Product Quality Analysis of Customer Purchase Decisions of Palm Oil Products with the Role of Distribution Channel (Case Study of Palm Oil Companies)

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ABSTRACT: The purpose of this research was to examine and analyze the effects of product quality and distribution channels on the purchase decisions of Crude Palm Oil consumers in palm oil companies. The product quality, distribution channel, and purchase decision theories were applied in this study. The quantitative descriptive approach was used in the research, and the type of research was quantitative descriptive. The research was explanatory descriptive, with a multiple linear regression analysis method. The population in this study consisted of 112 customers from the oil palm sector, and the sampling technique employed was saturation sampling. The results showed that simultaneously product quality and distribution channel had a positive and significant impact on the purchase decisions of customers for Crude Palm Oil products at companies in the oil palm sector. Partially, product quality has an effect on product purchase decisions in oil palm companies and partially distribution channel have a significant effect on product purchase decisions in oil palm companies. With a coefficient of determination of 0.384, this suggests that product quality variables and distribution channel explain 38.4% of the variation in purchase decision variables, while the remainder is explained by variables other than the variables analyzed.

1. INTRODUCTION

Purchase decisions are actions taken by consumers to purchase a product. Consumer purchase decision-making is a process that involves picking one of the numerous possible problem-solving options and then following through on it. Following that, the customer can evaluate the option and decide what attitude to take next. Before making a purchase decision, customers normally go through several stages, including problem recognition, information search, alternative evaluation, purchase decisions, and pre-purchase behavior.

Toscano Company is one of Indonesia's palm oil (CPO) producers. This company has provided a significant amount of CPO to various well-known palm oil processing companies in the Medan and Jakarta areas. In addition to palm oil (CPO), this company also sells shell and kernel products. In this study, researchers will specifically discuss Crude Palm Oil products. The company's current problem is that its sales do not meet the sales targets that have been established. The cause of the decline is because customer satisfaction with the quality of the company's products has not been achieved, and the distribution channel is unsatisfactory.

The Toscano Company's sales are declining due to various factors. Following interviews with several customers, one of the keys to sales success is obviously the product's quality. The final product must be good, in the sense that it can serve its purpose and satisfy the criteria that customers expect when purchasing a product. Product quality is defined as a product's ability to provide benefits following the needs and expectations of consumers. The perceived quality of the product by the customer will affect the company's performance. As a result, companies that fulfill consumer demands must be able to provide product quality that meets customer expectations, so that it can subsequently encourage customer interest in purchasing the products offered. Product quality is one of the factors that influence consumer purchase decisions at Toscano Company. Oil of excellent quality, such as clear and odorless oil, will attract consumers to buy the oil; otherwise, dirty oil and a rancid smell are some of the causes of Toscano Company's dropping sales.

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2. LITERATURE REVIEW

According to Assauri (2014: 211), product quality is one of the main tools to achieve a product position. Quality indicates the level of ability of a particular brand or product in carrying out the expected function. To assess product quality, we look at how satisfied a consumer is with how a product or service performs. Products that provide the greatest quality in terms of performance, attractiveness, or unique features will be sought after by consumers (Alisan & Sari, 2018).

According to Suparyanto and Rosad (2015: 159), a distribution channel is all interrelated organizations in the delivery of products from producers until they can be consumed by final consumers. According to Sangadji and Sopiah (2013: 20), the distribution channel is the path through which the flow of goods from producers to final consumers is carried out either through long or short intermediaries.

According to Siswandi (2011:143), a decision is the determination of the desired choice. While decision making refers to the determination or selection of an alternative from among multiple possible options.

Fig. 1 Conceptual Framework
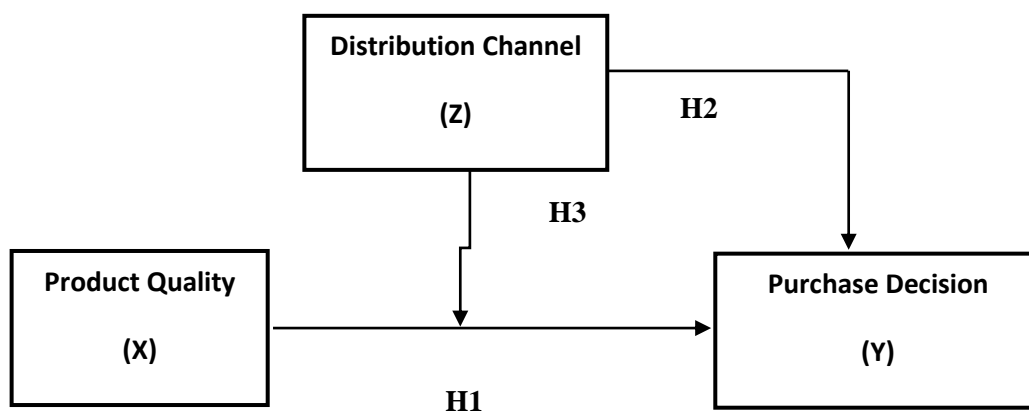
The hypothesis of this research is as follows:

H_1: Product quality has a positive effect on product customer purchase decisions

H_2: Distribution channel has a positive effect on product customer purchase decisions

H_3: Product quality has a positive effect on product customer purchase decisions through moderating variables

3. METHODOLOGY

According to Sugiyono (2015: 148), a population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and draw conclusions. The population used in this study was Toscano Company customers in 2018, totaling 112 customers.

4. RESULT AND DISCUSSIONS

4.1 Reliability-Analysis

A reliability test, according to Priyatno (2013:30), is a measuring instrument that is considered to be reliable if the tool in measuring a symptom consistently produces the same results. Cronbach's alpha is a prominent reliability test technique. This method works well with scores that are on a scale (e.g. 1-4, 1-5) or in a range (e.g. 0-10, 0-30).

1. If the Cronbach's alpha value > 0.60 then it is declared reliable
2. If the Cronbach's alpha value < 0.60 then it is declared unreliable

Table 1: Reliability Analysis

Variable	Reliability Value	Information
Product Quality (X)	0,754	Reliable
Distribution Channel (Z)	0,853	Reliable
Purchase Decision (Y)	0,899	Reliable

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It is shown that all of the three variables get high Cronbach's alpha. The Cronbach's alpha bigger than 0.6 is accepted.

4.2 Validity (F-Test and T-Test)

According to Ghozali (2013), F-test and T-test shows how far the influence of one explanatory/independent variable is in explaining the variation of the dependent variable.

Table 2: F-TEST

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	678,220	3	226,073	24,153	,000[b]
	Residual	1010,887	108	9,360		
	Total	1689,107	111			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Moderator, Product Quality, Distribution Channel

Table 3: T-TEST

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.766	2.624		2.579	.011
	Product Quality	.249	.082	.227	3.038	.003
	Distribution Channel	.654	.082	.597	8.003	.000

From Table II and III above, the outcome shows that the legitimacy is substantial. It implies that the theory is acknowledged.

4.3 Normality Test

Normality test is overseen as its prerequisite. By utilizing the one-sample Kolmogorov-Smirnov test, it shows that the gathered information is dispersed regularly. Table 4 below shows the outcome.

Table 4: Statistical Normality Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			112
	a,b	Mean	0E-7
		Std. Deviation	3.03433950
Most Extreme Differences		Absolute	.093
		Positive	.080
		Negative	-.093
Kolmogorov-Smirnov Z			.985
Asymp. Sig. (2-tailed)			.286

Test distribution is Normal.

Calculated from data.

The value of $p = > 0.05$ on the measurement results of the Kolmogorov-Smirnov test, as shown in Table 4 above, indicates that the results with a value of 0.286 are larger than 0.05. Thus, it is possible to conclude that the data is normally distributed. As a result, it is possible to conclude that the data is normally distributed.
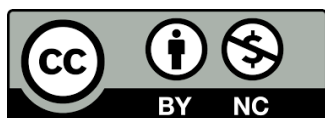
5. CONCLUSION

Based on the results of research and discussion, it can be seen that product quality and distribution channels have a partial effect on the purchase decision. Purchase decision through moderating variables is not able to increase the influence on the purchase decision.

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