

## The Influence of Product Quality and Price Perception on Gold Purchasing Decisions at the Slamet Jaya Shop, Surabaya

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Article history: received March 06, 2024; revised March 23, 2024; accepted March 27, 2024

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### Abstract

The aim of this research is to determine the influence of product quality and price perception on the decision to purchase gold products at the Slamet Jaya store in Surabaya. The population in this study are consumers who own gold in Surabaya who have made purchases at the Slamet Jaya gold collection in Surabaya. The sample in this study was 98 respondents taken using a purposive sampling technique, namely taking samples based on criteria. The sample collected of respondents who had purchased gold products at Take Slamet Jaya Surabaya. The data used in this research are primary and secondary data. The analysis technique used in this research is (PLS) with validity test and hypothesis testing. The results of this research prove that: (1) product quality has a positive and significant effect on purchasing decisions (2) price perception has a positive and significant effect on purchasing decisions.

**Keywords:** Product Quality, Price Perception, Purchase Decision

### INTRODUCTION

Current business developments growing very rapidly, which requires more Lots competitive traders and sellers. This determines producers to be more observant, sensitive and practical in changing so that producers can retain customers. They must be able to create goods and communicate well so that customers are interested in what the producers offer. For some people who want to make long-term investments, gold is a promising choice because the selling price of gold has risen again. For individuals or shops that trade gold, determining procurement hours and determining selling prices is very important, because this will affect the profits that will be obtained. Traders and individuals who trade their gold cannot determine the price of the gold they trade because there is a gold price benchmark based on the world market price of gold. In the last 5 years, the price of gold in grams and rupiah has continued to rise over the last five years. Exactly five years ago, based on CNBC Indonesia calculations using Refinitiv data, the price of 1 gram of gold was priced at IDR 476,376. This means that at current prices the profit generated from buying gold at that time and if it is still kept until now is 90%. In a period of five years the price of gold rose almost 100%. The increase in gold prices was triggered by many factors, especially related to the risk of global uncertainty which made the economic outlook gloomy. When conditions are not as good as they are now, people look to use gold as a safe haven asset. The benchmark interest rate is low and real interest rates are already in the negative range. The central bank and central government have adopted large-scale economic stimulus measures to reduce the impact of the Covid-19 pandemic which could trigger high inflation in the future. The pandemic will end, and the situation will be tense and China raises the prospect of an increasingly gloomy economic recovery, making investors look for protection, gold is the first choice. Source: Tirta Citradi, CNBC Indonesia. When doing business manually, of course you face many obstacles, one of which is the perception of product quality and price perception in purchasing decisions. The quality requirements in SNI 8880:2020 are divided

into various types, from 8 carat to 24 carat, even pure gold. What is meant here by carat is a system for measuring the level of purity of gold, which is measured based on the percentage of pure gold contained in a metal. Hendro gave an example, with a gold carat number of 24, it means the gold content is 99.90% to 99.98%, while if the gold carat is 17, then the gold content is 70.83% to 74.99%. pure gold is 24 carat. Each carat of gold contains 1/24 of the total. For example, if you buy a 22 carat gold ring, this means the gold content is 91.67% to 95.82%, while the other part contains other materials, such as copper, silver, platinum and other types of metal. Therefore, consumers must be more Pay attention to the gold content, if you buy gold jewelry, please ask for a percentage. Because the percentage or gold content in gold jewelry will be a benchmark for the price of the gold jewelry itself. 2020 was quite a difficult time for business actors because of the Covid-2019 pandemic which had a significant impact on all gold business players. The problem faced by the Slamet Jaya Store at that time was a decrease in turnover in the months following the sale, to be precise in 2020 there was a decline of 59.5% in April, July, August, November and in 2021 there was a decline of 22.9% in March, April, June, July, November, December and in 2022 there was a decline of 24.5% to be precise in April, June, September, December and in 2023 there will be a decline of 0.29%, to be precise in February, April because at that time there was the Covid-19 outbreak which affected the world economy which made it increasingly difficult to consumer more careful and sensitive in spending their money. Almost all business sectors were affected by the economic crisis, including the gold business.

### **Research purposes**

The specific objectives of this research are as follows: (1) To determine the influence of product quality on purchasing decisions at the Slamet Jaya gold shop. (2) To determine the influence of price perception on purchasing decisions at the Slamet Jaya gold shop.

### **Review References**

#### **Product quality**

according to (Wijaya, 2018) in (Hulu et al., 2022) product quality is the overall combination of characteristics of goods and services according to marketing, engineering, production and maintenance which makes the goods and services used meet customer or customer expectations. According to products, everything is offered by producers, used, purchased or consumed in the market to fulfill existing market desires or needs. For this reason, quality standardization is needed to achieve the desired product quality. According to (Ely, 2021) in (Maryati & Khoiri.M, 2021) . Characteristic replacement Also must reflect demands- demands consumer". Product quality is defined as the characteristics of a product or service that depend on the product's benefits or ability to satisfy stated or implied customer needs (Kotler et al., 2020) in (Mardiyanti & Andriana, 2022)

#### **Perception price**

According to Ari and Efendi in (Rachmawati & Jaenudin, 2022) , price perception is the amount of value given by customers to gain profits from owning a product and service. According to Shichiffman and Kanuk in Wifki Muharam and Euis Soliha (2017) in (Hakim & Saragih, 2019) perception is an individual's process of selecting, organizing and translating the information stimulus that comes into a comprehensive picture, price perception is how consumers sees prices as high, low and fair. This has a strong influence on both purchase interest and satisfaction with purchases.

(Fatmawati & Soliha, 2017) in (Suparwo & Hadi, 2021) . Price perception is often a factor in purchasing. The formation of price perceptions is an agreement between sellers and buyers in the bargaining process. Furthermore, Kotler and Armstrong (2018) in (Rachmawati & Jaenudin, 2022 ) explain that price perception is the exchange of a certain amount of money for a product or service.

Then price is the amount of value that consumers exchange for the amount of profit by owning or using goods or services. Kotler and Armstrong (2018) in (Suyanto et al., 2021) explain that price is the exchange of a certain amount of money for a product or service. Price perception is related to how price information is completely understood by consumers and provides deep meaning for the brand. According to Kotler and Armstrong, 2012 in (Kambey et al., 2022) in (Fauziah et al., 2023) Price perception is related to the value contained in the price related to the benefits of owning or using a product and service.

### **Buying decision**

According to Yusuf (2021) in (Ernawati, 2021) Purchasing decisions are thoughts in which individuals evaluate various options and make a choice on a product from many choices. Firmansyah (2019) in (Ernawati, 2021) says that the definition of a purchasing decision is a problem solving activity carried out by an individual in selecting an appropriate behavioral alternative from two or more behavioral alternatives and is considered the most appropriate action in purchasing first. through the stages of the decision-making process.

### **Influence Quality product on purchasing decisions**

Product quality has a positive and significant effect on purchasing decisions , according to Riyono and Budiharja (2016) in (Aprilia et al., 2021) that product quality has a positive and significant effect on purchasing decisions. Matter the showing that the more Good the quality of the products created in shops the more tall decision purchase Which done by consumer against products offered in the shop. Aryaditya's research (2020) in (Murtiningsih, 2023) defines product quality as everything offered to the market to arouse interest or fulfill desires. Mutiara & Syahputra (2018) in (Murtiningsih, 2023) The study shows that knowledge about the product has a significant impact on purchasing decisions .

H1: It is suspected that product quality has a positive influence on the decision to purchase gold at the Slamet Jaya Surabaya shop

### **Influence Price Perceptions on Purchasing Decisions**

Price is the value of goods or services used by customers to obtain goods or services, exchanged for money. Price is also an important factor to consider before making a purchasing decision (Prasetyo et al., 2017) in (Jennifer Nathania s, 2019) . Companies must apply competitive prices to be able to influence consumer buying interest, directing them to make purchases. In previous research by Said et al. (2017), and Rahmadianto et al. (2018) in (Jennifer Nathania s, 2019) found that price has a significant effect on purchasing decisions. Based on the discussion above, it is known that the price variable is an important variable in determining consumer purchasing decisions.

H 2: It is suspected that price perceptions have a positive influence on the decision to purchase gold at the Slamet Jaya Surabaya shop.

## **METHOD**

This research uses a quantitative approach with the population, namely consumers who own gold aged 17 - 50 years who have purchased gold at the Slamet Jaya Shop, Surabaya. The sample from this research obtained 98 respondents. The data analysis technique uses a *purposive sampling method*. Determination of sample size uses the formula according to Ghozali (2011) in (Sahrudin & Nadeak, 2022) because the exact population size is not known. The research instrument uses a questionnaire using a Google form which has been designed so that it is able to measure the weight

of the questions on all variables with partial least square (PLS) analysis which uses a Likert scale to measure the indicators at levels from points 1 to 5.

**RESULTS STUDY AND DISCUSSION**

In the PLS technique, there is a measurement model (outer model) and a structural model (inner model). The measurement model explains how large the proportion of variance is explained in the latent variable according to each manifest variable or indicator. Due to the nature of the measurement model, it is possible to determine which indicators play a greater role in the formation of variables latent. If outer model has explained and described, so process furthermore is inner model, Where process This will study influence from every variable between variable exogenous to variable endogenous which will be in investigate.

**Respondent Characteristics**

The data in this research was collected by researchers by distributing questionnaires to consumers of the Slamet Jaya Gold Shop, Surabaya . In study This, can known identity respondents based on age as following :

**Table 1. Characteristics Age Respondent**

No	Age	Amount	Percentage
1	17-22 years old	42	42.9%
2	23-28 years old	33	33.7%
3	29-30 years old	9	9.2%
5	>35 years	14	14.3%
total		98	100%

Source: Results of Questionnaire Distribution (2023)

Based on the table above, it can be seen that buyers who have purchased Slamet Jaya store products are dominated by those aged 17-22 years because at that age there is a high level of enthusiastic intention to buy gold products to save or store and use every day .

**Outer Loading**

**Table 2. Outer Loading**

Outer Loadings			
	Keputusan Pembelian (Y)	Kualitas Produk (X1)	Persepsi Harga (X2)
X1.1		0.850	
X1.2		0.869	
X1.3		0.772	
X1.4		0.836	
X1.5		0.797	
X2.1			0.856
X2.2			0.921
X2.3			0.803
Y.3	0.673		
Y1	0.809		
Y2	0.804		
Y4	0.874		

From the table above, the validity of indicators is measured by Factor Loading, which is the correlation between indicator with variables, if it is greater than 0.5 and/or p-values = significant, then the indicator is valid and is an indicator/measure of the variable Based on the outer loading table above, Loading Factor (factor loading) (for example for indicators on the Product Quality variable (X1), X1.1 = 0.850; X1.5 = 0.797 > 0.5 then meets convergent validity. The results of the analysis in the table above show that all indicators of the research variable are product quality variables, price perceptions and purchasing decisions have loading factors > 0.5 (Hair et al. 2013), then this indicator meets convergent validity.

**Construct Reliability and Validity**

**Table 3. Construct Reliability and Validity**

Construct Reliability and Validity				
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Keputusan Pembelian (Y)	0.802	0.820	0.871	0.629
Kualitas Produk (X1)	0.883	0.887	0.914	0.681
Persepsi Harga (X2)	0.825	0.845	0.896	0.742

The next measurement model is the Avarage Variance Extracted (AVE) value, namely the value indicating the magnitude of the indicator variance contained by the latent variable. Convergent AVE value greater than 0.5 also indicates good validity for the latent variable. The reflective indicator variable can be seen from the Avarage variance extracted (AVE) value for each construct (variable). A good model is required if the AVE value of each construct is greater than 0.5. The test results

show that the AVE value for the construct (variable) Product Quality, Price Perception and Purchase Decision has a value greater than 0.5 so it is valid.

Construct reliability is measured by the composite reliability value. A reliable construct if the composite reliability value is above 0.70 then the indicator is said to be consistent in measuring the latent variable. The test results show that the constructs (variables) Product Quality, Price Perception and Purchasing Decisions have a composite reliability value greater than 0.7. So it's reliable.

**Latent Variable Correlations**

**Table 4. Latent Variable Correlations**

Latent Variable Correlations			
	Keputusan Pembelian (Y)	Kualitas Produk (X1)	Persepsi Harga (X2)
Keputusan Pembelian (Y)	1	0.872	0.834
Kualitas Produk (X1)	0.872	1	0.817
Persepsi Harga (X2)	0.834	0.817	1

In PLS there is a relationship between variables or constructs with each other each other correlated One with Which other, Good That variable exogenous with endogenous, or exogenous and exogenous variables as shown in the latent variable table correlations above. The relationship between one variable and another has value The maximum correlation is 1, the closer the value is to 1, the more correlation there is the more Good.

From the latent variable *correlations table* above, the average correlation value is obtained The average between one variable and another shows the average correlation value currently. The highest correlation value is found between the product quality variable (X 1 ) with Decision Purchase (Y) as big as 0.872 matter This Also Can stated that between the variables in the research model, the relationship between the variables Product quality (X1 ) and purchasing decisions (Y) show a relationship Which more strong than connection between variable other, matter This Also Can It is interpreted that in this research model the decision is high and low Purchase more Lots influenced by Product quality compared Price Perception variable .

**R-Squere**

**Table 5. R-Squere**

R Square		
	R Square	R Square Adjusted
Keputusan Pembelian (Y)	0.804	0.800

R value <sup>2</sup> = 0.804 This can be interpreted that the model able to explain the phenomenon /problem of Purchasing Decisions by 80.40 %. Meanwhile, the remainder ( 19.60 %) is explained by other variables (apart from product quality and price perception) which have not been included in the

model and errors . This means that purchasing decisions are influenced by product quality and price perception by 80.40 % , while 19.60 % is influenced by variables other than product quality and price perception.

*Predictive Relevance (Q<sup>2</sup>)* or Q-Square measures how good a value is observations generated by the research model. Q-Square (Q<sup>2</sup>) values range between 0 until with 1. Model with validity predictive must have mark Q-Squared is greater than 0 (Sholihin and Ratmono, 2020). Getting closer mark 1 show mark observations produce more models Good .

On the contrary approach mark 0 will produce model Which No Good. Besides That, according to Ghozali And Lathan (2012) criteria strong And weak model based on mark Q-Square that is 0.35 (model strong), 0.15 (model moderate), 0.02 (model weak). The results of this Q-Square calculation are based on results that are already known use software warpPLS 6.0 that is 0.425. Mark Q-Square with use formula Stone-Geisser Q Square Test is as following (Ghozali,2016):

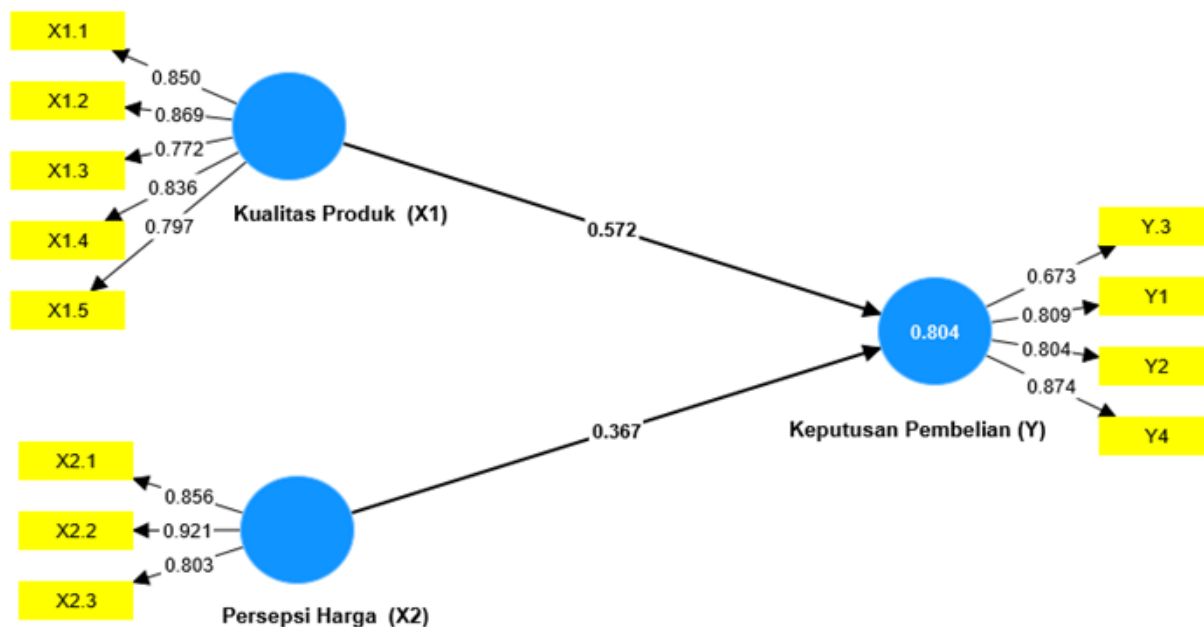
$$Q^2 = 1 - (1 - R^2)$$

$$Q^2 = 1 - (1 - 0.800)$$

$$Q^2 = 0.800$$

Mark Q-Square 0.800 showing that model Power ability predictive relevance is 80% and the remaining 20% is explained by other variables outside this research model and a value of 0.800 is categorized as a strong model, so that model study This worthy used For testing hypothesis. Furthermore You can see the path coefficient on inner model.

**PLS Model Analysis**



**Figure 1. PLS Model Analysis**

From the PLS output image, you can see the magnitude of the *factor loading value* for each indicator which is located above the arrow between the variables and indicators, you can also see the magnitude of the path coefficients *which* are above the arrow line between the exogenous variables and the endogenous variables. Apart from that, you can also see the size of the R-Square which is

right inside the circle of endogenous variables (Purchasing Decision variables). Therefore, it can be seen from the largest *loading factor* of the Product Quality indicator namely Conformity to specifications (X1.1), which is the largest indicator with a loading factor of 0.869. The factor loading for the Price Perception indicator is also Conformity of price to benefits (X2.2), which is the largest indicator with a *loading factor* of 0,921.

**Path Coefficients**

**Table 6. Path Coefficients**

Path Coefficients					
Mean, STDEV, T-Values, P-Values					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Kualitas Produk (X1) -> Keputusan Pembelian (Y)	0.572	0.582	0.079	7.279	0.0000
Persepsi Harga (X2) -> Keputusan Pembelian (Y)	0.367	0.358	0.083	4.414	0.0000

Hypothesis 1: Product quality has a significant positive effect on the decision to purchase gold jewelry at the Slamet Jaya Surabaya store and can be accepted. With a path coefficient of 0.572 and a T-Statistic value of 7,279>1.96 where the p-value=0.000 is smaller than the  $\alpha=0.05$  (5%). With significant (positive) results

Hypothesis 2: Price Perception (X2) has a Significant Positive effect on the Decision to Purchase Gold Jewelry at the Slamet Jaya Surabaya Store which is acceptable. With a path coefficient of 0.367 and a T-Statistic value of 4.414>1.96 where the p-value = 0.000 is smaller than the value  $\alpha=0.05$  (5%). With significant (positive) results with a path coefficient of 0.588 where the p-value = 0.000 is smaller than the value  $\alpha = 0.05$  (5%). With significant (positive) results.

**Discussion**

**The Influence of Product Quality on Purchasing Decisions**

Based on the results of research that has been carried out, this influence shows that there is a relationship between product quality and purchasing decisions, the better the product quality, the more it will influence consumers and have an impact on increasing product purchasing decisions.

This is also supported by research conducted by Andriati (2016) that product quality has a significant influence on purchasing decisions. Strengthened by research conducted by Dian *et al* (2019) and Ayuningtyas (2015) in (Aini & Andjarwati, 2020) shows that product quality has a significant effect on purchasing decisions .

**The Influence of Price Perceptions on Purchasing Decisions**

Based on the results of the research that has been carried out, this influence shows that there is a relationship between Price Perception and purchasing decisions, the better the price they offer, the better the price they offer, the impact on consumers will increase the decision to purchase a product. Price perception has a positive and significant effect due to the factors caused by one of the indicators in the variables, so it influences the decision to purchase gold jewelry at the Slamet Jaya Surabaya shop.

In previous research by Said *et al.* (2017), and Rahmadianto *et al.* (2018) in (Jennifer Nathania s, 2019) found that price has a significant effect on purchasing decisions. Based on the



discussion above, it is known that the price variable is an important variable in determining consumer purchasing decisions

## CONCLUSION

Based on the results of data analysis and previous discussions, related to Product Quality and Price Perceptions on Gold Purchasing Decisions at the Slamet Jaya Surabaya Shop, it can be withdrawn conclusion as following :

1. Product quality contributes to the decision to purchase gold products at the Slamet Jaya Surabaya Store. Therefore, increasingly implementing quality product quality can improve purchasing decisions
2. Price perception contributes to the decision to purchase Gold products at the Slamet Jaya Surabaya Store. This proves that the better the price offered, the more it will influence purchasing decisions.

## Suggestion

Based on conclusion on so there is a number of suggestion Which can given by writer,among them is :

1. The product quality analysis shows that the indicator that has the biggest influence on purchasing decisions is conformity with specifications or the ability to provide quality product characteristics in the Slamet Jaya store so that consumers have a view, as a purchasing decision. By the way consumers remember the goods or shops, namely by the influence of other factors, such as price perception, location and promotion, the presence of these factors will encourage consumers to make product purchasing decisions.
2. The Price Perception analysis shows that the indicator that has the biggest influence on purchasing decisions is the suitability of price and benefits or a reference for the price given to consumers, thereby increasing the decision to purchase gold products at the Slamet Jaya Surabaya Store.

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