

The Influence of Product Quality, Price, Product Innovation and Brand Image on Purchasing Decisions of Instant Noodles in Indonesia

Eka Nur Hidayah¹ & Ginanjar Rahmawan^{2*}

¹Sekolah Tinggi Ilmu Ekonomi Surakarta

²Sekolah Tinggi Ilmu Ekonomi Surakarta

e-mail: ekkafir06@gmail.com

Abstract

This research is motivated by data showing an increase in sales of indofood instant noodles. For this reason, researchers conducted research to see the effect of product quality, price, product innovation, and brand image on purchasing decisions for indomie instant noodles in Boyolali. Purposive Sampling is a method used in research with a sample size of 50 respondents. The data were processed using the Statistical Package for Social Sciences (SPSS). The results of the data analysis research explained that simultaneously and partially product quality, price, product innovation and brand image influence purchasing decisions. The coefficient of determination (R) of 0.729 means that product quality, price, product innovation and brand image are closely related to purchasing decisions and Adjusted R Square (R²) is 0.531 or 53.1%.

Keywords: Product Quality, Price, Product Innovation, Brand Image, and Purchase Decision.

1. Introduction

The times that are rapidly increasing have prompted changes in people's lifestyles to become more modern and practical in meeting their needs, especially food needs. The busyness of the community makes them not have much time to cook, therefore they choose fast food which is practically processed like instant snacks. Fast food is the choice of society today, fast food is very popular with the public because it is packaged and advertised attractively. In addition, this food is also easy to get, practical and tastes good (Hemmingsson, 2018).

Instant noodles are a choice of fast food which is often eaten because of the ease of serving and easy access. According to Mars Indonesia (2016) regarding the Profile of Consumption of Food Products, instant noodles are the preferred food of the Indonesian people, the results of a review conducted in several metropolitan cities in Indonesia show that 92.4 people are instant noodle consumers. This makes food industry competition more rapid, food companies are competing to meet the needs and desires of the community to win market share. Indofood Sukses Makmur Tbk is one of the many industrial instany in Indonesia, this company is led by Anthony Salim. The famous instant noodle brand from PT.Indofood is Indomie. Indomie brand instant noodles are very popular with people almost all over the world, This is evidenced by the Indomie brand instant noodles which have penetrated the foreign market share. Many factors make people buy indomie brand instant noodles, these factors include good taste, affordable prices and many choices of flavors. This causes Indomie

brand instant noodles to experience an increase in sales every year and Indomie occupies the first position in the Top Brand Index 2020.

According to Kotler (2007: 223), explaining that purchasing decisions are steps that customers must take before buying a product. Kotler & Armstrong (2014) argue that purchase decisions are a method used by buyers in making purchasing decisions, where consumers will buy seriously. Schiffman and Kanuk (2014) argue that purchasing decisions are an option from several alternatives, while Kotler & Armstrong (2013) think that if the marketing mix consists of promotion and distribution, product quality and product prices can influence purchase decisions.

Product quality can be said as the ability of a product to achieve its role which includes excellence, accuracy, simplicity of the process and revisions, as well as other quality marks that are able to meet consumer expectations (Kotler and Armstrong 2008). Product quality is the skill of the product to deliver decent work output and can exceed customer expectations (Kotler and Keller). Customers always buy good quality goods, high quality can increase consumer interest in the product, usually a product that is known to have good quality can make consumers interested in the product.

Price is the total money from consumers given to sellers to get the product or service purchased. Price is the total value submitted by the buyer in order to benefit from the goods or services owned or used (Philip Kotler, 2008: 345). In Suparyanto and Rosad (2015: 09) Kotler and Armstrong assume that price is some value for money from consumers who are given up in order to benefit, own and use a product or service. Consumers are more willing to buy products that are affordable in price and according to the quality provided by the product.

Innovation is a way to develop and add value to an item or form a product that is different from competitors' products. Kotler and Keller (2009) argue that innovation is a product, service, inspiration, and new understanding through individuals. Innovation as consumer's perception of new goods or services. Simply put, innovation can be said as a shortcut related to new stuff. Meanwhile, Fandy Tjiptono, et.al (2008: 438) explained that innovation is like the simple application of an idea into a new product process. The source of innovation can be from anywhere, from individuals, organizations or governments. By carrying out product innovation, it will be able to increase consumer interest in the product and even consumers will be interested in making purchases.

A brand image is a symbol or icon that differentiates a product from one company with another company's products. Aaker and Biel (1993) assume that Brand Image is a customer evaluation of the brand in the market. This creation can be realized on the basis of individual knowledge or knowing their superiority from other individuals. According to Kotler (2008: 258) Defines brands such as names, designations, signs, symbols, or creations, whose purpose is to distinguish a product or service between one seller and another. Consumers will be interested in purchasing goods that have a good brand image and a brand that is already well-known in the market, consumers will consider the brand to be safer than an unknown product brand.

2. Literature Review

Product Quality

According to Handoko (2002: 23) Product quality is the state of the product which is based on the evaluation of the conformity of the measuring standards that have been applied. The value of the product is declared quality if it is balanced with the standards that have been applied. While Kotler (2012) states that product quality is the specialty of a product or service that is able to be responsible for promises or inserts in order to meet consumer expectations. From this definition, the conclusion of product quality is the ability of a product to carry out its role in accordance with the wishes and expectations of consumers, if the wishes or expectations of consumers can be achieved and are proportional to the value for money that has been issued, the product is considered of good quality.

Price

Tjiptono (2008) states that the price is an amount of money for services or goods that customers are ready to sacrifice in order to obtain a variety of products and services prepared by the seller. According to Philip Kotler (2008: 345) price is the value of money from consumers to get benefits, namely having or using a product or service. Price is some value that is exchanged to get an item (Simamora 2001). If you look at the price, it is some value for money that must be sacrificed by consumers in order to get the product or service desired.

Product Innovation

Innovation is the practical application of an idea to a new product or process (Tjiptono & Chandra, 2012). Keegan & Green (2015) argue that innovation is a way to acquire resources with new capacities to form value. As quoted by Kotabe in Tamamudin (2012: 289) states that if the company increases product innovation, the company's performance will increase through increasing buying decisions. So it can be said that product innovation is a new discovery process that can add value to an item or create a product that has not there, that way consumers interested in the product will continue to increase.

Brand Image

As stated by Kotler and Keller (2009), brand image is a sorting process and in other words is a review to create a useful concept. Kotler (2002) brand is a name, designation, sign, symbol, part of the unity of a brand, has the purpose of marking and differentiating products or services from one seller to another. Tjiptono (2011: 112) defines brand image as a description of a company and the seriousness of the customer regarding a particular brand. It can be said that the brand image is a logo or symbol as a product differentiator from one company to another. A brand that has a positive product image can convince consumers to choose or buy the product.

Buying Decision

The purchase decision is the customer's attitude to agree to buy a product or not (Kotler, 2002). Another definition of purchasing decisions according to Schiffman and Kanuk (2009: 112) is the process of determining several purchase decision choices. Meanwhile, Kotler and Armstrong (2008: 181) argue that the purchase decision is an effort to choose which brand to buy. Based on the description, it can be said that the purchase decision is consumer behavior in buying an item with a certain brand.

Framework

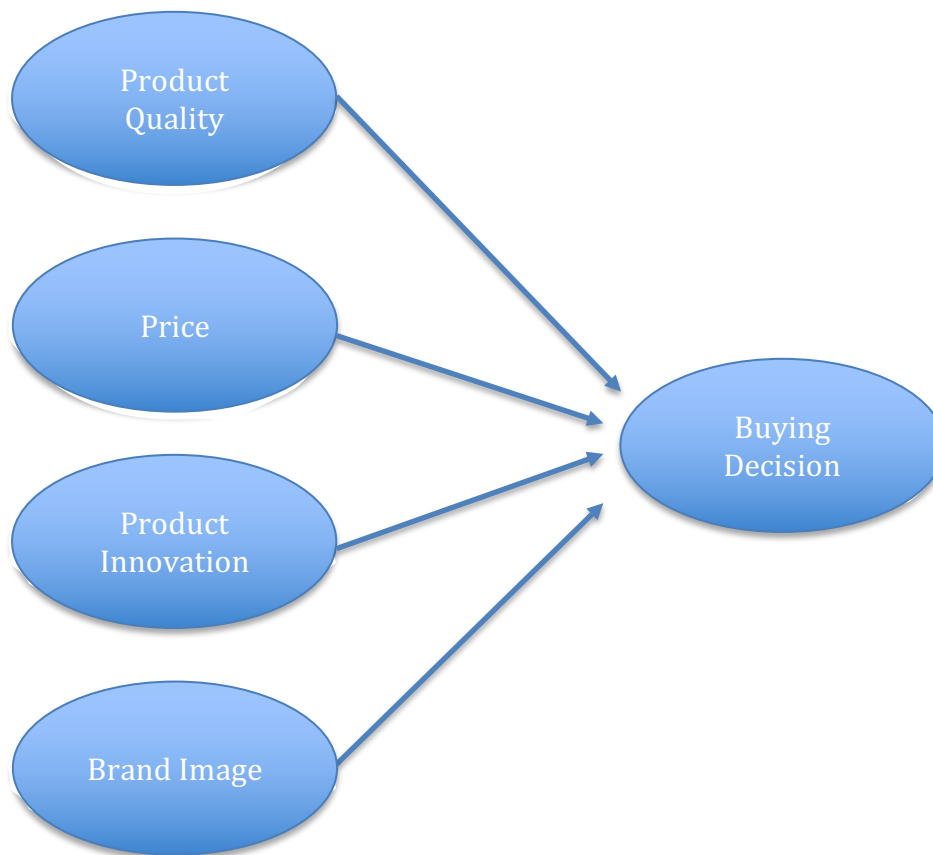


Figure 1. Research Framework

Hypothesis:

H1: Product quality has a positive and significant effect on buying decision

H2: Price has a positive and significant effect on buying decision

H3: Product innovation has a positive and significant effect on buying decision

H4: Brand image has a positive and significant effect on buying decision

3. Methods

The population determined by the researchers was the Boyolali people who had purchased Indomie brand instant noodles. The research sample was 50 respondents. Purposive Sampling is a technique that is applied to sampling, by determining the sample criteria, namely respondents who live in Boyolali and respondents who have purchased indomie brand instant noodle products at least 2 times. In this research, the data comes from primary data, which is obtained by distributing a questionnaire which contains a list of questions related to the product under study, and by means of an interview, namely face-to-face interviews with respondents. The analysis applied to research testing product quality, price, product innovation and brand image on purchasing decisions uses SPSS 16.0 for windows, with multiple linear regression techniques.

4. Results and Discussion

Validity Test

The validity test is a test used to determine the measure of the validity of an item. Admittedly valid if $r_{\text{count}} > r_{\text{table}}$. Based on the results of data processing, here are the results of the validity test in this study.

Table 1. Validity Test

Variables	Item	Validity
Product Quality	5	Valid
Price	5	Valid
Product Innovation	5	Valid
Brand Image	5	Valid
Buying Decision	5	Valid

Based on table 1 data, the value of r_{table} is 0.2787, the magnitude of the correlation of the variable statement of Product Quality, Price, Product Innovation, and Brand Image shows the value of $r_{\text{count}} > r_{\text{table}}$. So that it can be recognized if all variables are valid.

Reliability Test

Reliability test is applied to test indicators or items in the questionnaire. The results of reliability testing can be seen in the Cronbach's Alpha column, an item is called reliable if the Cronbach's Alpha value is > 0.60 .

Table 2. Reliability Test

Variables	Alpha Cronbach	Validity
Product Quality	0,671	Reliable
Price	0,629	Reliable
Product Innovation	0,621	Reliable
Brand Image	0,676	Reliable
Buying Decision	0,642	Reliable

From table 2, the value of the research variable for product quality is 0.672, the price is 0.629, the product innovation is 0.621, the brand image is 0.676 and the purchase decision is 0.642 which means that all Cronbach's Alpha variables are more than the normal limit of 0.60 so overall the variables are said to be reliable and able to process further data.

Multiple Linier Regression

Table 3. Coefficients

Model	Unstandardized Coefficients		t	Sig.
	B	Standardized Coefficients		
1	(Constant)	-5.949		.008
	Product Quality	.271	2.797	.025
	Price	.282	2.311	.004
	Product Innovation	.2430	3.060	.002
	Brand Image	.275	2.371	.000

Based on the SPSS output above, the regression equation is obtained as follows:

$$Y = -5,949 + 0.271 X_1 + 0.282 X_2 + 0.430 X_3 + 0.275 X_4$$

The model shows that: Constant = -5,949. It shows that the independent variable Product Quality (X1), Price (X2), Product Innovation (X3) and Brand Image (X4) on the dependent variable Purchase Decision (Y) is considered not constant at -5,949. Product Quality Coefficient (X1) = 0.271. This means that if the variable Price (X2), Product Innovation (X3) and Brand Image (X4) are constant, then with an increase in product quality, purchasing decisions will increase. Price Coefficient (X2) = 0.282. This means that if the variables of Product Quality (X1), Product Innovation (X3) and Brand Image (X4) are constant, then with the affordability of prices, purchasing decisions will increase. Product Innovation Coefficient (X3) = 0.430. This means that if the variable Product Quality (X1), Price (X2) and Brand Image (X4) are constant, then with an increase in product innovation, purchasing decisions will increase. Brand Image Coefficient (X4) = 0.275. This means that if Product Quality (X1), Price (X2) and Product Innovation (X3) are constant, then with an increase in brand image, purchasing decisions will increase.

Goodness of Fit

Table 4. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	189.585	4	47.396	12.761	.000 ^b
Residual	167.135	45	3.714		
Total	365.720	49			

The results of the F table 4 test, it is known that the Sig. 0.000 less than 0.05, this value has meaning if the variables of Product Quality (X1), Price (X2), Product Innovation (X3), and Brand Image (X4) significantly influence purchasing decisions (Y) indomie brand instant noodles, thus the hypothesis is proven.

Coefficient of Determination (R²)

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729 ^a	.531	.490	1.927

From the calculation of table 5, it is obtained:

1. The coefficient of determination (R) is 0.729, this value is significant if the independent variable has a strong bond to the dependent variable, namely the Purchase Decision.
2. The value of the R square coefficient is 0.531 or 53.1%, which means that 53.1% of purchasing decisions are influenced by independent variables and the remaining 46.9% is influenced by variables outside the research.

5. Conclusion

Based on the description of the research results starting from theoretical exposure to data collection and data presentation as well as analysis and discussion, it can be concluded that all hypothesis is accepted. First, product quality has a positive and significant effect on the buying decision. Second price has a positive and significant effect on the buying decision. Third, product innovation has a positive and significant effect on the buying decision. And brand image has a positive and significant effect on the buying decision.

From the research results, it can be seen that the variables of product quality, price, product innovation, and brand image greatly influence purchasing decisions. Therefore, companies must maintain the quality of their products so that the Indomie brand instant noodles remain the choice of consumers. Companies are advised to maintain prices that are in accordance with the quality of their products. Companies must continue to innovate products to attract consumers and meet consumer needs, and maintain their brand image so that consumers remain confident in indomie brand instant noodle products. For further researchers it is suggested to research with other variables, because there may be many other independent variables that can influence purchasing decisions.

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