

An Analysis of Product Quality, Variations, And Prices on Purchase Decisions Case Study of Suzuki Ertiga Car Dealer at PT. Trans Sumatera Agung, Medan City

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Abstract

Car brand in the automotive market in Indonesia currently comes from Europe and Asia. Examples of these brands are Mitsubishi, KIA, Honda, Daihatsu, Suzuki, Ford, Proton, and Toyota. One of the most sold car variants in Indonesia is the MPV (Multi-Purpose Vehicle) types control nearly 60% of the national automotive market share. This is inseparable from the perception of the price of this type of family car which is relatively affordable for the middle class in Indonesia. (This study focuses on testing the consumer buying decision model for Multi-Purpose Vehicle (MPV) cars. The research model involves three independent variables, namely product quality, product variety and price, and the dependent variable of purchasing decisions. There are 90 respondents with criteria as car owners and visitors to PT. Trans Sumatera Agung (Suzuki Car Dealer Sisingamangaraja Hajosari II Medan Amplas) domiciled in Medan Indonesia. The data obtained were analyzed using the SPSS program. The results of the study found that three independent variables were proven to be able to positively and significantly influence consumer decisions in buying MPV cars. However, this study also found that, surprisingly, the product quality variable had a greater influence than the price and product quality variety variables. While the least influence on purchasing decisions is product variation. This study recommends the company management pay attention to the element of product quality, product variety, and price in preparing its promotional program to attract more consumers to buy Multi-Purpose Vehicle (MPV) cars.

Keywords

Multi-Purpose
Vehicle, Product
Quality; Product
Variation; Price;
Purchase Decision



I. Introduction

Currently, one of the rapidly growing industries in Indonesia is the automotive industry. Its development was marked by the continued increase in the types and number of vehicles owned by the people in the country, cars are no longer for the elite, but have penetrated the middle class. This fact is the main motivation used by car manufacturers to launch various types of new cars. (Automotive, 2021) Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

Car Brands in the automotive market in Indonesia currently come from Europe and Asia. Examples of these brands are Mitsubishi, KIA, Honda, Daihatsu, Suzuki, Ford, Proton, and Toyota. One of the most widely sold car variants in Indonesia is the MPV (Multi-Purpose Vehicle) category as a whole, MPV (Multi-Purpose Vehicle) types control

nearly 60% of the national automotive market share. This is inseparable from the perception of the price of this type of family car which is relatively affordable for the middle class in Indonesia. There are many brands of MPV category vehicles offered in the market, however, brands from Toyota and Honda are still the most purchased brands by consumers.

Based on the automotive compass in 2021, sales of MPV type cars in Indonesia in 2020 are Toyota Avanza with 86,374 units, then Xpander with 62,666 units, Suzuki Ertiga with 24,549 units, Daihatsu Xenia with 21,647 units, Honda Mobilio with 15,318 units, Wuling Confero with 9,137 units and Nissan Livina of 8,609 units (Automotive 2021).

Buying decisions are decisions made by individuals because of external and internal stimuli that exist in the individual (Amron 2017). The purchase decision is the stage in the buyer's decision-making process where the consumer buys (Kotler & Armstrong 2014). A purchase decision is defined as a choice of two or more choices (Schiffman & Kanuk 2014).

Research on the factors that influence product purchasing decisions has been carried out by previous studies. For example, Baruk & Iwanicka (2015) and Kianpour et al (2014) examined the effect of product quality on purchasing decisions, while Beneke, et al (2013) examined purchasing decisions related to competitive prices. Other researchers, such as Saaksjarvi & Samiee (2011) and Chinomona (2016) examined the relationship between purchasing decisions in terms of brand image. Therefore, this study aims to determine the effect of product quality, product variety, and price on the interest in buying Suzuki Ertiga cars in Medan Indonesia. Besides that this research is useful for company management to formulate their promotion strategy to increase the number of MPV car buyers.

II. Review of Literature

2.1 Decision Consumers

A purchase decision is the selection of two or more options to make a purchase (Hsin Chang & Wang, 2011). The purchase decision is to buy the brand that consumers want the most (Hsin Chang & Wang, 2011). Purchasing decisions are very important when there are many choices with the same function for goods and services (Amron & Usman, 2016). Purchase decisions made by consumers are based on various consumer motives and certain impulses. The stronger the consumer's impulses and motives, the stronger the decision to buy a particular product (Bai & Qin, 2016; Hsin Chang & Wang, 2011).

Consumers make many buying decisions every day. Large companies examine consumer buying decisions in detail to be able to answer the questions: what, where, how, how much, when, and why they buy. Marketers can study consumer purchases to answer the questions: what, where, and how much they buy, but they learn about why consumer buying behavior is not very easy (Hsin Chang & Wang, 2011; Vinnikova, 2016). Companies must be able to capture the impulses and motives of their consumers to make purchases (Fall Diallo, et.al, 2013)

Many previous studies have examined purchasing decisions in buying goods by linking several factors. For example, Baruk & Iwanicka (2015) and Kianpour, et.al (2014) examined consumer purchasing decisions related to product quality. Beneke, et.al (2013) examined the relationship between purchasing decisions in terms of brand image.



Figure 1. Brand of Car

2.2 Association of Product Quality with Purchase Decision

Product quality concerns the general durability of a product, reliability, precision, ease of operation, and other attributes. Although some attributes can be measured from the marketer's point of view, product quality must also be measured by the buyer's perception (M.Deliya & J.Pamar, 2012). Product quality must also be determined by the way consumers perceive the product. From a marketing perspective, quality is the ability of a product to satisfy consumer needs or wants. This definition focuses on consumers and how consumers think that a product will fulfill certain goals (Baruk & Iwanicka, 2015)

Beyond the level of product quality, high quality also means delivering the target quality level consistently to consumers. In this sense, product quality means no defects and variations. All companies should strive for a high level of quality consistency (Rundh, 2009). Companies turn product quality into a potential strategic weapon. Quality strategy is to improve quality slightly above competitors by consistently providing better products and services to serve consumer needs and preferences for product quality (M.Deliya & J.Pamar, 2012).



Figures 2. Product Quality Decision

Provision of the right product at the right time, place and the way consumers want is a challenge in itself. It is true, whether the main service products, goods, or as usual, a combination of the two. Marketing managers have to think about the whole product; available products and ensure that all elements are aligned in the marketing strategy. A product is sometimes not enough to meet consumer needs. Therefore, it is necessary to mix it with other products (Wang, 2013). Companies that are unable to create new products will face risks, such as decreased sales volume, due to the emergence of more creative competitors, changing consumer tastes, and the emergence of new technologies in the production process (M. deliya & J. Parman, 2012; Wang, 2013).

Many studies link product quality with customer purchasing decisions in several different aspects (Baruk & Iwanicka, 2015; Beneke et al., 2013; Kiankapour et al., Tirelli & Pilar Martinez-Ruiz, 2014). For example, Baruk & Iwanicka (2015) examined the influence of product quality on purchasing decisions in Poland. The results of the study prove that there is a strong influence between product quality and purchasing decisions. Beneka, et al (2013) researched it by taking household products in South Africa by involving 157 respondents.

The results showed that there was a positive influence between product quality and purchasing decisions. Furthermore, Kiankapour et al (2014) examined product quality by incorporating environmental elements in Malaysia with the result that product quality is associated with purchasing decisions. Similarly, Tirelli & Pilar Martinez-Ruiz (2014) investigated in Spain involving 139 international student respondents, and they found that product quality was associated with purchasing decisions. Based on the research, the researcher formulated a hypothesis;

H1: Product quality has a positive effect on purchasing decisions.

2.3. Association of Product Variations with Purchase Decisions

Kotler & Armstrong (2018) define product variation as a separate unit within a brand or product line that can be distinguished based on size, price, appearance, or other characteristics. Meanwhile, according to Tjiptono (2015) Product variations are suitable to be chosen if the company intends to take advantage of product flexibility as a competitive strategy with manufacturers, for example, standard products. Based on the understanding of these experts, the researcher concludes that product variation is a wide variety of products based on size, price, appearance, or other characteristics as a distinguishing element.

The definition of product variation according to Alma (2014) is a set of attributes, both tangible and intangible, including color, price, manufacturer's name, design, and service that the buyer accepts as satisfying his or her wants. Previous research conducted by Santos, et al (2020) showed that the CR (Critical Ratio) value for the effect of product innovation on marketing performance was 4.685 with a P-value (Probability) of 0.001. Both of these show results that meet the requirements, which are above 1.96 for the CR (Critical Ratio) and below 0.05 for the P-value (Probability). So it can be concluded that product innovation has a positive and significant effect on marketing performance and increasing product selling value. Based on the research, the researcher formulated the hypothesis;

H2: Product variations have a positive effect on purchasing decisions.

2.4. Associate Price with Purchase Decision

In certain cases, prices that are too high can be protested by consumer agents and even invite government intervention to lower them. In addition, large profit margins tend

to attract competitors to enter the same industry. Meanwhile, if the price is too low, the market share will increase, but the contribution margin and net profit will decrease. In addition, some consumers may perceive poor quality (Boksberger & Melsen, 2011).

Many studies link the price of goods with purchasing decisions seen from various aspects. For example, the study by Beneke, et al (2013) examined the effect of price on purchasing decisions for household products in South Africa. Therefore, the researcher made the following hypothesis:

H-3: Price has a significant effect on purchasing decisions.

III. Research methods

This study uses three independent variables and one dependent variable, that is; product quality, product variety, and price as independent variables and purchasing decisions as to the dependent variable. Researchers used previous research as a discussion of variable associations and made research hypotheses. Questionnaires were used to obtain primary data and to determine the characteristics of respondents who became the source of research data. There are 90 respondents with criteria as car owners or visitors to PT. Trans Sumatra Agung (Suzuki Car Dealer Jalan Sisingamangaraja Hajosari II Medan Amplas) who are domiciled in Medan, Indonesia. The data obtained were analyzed using the SPSS program.

IV. Results and Discussion

4.1 Data of Respondent

The number of questionnaires distributed was 100. However, 90 questionnaires were declared complete and processed. The criteria for male respondents are 71 percent and 29 percent for female respondents. The percentage of respondents aged 20 to 30 years was 31 percent, aged 31 to 40 years was 43 percent, and aged 41 to 50 years was 26 percent. The percentage of respondents' education levels are; 33 percent graduated from high school, 47 percent graduated from university, and 20 percent graduated from graduate programs. Provinces of respondents who work in private companies reach 42 percent, 20 percent are civil servants and the remaining 38 percent work as entrepreneurs.

4.2. Test Data Validity and Reliability

The results of the validity test in the study (Table 1) show that the r-count of the product quality questionnaire, product variety, price, and purchasing decisions is greater than the r-table (0.197) which means that the variable questionnaire is valid as a variable measuring instrument.

Table 1. Validity Test

Variable	Question Items	r-count	r-table	Description
Product quality	Item 1	0.666	0.205	Valid
	Item 2	0.586	0.205	Valid
	Item 3	0.677	0.205	Valid
	Item 4	0.578	0.205	Valid
	Item 5	0.689	0.205	Valid
	Item 6	0.754	0.205	Valid
	Item 7	0.478	0.205	Valid

	Item 8	0.698	0.205	Valid
Product Variations	Item 1	0.458	0.205	Valid
	Item 2	0.467	0.205	Valid
	Item 3	0.568	0.205	Valid
	Item 4	0.587	0.205	Valid
	Item 5	0.596	0.205	Valid
	Item 6	0.476	0.205	Valid
	Item 7	0.532	0.205	Valid
	Item 8	0.512	0.205	Valid
Price	Item 1	0.423	0.205	Valid
	Item 2	0.464	0.205	Valid
	Item 3	0.542	0.205	Valid
	Item 4	0.573	0.205	Valid
	Item 5	0.514	0.205	Valid
	Item 6	0.432	0.205	Valid
	Item 7	0.516	0.205	Valid
	Item 8	0.527	0.205	Valid
Buying decision	Item 1	0.486	0.205	Valid
	Item 2	0.485	0.205	Valid
	Item 3	0.573	0.205	Valid
	Item 4	0.525	0.205	Valid
	Item 5	0.591	0.205	Valid
	Item 6	0.440	0.205	Valid
	Item 7	0.581	0.205	Valid
	Item 8	0.542	0.205	Valid

Source: Data processed 2022

Then the reliability test was carried out using Cronbach Alpha (α) with provisions if the variable Cronbach Alpha (α) > 0.70 then the questionnaire is reliable. The results of the reliability test obtained that the Cronbach Alpha value for the variables of product quality, product variety, price, and purchasing decisions was greater than the reliability standard. This shows that the questionnaire used by each research variable is proven to be reliable (Tables 2).

Tables 2. Reliability Test

Variable	Cronbach Alpha	Reliability Standard	Information
Product quality	0.789	0.70	Reliable
Product Variations	0.827	0.70	Reliable
Price	0.858	0.70	Reliable
Buying decision	0.785	0.70	Reliable

Source: Processed data (2022)

4.3. Normality, Heteroscedasticity, and Multicollinearity Test

The normality test of this study used the P-Pilot chart. Based on the test, it is known that the points on the P-Plot graph coincide and follow the direction of the diagonal line. So, it can be concluded that the data is normally distributed. In addition to the normality

test, this study also conducted a heteroscedasticity test. The test is carried out using a Scatterplot diagram. The results showed that the points on the graph did not form a clear pattern, and the points spread higher and lower than 0 on the Y-axis. It was concluded that there was no heteroscedasticity.

The multicollinearity test in this study is indicated by the tolerance value and the variance inflation factor (VIF) value. The smallest tolerance value in this study is 0.0442 and the spread is 0.0492. By referring to the provisions of the tolerance value > 0.10 , it can be concluded that the tolerance value of this study meets the requirements. Similarly, the value of the variance inflation factor (VIF) meets the requirements of $VIF < 10$. Because the smallest VIF value from this study is 2.078 and the largest is 2.269, it can be concluded that the variables in the regression model of this study do not have multicollinearity.

4.4. Multiple Regression Results

The results of multiple regression in the study are shown in the table below.

Tables 3. F ANOVAb . test

Model	Sum of Square	df	Mean Square	t	Sig
1. Regression	433,248	3	144,416	60.468	,000a
Residual	257,589	89	5.051		
Total	690,836	92			

a. Dependent variable: Purchase Decision

b. Predictors: (Constant0, Price, Product Quality, Product Variation

Source: Processed data (2022)

Tables 4. t-test Coefficienta

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	,118	,461		,257	,799
Product quality	,389	,093	,372	4,225	,000
Product Variations	,251	,103	,254	4.018	,000
Price	,352	,112	,332	3.051	,004

a. Dependent variable : Purchase Decision

Source: Processed data (2022)

Tables 5. Coefficient of Determination Model Summaryb

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	0.918a	,842	,835	1.005

a. Predictors (Constant), Price, Product quality, Product variety

b. Dependent Variable : Purchase Decision

Source: Processed data (2022)

The F test in this study resulted in an F-count of 60.468 with a significant level of 0.000. By referring to the provision that the sig value is less than 0.05 ($\alpha = 0.05$), the F test of this study meets the requirements. It can be concluded that all the independent variables in this study collectively have a significant influence on the purchasing decision variables. The results of the t-test in this study showed the lowest value of 3.051 with sig. 0.004 and the highest score is 4.225 with aig. 0.000. With reference to the provisions of sig. <0.05 , it can be concluded that the purchase is positive.

4.5. Analysis Result

This study was conducted to examine the effect of product quality, product variation, and price on the decision to purchase a Suzuki Ertiga car by taking a location at PT. Trans Sumatra Agung (Suzuki Car Dealer Jalan Sisingamangaraja Hajosari II Medan Amplas) Medan, Indonesia. Based on the results of the analysis using multiple regression obtained the fact that product quality has a positive and significant impact on purchasing decisions. In addition, price and brand image variables are also able to influence decisions in a positive direction.

The first finding of the study is in the form of a significant influence of product quality on consumer decisions with a positive direction indicating that the higher the quality of the products offered, the higher the consumer's desire to decide to buy a Suzuki Ertiga car. The effect of product quality of 0.0372 on purchasing decisions shows that, compared to the influence of two other variables, namely product variation and price, in the eyes of consumers, product quality plays the largest role in influencing consumer decisions to buy a Suzuki Ertiga car. Therefore, it is suggested to the company management to always pay attention to the elements of product quality development so that consumers are more confident and believe in deciding to buy a Suzuki Ertiga car.

This study is in line with previous research (Baruk & Iwanicka, 2015; Beneke, et al, 2013; Kianpour, et al, 2014; Tirelli & Pilar Martinez-Ruiz, 2014). However, this study has differences from several other studies. Based on the results of a descriptive analysis of the results of the study, it was found that what is considered the most important by consumers in assessing product quality is the strength of the interior of the product, such as the durability of the upholstery. According to respondents, the more durable the interior, the higher the quality of the product. On the other hand, what other consumers consider the most important is fuel efficiency. Therefore, it is suggested to the management of the company that in addition to maintaining the quality of the interior. The trick is to make the inside of the vehicle durable and long-lasting,

The second finding in this study is that product variations affect purchasing decisions for the Suzuki Ertiga car brand by 0.254. The results of the study can be interpreted that the higher the variation of the Suzuki Ertiga car product, the higher the increase in consumer purchasing decisions. Product variation according to Alma (2013) is a set of attributes, both tangible and intangible, including color, price, factory name, design, and service received by buyers as something that can satisfy their desires. The results of this study are in line with the research of Cinomona (2016) and Saaksarjavi and Samiee (2011).

The third finding in this study is that the price that can influence consumer purchasing decisions in a positive and significant direction is 0.332, so it is suggested to company management to always keep prices competitive to influence the increase in the number of consumers who decide to buy their cars. The results of this study are in line with the research of Beneke, et al, (2013) but there are differences from previous studies seen in the perception of respondents in considering competitive prices. The study found that consumers see that prices must still contain elements of safety for Suzuki Ertiga car

users. Therefore, it is recommended to the company management to always provide competitive prices while maintaining the safety of its users.

The value of the coefficient of determination can be seen in the Adjusted R Square of 0.842 (see table 5). The results showed that product quality, product variety, and price were able to explain purchasing decisions by 84.2% (Table 5).

V. Conclusion

This study comprehensively examines the effect of product quality, product variety, and price on the decision to purchase a Suzuki Ertiga car in Medan, Indonesia. The results of the study surprisingly found that the product quality variable had a greater influence than the other two variables. Therefore, it is suggested to the company management to always improve the quality of Suzuki Ertiga car products so that consumers are sure to always decide to buy them. Improved product quality can be done by providing interior materials that are durable and fuel-efficient.

In connection with the results of other studies, product variations and prices have a positive effect on determining consumers to buy Suzuki Ertiga car products. It is recommended to the company management to always provide competitive prices without reducing the safety facilities for Suzuki Ertiga car passengers so that it will form a safe and comfortable Suzuki Ertiga car brand image which in the end has an impact on consumer decisions to buy Suzuki Ertiga car products.

This study also suggests to company management consider product features and convenience in providing facilities and infrastructure because these two components are considered by consumers as the most important factor in deciding to choose an MPV car apart from the car's fuel consumption. This study also suggests that marketers build brand image and brand trust by always providing pleasant explanations about product quality and competitive prices to create a strong perception that the MVP car is a comfortable family car.

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