchasing decisions, one of which is the price and quality of service provided by the company to consumers. Price is the amount of money that must be paid by consumers to obtain a product or service (Kotler and Armstrong, 2008). Meanwhile, service quality. Kotler (2009) suggests that service quality is an action or activity that can be offered by one party to another, which is basically intangible and does not result in ownership.

The results of research conducted by Eva and Ruslin (2016) state that partially service quality and price have an effect on customer decisions, then research conducted by Kanisius (2015) states that price and service quality affect purchasing decisions.



RESEARCH METHODS

The variables in this study are divided into two, namely the independent and dependent variables. Independent variables consist of price and service quality and the dependent variable is purchasing decisions. The population in this study were alfamart consumers in the Semarang City area. The sample used in this study was alfamart consumers in Semarang City with a total of 100 respondents with a semantic differential scale of 1-10. sampling techniques in this study were non-probability sampling techniques, namely insidental sampling and snow ball sampling which are techniques used for determining samples using considerations that can truly represent the population, The data analysis technique used in this study is the confirmatory factor analysis technique in SEM and the classical assumption test from the AMOS 24 statistical package (Hair, et al, 2014).

RESULTS AND DISCUSSION

Respondent Character

The character of the respondents as subjects in this study can be seen in Table 1.

Table 1. Characteristics of Respondents

No.	Characteristics	Results	Percentage
1.	Gender	Women	70 %
		Male	30 %
2.	Age	20 - 35 years	40 %
		36 - 50 years	60 %
3.	Length of Shopping at Alfamart	>2 Years	34 %
		<3 Years	66 %
4.	Have a Member Card	Have	42 %
		No	58 %

Normality Test

Based on the results of the normality test presented above in Table 2, it shows that the data is normally distributed univariate and multivariate with the critical ratio value of kurtosis none of which is at ± 2.58 and the multivariate value is 2.041. The processed data can be said to be normal if it has a critical value (c.r) which is at ± 2.58 and the results of the univariate and



multivariate data normality tests show the value is still within the value range of ± 2.58 (Ghozali, 2017).

Tabel 2 Assessment of normality

Variable	min	max	skew	c.r.	kurtosis	c.r.
KB1	2,000	5,000	,140	,572	-,721	-1,472
KP1	1,000	5,000	-,072	-,293	-,346	-,706
KP2	1,000	5,000	,038	,155	-,358	-,732
KB2	1,000	5,000	,031	,126	-,352	-,719
KB3	1,000	5,000	-,129	-,525	-,550	-1,122
KB4	1,000	5,000	-,056	-,229	-,309	-,630
KP4	1,000	5,000	-,118	-,482	-,483	-,986
KP3	2,000	5,000	,236	,962	-,573	-1,170
H4	1,000	5,000	-,053	-,215	-,427	-,871
H3	1,000	5,000	,174	,710	-,441	-,900
H2	2,000	5,000	,268	1,095	-,577	-1,178
H1	1,000	5,000	-,018	-,075	-,458	-,935
Multivariate					7,483	2,041

Source: Processed primary data (2023).

Research Model Test

In this study, the chi-square (X²) value and the degree of freedom (df) value are shown. Based on the writing model test results, it can be seen that the chi-square (X²) has a value of 55.043 and the degree of freedom (df) has a value of 46 as presented in Table 3 and Figure 1.

Table 3 Cut Value Criteria for Evaluation Results

Goodness-of-fit Index	Cut of Value	Analysis Result	Model Evaluation
Chi-Square	(Small) ≤ 62.829	55.043	Good
Probability	≥ 0.05	0.170	Good
GFI	≥ 0.90	0.913	Good
IFI	≥ 0.90	0.990	Marginal

TLI	≥ 0.90	0.985	Good
CFI	≥ 0.90	0.990	Good
DF	≤ 2.00	1.197	Good
RMSEA	≤ 0.08	0.045	Good

Source: Processed primary data (2023).

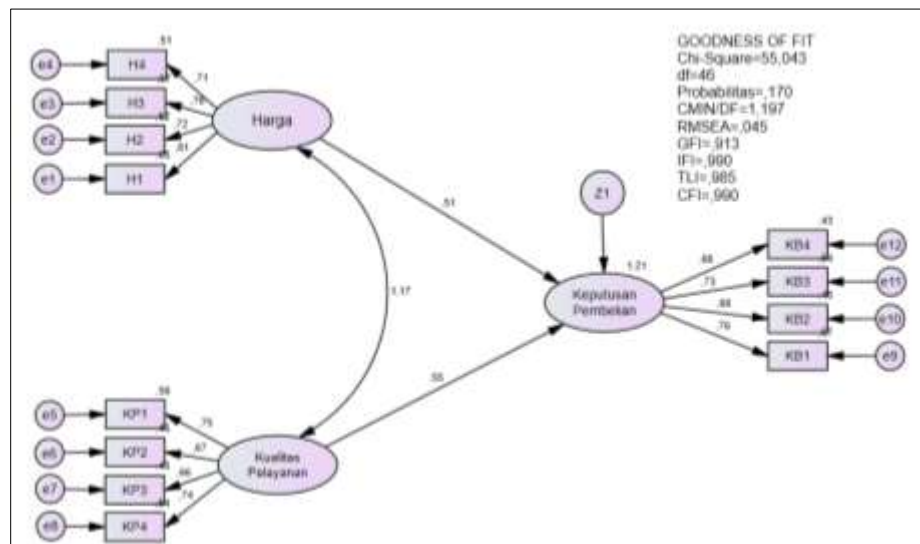


Figure 1. Model Testing Results

The model test results illustrated in Figure 1 show the goodness of fit criteria in the AMOS 24 program, indicating that the structural equation modeling analysis in this study can be accepted in accordance with the fit model with a Chi-square value = 55.043, Probability = 0.170, $DF = 1,197$, $GFI = 0.913$, $IFI = 0.990$, $CFI = 0.990$, $TLI = 0.985$ and $RSMEA = 0.045$. Based on this model fit, it can be concluded that the model fulfils the goodness of fit criteria. Therefore, the structural equation model in this study is suitable and feasible to use so that it can be interpreted for further discussion (Ghozali, 2017).

Hypothesis Test

In the hypothesis testing stage, the causal relationship that is not significant is the critical ratio (c.r) value has a critical T value of ≥ 1.966 . in facilitating decision making, the author can see from the probability (P) number where $(P) \leq 0.05$. If the value of $P \leq 0.05$ then H_0 is accepted, and

if on the contrary if the value of $P \geq 0.05$ then H_0 is rejected, in the amos package the results of hypothesis testing can be seen through the regression weights output. (Ghozali, 2017) which is presented in table 4.

Table 4 Hypothesis Test Results (Regression Weights)

			Estimate	S.E.	C.R.	P
purchase	<---	Price	,447	,079	5,676	***
purchase	<---	Service quality	,549	,088	6,244	***
H1	<---	Price	1,000			
H2	<---	Price	,810	,092	8,832	***
H3	<---	Price	,891	,096	9,329	***
H4	<---	Price	,798	,095	8,421	***
KB4	<---	Purchase	,853	,117	7,289	***
KP1	<---	Service quality	1,000			
KB2	<---	Purchase	,881	,115	7,687	***
KB3	<---	Purchase	1,027	,123	8,346	***
KB1	<---	Purchase	1,000			
KP4	<---	Service quality	,986	,118	8,382	***
KP3	<---	Service quality	,834	,114	7,336	***
KP2	<---	Service quality	,846	,112	7,555	***

The output results on Regression Weights explain that each indicator or manifest variable that reflects the latent variable has a critical ratio (CR) value greater (>) than 1.96 equal to the t value in regression (>) 1.96 and P (Probability significance) with *** means by default significant at 0.001, so it can be concluded that the three hypotheses are accepted.

CONCLUSION

Based on the research objectives, results and discussion that have been described regarding the effect of price and service quality on purchasing decisions at alfamart consume Semarang City and the tests that have been carried out, it can be concluded that: price affects the purchasing decisions of alfamart consumers. service quality affects the purchasing decisions of alfamart consumers.

The author suggests that food and beverage culinary MSMEs in the Semarang City area should follow in the footsteps made by alfamart so that MSMEs do not drown in the current greatness of alfamart and indomart, maintaining in providing the best service for customer satisfaction. Furthermore, researchers suggest that food and beverage culinary MSME players in the Semarang City area in sharing information related to problematic food and beverage consumers can be improved because sharing information between food and beverage culinary MSME players is needed for business continuity. On the price variable, researchers suggest that food and beverage culinary MSME players in the Semarang City area should maintain relevant prices so that consumers feel attracted. Furthermore, researchers suggest that food and beverage culinary MSME players in the Semarang City area increase their courage in taking risks by creating different services for different customers so that the business can grow.

FUTURE DIRECTIONS

After conducting several evaluations in this study, the researcher suggests that consumers always maintain the sustainability of MSME businesses by not continuously buying at alfamart and indomart so that MSMEs in Semarang city also progress and develop, in further research can add to the store atmosphere variable so that it can explain the atmosphere of shopping stores that suit consumer tastes.

REFERENCES

- Agus, S, D. (2016). Pengaruh Kualitas Produk,Citra Merek, dan Kualitas Pelayanan terhadap Keputusan Pembelian Produk Danone di Jakarta, Jurnal Ekonomika dan Manajemen, Vol. 5 No. 2.
- Cyntia, N. (2015). Pengaruh Kualitas Layanan dan Citra Merek terhadap Keputusan Pembelian Mobil Toyota Rush di Kota Manado, Jurnal EMBA Vol. 3 No. 3.



- Dessy, A. P. (2012). Pengaruh Citra Merek Dan Harga Terhadap Keputusan Pembelian Pada Ramai Swalayan Peterongan Semarang, Jurnal Ilmu Administrasi Bisnis Undip, Vol. 1. No. 1.\
- Eva, D. Ru. (2016). Pengaruh Kualitas Pelayanan, Fasilitas Dan Harga Terhadap Keputusan Pelanggan Untuk Menggunakan Jasa Hotel Oval Surabaya, Journal of Research In Economics And Management, STIE Urip, 16 (2): 345-354.
- Ibrahim, N. M. ., & Mahmood, R. (2016). Mediating Role of Competitive Advantage on the Relationship Between Entrepreneurial Orientation and the Performance of Small and Medium Enterprise. Journals International Business Management, 10, No.1, 2444–2452.
- Kanisius, W. W. (2015). Pengaruh Harga Dan Pelayanan Terhadap Keputusan Pembelian Di Mini Market\
- Kotler, P., and K. L. Keller,. (2009). Manajemen Pemasaran, Edisi 13, jilid 2; Erlangga, Jakarta.
- Peter, J., P., Olson, J., C,. (2010). Consumer Behavior and Marketing Strategy 9th ed.; Mc Graw Hill, New York, USA.
- Saladin, D,. (2008). Manajemen Pemasaran Analisis, Perencanaan, Pelaksanaan, dan Pengendalian.; Linda Karya, Bandung.
- Setyawan, NA., Wibowo BY., & Ayuwardani M. (2021). Analysis of Entrepreneurship Interest On Business Productivity, Jurnal Sains Sosio Humaniora 5 (1), 628-639, <https://doi.org/10.22437/jssh.v5i1.14787>
- Wahyuni, S., P. Jonianto,. (2016). Pengaruh Iklan, Harga Dan Kualitas Layanan Terhadap Keputusan Pembelian Kartu Simpati Di Institute Perbanas Jakarta, Jurnal Studi Manajemen Dan Bisnis, Vol. 3 No. 1.

