

ANALYZING THE INFLUENCE OF PRICE AND PRODUCT QUALITY ON BUYING DECISION HONDA MATIC MOTORCYLES IN MANADO

by:

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ABSTRACT

Competition are currently make the company tight competition. Prices and product quality was a thing would influence the buying decision. This study aims to determine the influence of price and product quality on buying decision honda matic motorcyles in Manado. Where the independent variables are price, and the product quality influence the buying decision as the dependent variable. This research used quantitative method. The analytical method used was multiple linear regression analysis. The data used in this research is primary data obtain through the questionnaire. The population in this study is the owner of the Honda motorcycle. Samples are taken from 100 respondents using purposive sampling technique. The results of the study variables price and product quality variables simultaneously against influential buying decision. Companies should improve the image of Honda. Although Honda Matic affordable, but not a cheap bike, so the selling price in the market is maintained. This relates to the market assumptions regarding post-sale price of motorcycles in the market. The company should be able to maintain or even increase quality of the product.

Keywords: *purchase decision, price, product quality*

INTRODUCTION

Research Background

The development of business in the beginning of the 21st century has been developing very rapidly and undergoes a metamorphosis sustainable. The competition is getting tougher at the moment, makes the company demanded to offer a quality product and that is able to have more value, so different from the product competition, product quality as one of consumers' considerations before buying a product. The quality of the product determined by endurance, of its function and its utility, with the existence of the quality of products that are good and trusted then consumers will always remember the products. Decision-making process purchase on any person is basically the same but decision-making process is to be colored by habitude personality, age, revenues and style of his life. The decision of the purchase is a selection of two or more alternative choices for.

Existing business competition, it also makes the company increasingly required in order to move faster in terms of attracting consumers. So, the company apply the concept of marketing need to closely monitor the behavior of consumer and factors that affects the decision in efforts to curb price marketing a product they have done.

The quality of the products that are part of strategic potential to beat competitors. Companies should to market products or services produced to consumers which would survive and answering the other. So, only company with product quality the best going to grow rapidly, and within the period long companies would more successful than company another. An enterprise in out a product should adjust with needs and consumer advocacy. Superiority of products can know the consumers and will cause an awareness of the brand that product. Besides quality products, price is a factor that can affect a person to buy a goods. The price established by companies has very much a quantity of wares in production. The price is also variable important. Low prices or affordable trigger to improve its performance marketing.

Honda through PT. Astra Honda Motor is the pioneer of the motorcycle industry in Indonesia. Founded on June 11, 1971 with the initial name of PT Federal Motor, whose stock is majority owned by PT. Astra International. At the time, PT Federal Motor only assemble, while the components are imported from Japan in the form of CKD (completely are knocked down).

The description of the researcher is interested in examining the extent to which influences of price and product quality to the purchasing decision of consumers to buy Honda matic motorcycle product. The reason as researcher why prefer price and product quality as side variables research me because, for me price and product quality was something very affect of the decision purchase customers. It also price and product quality has links in raise a sales.

Research Objective

There are five main objectives in this research, including to determine whether :

1. The price and quality of product simultaneously influence purchase decisions of Honda matic motorcycle in Manado.
2. Product quality partially influence purchase decisions of Honda matic motorcycle in Manado.
3. Price partially influence purchase decisions of Honda matic motorcycle in Manado.

THEORETICAL FRAMEWORK

Marketing

Marketing is an integrated communications development that aims to provide information about the goods or services in relation to satisfying the needs and desires of humans. Marketing is a social process in which there are individuals and groups, to get what they need and want by creating, offering and freely exchanging products of value with others (Kotler and Armstrong, 2007:6). Marketing activity are interconnected activities with the lainb as a system.

Consumer Behavior

Consumer behavior is the behavior shown in the search consumer will purchase, use, evaluation and replacement products and services that are expected to satisfy their needs (Schiffman and Kanuk, 2004:8). Consumer behavior is the study of the unit purchase (buying the unit) and the exchange process involving the acquisition, consumption of a variety of products and services ideas and experiences. Consumer buying behavior is influenced by cultural factors, social, personal and psychological (Kotler 2005, 183-200).

Price

Price is a sum of money charged for a product or merit or amount of the value of being exchanged for customers of benefits because having or using products or services (Kotler and Armstrong 2007:86). Price is the manager biggest marketing headache, and it's where they feel the most pressure to perform and the least certain that they are doing a good job. In the determination of the price of products or services sold, good company large and small business though must pay attention to consumers and all their competition.

Product Quality

Product is the key element that brings value to the customer brand name and packaging (Kotler and Armstrong, 2010:127). Product quality is derived from the difference between actual products and the alternative products that could be made available or provided by the particular industry (Hardie and Walsh, 1994:105). A product's quality has a significant impact towards the product or service performance, thus it is linked to a customer's and satisfaction (Kotler and Armstrong 2010:84).

Buying Decision

Buying decision is the stage in the process of decision-making, the buyer where consumers would really buy (Kotler, 2007:93). Five stages of the process is: the decision of the purchase:

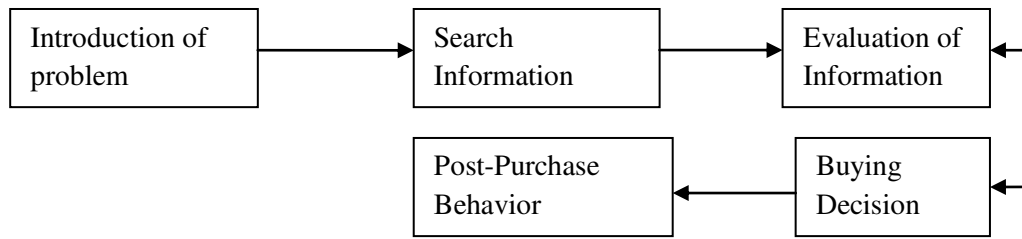


Figure 1. Phase Decision Making Process

Source: Kotler, 2005:226

Previous Research

Owusu (2013) conduct research that is Influences of Price and Quality on Consumer Purchase of Mobile Phone In The Kumasi Metropolis In Ghana A Comparative Study. The general objective of the study is to make a comparative analysis of price and quality and how they influence consumer purchase of mobile phone specific objectives of this study are to access how price influence the purchase of mobile phone, to determine how quality influence the purchase of mobile phone, and to compare price and quality influence in the consumer buying decision of mobile phone. The result, price and quality has influence on the consumer buying decision. The fact remains that consumer consider both price and quality in their buying situation. The observation shows that customers feel reluctant to buy low quality and high price phone means quality and it shows that price cannot used as indicator of quality.

Isabel, et al(2010) conduct research that is Antecedents of The Importance of Price In Purchase Decisions. This paper analyses the commercial and sociodemographic antecedents of the importance of price in buyers' decisions. The study uses ordinal regression in order to analyze the data obtained from a random sample of consumers of frequently purchased products; these consumers were surveyed in different stores. The results demonstrate that shopping enjoyment and brand loyalty have an influence over the importance of price. However, responsibility for shopping (purchase frequency) does not show a significant relationship. Furthermore, some interesting socio-demographic characteristics were found in the context of the study that can be analyzed in future research.

Kenesei and Todd (2003) conduct research that is The Use of Price in the Price Decision. Price awareness is often measured by price knowledge. The author attempts to provide a broader view of price awareness using three distinct constructs, price knowledge, price search in the store and price search between stores, and a methodology that was developed by Dickson and Sawyer. The author studies the factors that can influence price awareness. A related issue, whether deal-prone shoppers are responding simply to promotion or the real price is investigated, as well. Across categories the results show that price awareness of Hungarian supermarket shoppers are quite high and that they are much more price aware than promotion aware. Interestingly demographic factors have no significant relationship with any price awareness construct.

Conceptual Framework

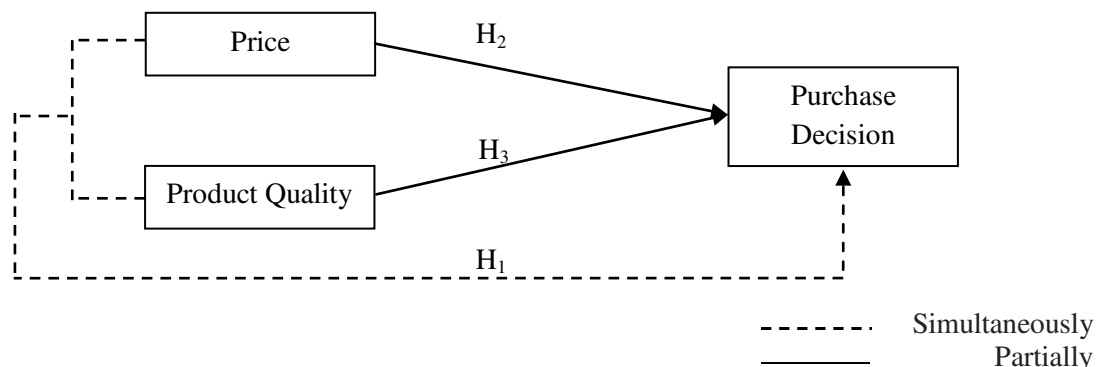


Figure 2 Conceptual Framework

Source : Data Processed, 2013

Research Hypothesis

1. Price and Product Quality allegedly simultaneously influence the purchase decision Motorcycles Honda Matic in Manado.
2. Price allegedly influence the purchase decision Motorcycles Honda Matic in Manado.
3. Product Quality allegedly influence the purchase decision Motorcycles Honda Matic in Manado.

RESEARCH METHOD

Type of Research

This research use causal type of research where it will investigate the influence of price and product quality on purchase decision honda matic motorcyces in manado. This study will be conducted in quantitative research methods.

Place and Time of Research

The study is done in the city of Manado, North Sulawesi especially against city people of Manado already can buy a motorcycle and the additional data to appendages research will be taken in PT. Daya Adicipta Wisesa, Manado. The study is done from September 2012 - November 2012.

Population and Sample

Population

This research used population as the data sources to make an appropriate result of data. Population is generalized to the object/subject which have a certain quantity and characteristic that is required by researcher to studying and to gain conclusion (Sekaran and Bougie, 2009:262). The population used in this study are the users or owners of Honda motorcycles in the city of Manado. The number of motorcycle users in Manado City Honda Matic in 2012 that 20% of users of Honda motorcycles, as many as 2.359 users.

Sample

Sample is the subject of the population. As a part of the population, the sample gives a true picture of the population. The samples were taken from 100 respondend motorcycle owners Honda Matic who live in the city of Manado.

Data Collection Method

This research using primary and secondary data. The primary data obtained directly from the source, taken and recorded for the first time (Sekaran and Bougie, 2009:183). The secondary data is that have already been gathered by researchers, data published in statistical and other journals and information available from any published or unpublished source available either within or outside the organization, all of which might be useful to researcher (Sekaran and Bougie, 2009:184).

Operational Definition of Research Variables

1. Price (X_1) is consumer perceptions about the price of products. Indicators other in prices between the low price is the main choice, conformity with abilities or price purchasing power of society, a rebate (discount) or cash back.
2. Product Quality (X_2) is peception of consumer about product quality. Indicators of quality between the product is free from defects, not easy to break and having the age of economic a long time, the durability a powerful engine, the appearance of a product.
3. Purchase Decision (Y) this study used as the dependent variable is the purchase decision. Indicators of purchase decision is awareness of the need, want to try their products, adoption or used to (have ever had).

Data Analysis Method

Validity And Realibility Test

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure (Sekaran and Bougie, 2009:157). To analyze the validity of questionnaire, Pearson Product

Moment is used. The purpose of reliability test is to check the consistency of a measurement instrument. The reliability test in this research uses Alpha Cronbach. Cronbach's Alpha is reliable coefficient that can indicate how good items in asset have positive correlation one another.

Multiple Regressions

The method of analysis used in this study is multiple regression models to approach the return. To find out the influence of dependent variable with independent variables used multiple linear regression with the formula :

$$Y = \alpha + \beta X_1 + \beta X_2 + e$$

Whereas:

Y : Purchase Decision

X₁ : Price

X₂ : Product Quality

RESULT AND DISCUSSION

Result

Validity Test

The result of the test the validity of acquired three output the first is variable price (X₁), variable product quality (X₂), and purchase decision (Y). Of output is difficult to know the value of a correlation between each item with a score of total the item. The value of the correlation is compared with Pearson correlation. R the table sought in significant 0.3 with the two side and the amount of data (n) = 100 or df = 98, then obtained by 0,1966 r table. Of the three variable namely price (X₁), product quality (X₂), and purchase decision (Y) declared invalid because it has values above r table namely 0,1966.

Realibility Test

The output can be known from the value of reliability (Alpha Cronbach's) for each variable. For a variable Price (X₁) Cronbach's Alpha value of 0,843, for variable Product Quality (X₂) by 0,796, and purchase decisions (Y) of 0,771. Because the value of a third variable above 0.70, then it can be inferred that all the variables in this study is reliability.

Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression Test

Coefficients ^a		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	5,718	,958		5,966	,000
	Price	,208	,046	,355	4,550	,000
	Product Quality	,421	,068	,486	6,229	,000

a. Dependent Variable: Y

Source: SPSS 20 Data Analysis, 2014

Model the regression equation is that can be printed from these results in the form of the regression equation is standardized is as follows :

$$Y = 5,718 + 0,208 X_1 + 0,421 X_2$$

An interpretation of the regression above is as follows:

1. Constant (a)

This means that if all variables free having zero value (0) and values of one variable bound (purchase decision) as much as 5,718.

2. Price (X₁) against purchase decision (Y)

The value of the coefficients price for variables X1 of 0,208. This connotes that every increase in price one unit and variable purchase decision (Y) will be up by 0,208 with the assumption that variable the other free from a model of regression is fixed.

3. Product quality (X₂) against purchase decision (Y)

The value of the coefficients product quality for variables X2 of 0.421. This connotes that every increase in product quality one unit and variable purchase decision (Y) will be up by 0,421 with the assumption that variable the other free from a model of regression is fixed.

Classical Assumption

Normality

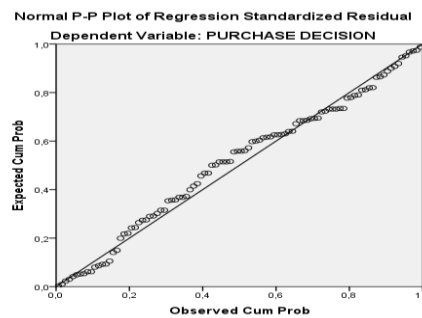


Figure 3. Normality

Source: SPSS 20 Data Analysis, 2014

From the figure can be known that the dots spread around the line and follow a diagonal line, and residual on the model of the regression distributed in an abnormal manner.

Multicollinearity

Table 2. Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
Price	,852	1,174
Product Quality	,852	1,174

Source: SPSS 20 Data Analysis, 2014

Table 2 show that the quality of services and trust of customer decision purchase of having value tolerance more than 0,1 while VIF, the value of less than 10 so that it can be inferred that does not happen multicollinearity between an independent variable in a model of regression.

Heteroscedastisity

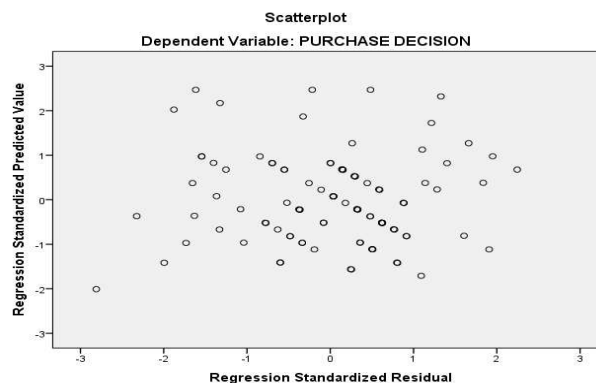


Figure 4. Heteroscedastisity

Source: SPSS 20 Data Analysis, 2014

Hypothesis Testing

Table 4. Coefficient Correlation (r) and (r²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	,704 ^a	,496	,486	1,42975	,496	47,734

A. Predictors: (Constant), Product Quality, Price

B. Dependent Variable: Purchase Decision

Source: SPSS 20 Data Analysis, 2014

The output obtained figures Adjusted R Square of 0,486 or 48,6%. This shows that the percentage of independent variables that influence donation price and product quality to the purchase decision of 48,6% or variations of free variables used in the model was able to explain a 48,6% variation in the independent variable. While the remaining 61,4% is affected by other variables that are not included in this research model.

Simultaneously (F-test)

Table 5. Simultaneously Test Analysis (F-test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	195,153	2	97,577	47,734	,000 ^b
Residual	198,287	97	2,044		
Total	393,440	99			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Product Quality, Price

Source: SPSS 20 Data Analysis, 2014

F_{count} value obtained from a table of 47,734, with a value of probability (sig) = 0.000. The value of F_{count} (47,734) > F_{table} (3,09), sig and value smaller than 0,05 probability value or a value of 0,000 < 0,05 the H_0 accepted, meaning simultaneously (simultaneous) Price and Product Quality significantly influential to the Purchase Decision.

Test Partially (t-test)

Table 6. Partially Test Analysis (t-test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	5,718	,958		
1 Price	,208	,046	,355	4,550	,000
Product Quality	,421	,068	,486	6,229	,000

Source: SPSS 20 Data Analysis, 2014

- By using the level of significance 0,05 and obtained the output obtained T count as much as 4,550. And the table distribution T sought in a = 5% (a test of the two) with a degree of freedom df = 97, by testing 2 side (significance = 0,025) results obtained for T-table of 0,197. Obtained value T-count > T-table (4,550 > 0,197) then H_0 rejected.
- By using the level of significance 0.05 and obtained the output obtained t count as much as 6,229. And the table distribution t sought in a 5% (a test of the two) with a degree of freedom df = 97, by testing 2 side (significance = 0,025) results obtained for t a table of 0,197. Obtained value T-count > T-table (6,229 > 0,197) and H_0 rejected.

Discussion

This research uses a linear multiple regression analysis method for viewing of each free variable with the relationships between variables are bound. Then to obtain a test of regression analysis is a valid assumption test done classics. There are four classic assumption test that has been filled with results, namely: normality are met, no multicollinearity, no heteroscedasticity and no autocorrelation. So it can be concluded that the regression model was valid.

The equation above then obtained price has influence positive and significantly to buying decision. These results indicate that the price is determined in the buying process will help consumers in deciding purchase of the product. At the time of the transaction or visit prospective customers, consumers will compare the price of the product with another existing company, and if you get the product in a location that can provide conformance with the desired consumer funding and product specifications the desired purchasing decisions will occur.

The equation above then obtained product quality has influence positive and significantly to the buying decision. These results show that good judgment regarding the quality of products that suit the level of consumer advocacy will stimulate consumer to buy that product. These results indicate that a good assessment of the quality of the product in accordance with the level of consumers' desire to encourage consumers to purchase these products. These results also explain that the results of the consumer experience in the use of the product will result in consumers' assessment of the product. If the product can satisfy the desires of the consumer then the consumer will give a positive assessment of the product. With this assessment, the consumer will still be willing to buy the product. This result explains that in general consumers will spend their money in the account for the quality that can be obtained from the money to be spent. Thus, the consumer will consider the quality of the product as an exchange sacrifice that consumers use the money to buy a product for the types of motorcycles including Honda Matic. The empirical data of this study indicate that Honda Matic rated by consumers have the ability to maintain product quality. Of the condition subsequent, obtained any greater purchasing decisions of consumers do.

This result tells us that the consumer experience in using the product will result in a consumer's assessment of these products. When these products can satisfy the desire of consumers then consumers will give a positive assessment of these products. With the assessment then the consumer will remain eager to buy that product. This result tells us that the consumer generally spends his money would take into account the quality that can be obtained from the money that will be coming up. There by, the consumer will consider the quality of the product as an exchange sacrifice consumer money used to purchase a range of products including for other types of motorcycles Honda matic. From the condition further, retrieved a large purchasing decisions that consumers can do.

CONCLUSION AND RECOMMENDATION

Conclusion

The data analysis has been done and discussion mentioned in the previous chapter , some conclusions can be drawn from this study are as follows :

1. The partial analysis, it turns out the results of the study prove that all the independent variables (price, and product quality) have a positive effect on the dependent variable is the purchase decision of Honda Matic motorcycle at PT. Daya Adicipita Wisesa. That is according to the consumer, both independent variables were considered important when buying a Honda Matic motorcycle at PT . Daya Adicipita Wisesa.
2. Simultaneous testing, apparently the result of research proves that all the independent variables (price, and product quality) simultaneously have a significant effect on the dependent variable purchase decision.
3. The results of multiple regression test showed that all the independent variables (price and quality of products) positive influence on purchasing decisions. The biggest positive influence on purchase decisions honda matic motorcycle at PT. Daya Adicipita Wisesa is at a variable price (X1) as indicated from the value of the regression coefficient of 0,355, and then followed by the variable quality of the product (X2) of the indicated value of the regression coefficient of 0,486.

Recommendation

The suggestions put forward as a complement to the results of research that can be given as follows:

1. Companies should improve the image of Honda. Although Honda Matic affordable, but not a cheap bike, so the selling price in the market is maintained. This relates to the market assumptions regarding post-sale price of motorcycles in the market. In addition, cooperation with financial institutions by issuing the installment sales will be needed as well as do discount at the time of certain events.
2. The company should be able to maintain or even increase quality of the product. For example with innovative Honda Matic motorcycle models or provide additional accessories with the appropriate view and immediately checking if there is a defective motorcycle or not perfect.

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