

The Influence of Product Quality, Price, and Information on Buying Decisions of Bulk Cooking Oil in Wringinanom District, Gresik District



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ABSTRACT: The price of bulk cooking oil in East Java, which has decreased and increased in the last five years, is also followed by an increase in consumers of bulk cooking oil from 2017 to 2021. Bulk cooking oil is a very important staple, because almost all food is cooked using oil fry. This study analyzes the characteristics of consumers of bulk cooking oil, the reasons consumers buy, and analyzes the factors that influence purchasing decisions. This research was conducted in a traditional market, namely Pasar Sasak. The sampling technique was "accidental sampling" with a total of 56 consumers of bulk cooking oil. The sample criteria are bulk cooking oil consumers aged 15-64 years. The analytical method uses SEM-PLS with the help of the SmartPLS version 4 application. The results of this study indicate that product quality, price, and information have a positive effect on purchasing decisions for bulk cooking oil.

KEYWORDS: Bulk Cooking Oil, Quality, Price, Information, Purchase Decision.

INTRODUCTION

Cooking oil is a necessity that is needed by all groups, because almost everyone uses cooking oil to meet their food needs through the frying stage. Price competition for cooking oil products in East Java is currently quite high. According to Buchari (2018), price is the value of an item expressed in money.

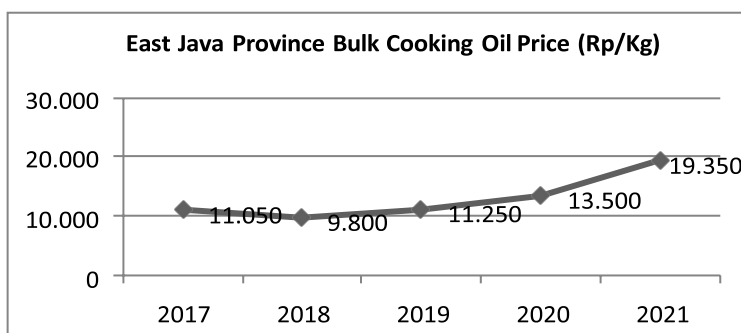


Figure 1. Bulk Cooking Oil Prices in East Java

Source: National Strategic Food Price Information Center, 2022

Figure 1 shows that during the last five years, the price of bulk cooking oil has decreased and increased. The decline in bulk cooking oil prices occurred in 2018, while a very drastic increase in bulk cooking oil prices occurred in 2021.

Table 1. Consumption of Bulk Cooking Oil in East Java 2017-2021

Year	Consumption (Million Liters)
2017	415,0
2018	417,5
2019	424,5
2020	463,0
2021	496,5

Source: East Java Central Bureau of Statistics, 2022

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Even though the price of bulk cooking oil has increased quite drastically, bulk cooking oil is still in great demand by the public, especially fried food traders and street vendors. Quality is a measure for assessing an item or service as having use value, in accordance with what is desired or in other words an item or service is considered quality, if it functions or has use value as desired (Sunyoto, 2018).

For consumers from among housewives, bulk cooking oil is a very important basic need, because almost all food is cooked using cooking oil. Price and product quality are also the factors that most determine the consumer's final decision, because product quality is a consideration for consumers in choosing a product.

LITERATURE REVIEW

A. Product Quality

Bulk cooking oil is sold to the market without using a brand and product label, which is usually put in jerry cans or large drums and then sold to consumers in retail (Bukhori and Tutik, 2017). Tjiptono (2017), explains that product quality is a dynamic condition related to products, services, people, processes, and the environment that meet or exceed expectations. According to Astuti (2017), product quality is the product's ability to carry out its duties which include durability, reliability or progress, strength, ease of packaging, and product repair (damage repair).

B. Price

Irawan (2019), states that price is the amount of the exchange rate that is determined, attached to a product, and calculated based on the costs incurred so as to get a profit. Dewi (2017), explains that price is a cost or something that must be incurred by the buyer to get the value of the goods or services he buys to satisfy his wants and needs. Price can also be interpreted as the amount that will be paid by the buyer for goods or services, while for sellers the price can be interpreted as the value requested for the goods offered to consumers (Simamora, 2020).

C. Information

Information is an additional (new) variable formed from survey results. Information is data that has been processed into a meaningful form, for current or future decision making (Davis, 2013). Sutabri (2016), says that information is data that has been classified or processed or interpreted, to be used in the decision-making process. Information is like blood that flows in the body of an organization, so that information has a very important function in an organization. Information is data that has been processed into a form that is more useful and more meaningful to those who receive it (Rahardja, 2017).

D. Purchase Decision

Purchase decision is the selection of two or more options to make a purchase (Amron, 2018). Kotler & Armstrong (2016), define purchasing decisions as part of consumer behavior. Consumer behavior is the study of how individuals, groups and organizations select, buy, use and how goods, services, ideas or experiences satisfy their needs and wants. Buchari (2018), reveals that purchasing decisions are consumer decisions that are influenced by financial economics, technology, politics, culture, products, prices, locations, promotions, physical evidence, people, and processes.

RESEARCH METHODOLOGY

The research was conducted in traditional markets: Pasar Sasak, Wringinanom District, Gresik Regency. The total number of samples is 56 respondents. The sampling technique used in this study was non-probability sampling, namely accidental sampling. Data were obtained from the results of interviews conducted on 31 December 2022 to 31 January 2023. The data collected was then analyzed using descriptive analysis and SEM-PLS analysis through the Smart PLS program version 4. The stages of SEM-PLS are the outer model, measurement model evaluation, inner model, and Hypothesis test.

Latent variables (constructs) and manifest variables (indicators) in this study can be seen in Table 2 as follows:

Table 2. Latent and Manifest Variables

Latent Variabel	Indicator
(X1) Product quality	(X1.1) Performance
	(X1.2) Durability
	(X1.3) Reliability
(X2) Price	(X2.1) Price affordability
	(X2.2) Compatibility of price with product quality

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	(X2.3) Prices according to ability or price competitiveness
(X3) Information	(X3.1) Information via television
	(X3.2) Information via social media
	(X3.3) Information through family or friends
(Y) Purchase Decision	(Y1) Product selection
	(Y2) Selection of dealers
	(Y3) Time of purchase
	(Y4) Number of purchases
	(Y5) Payment methods

RESULTS AND DISCUSSION

A. Outer Model

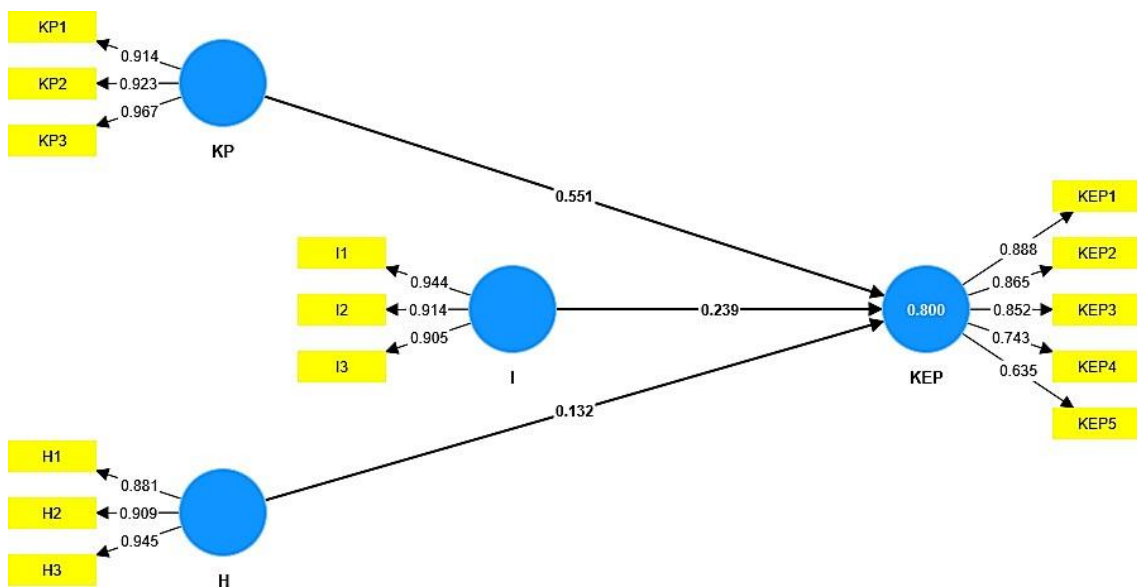


Figure 2. Calculate Algorithm Results Source: SmartPLS Processing Results 4, 2023

Figure 2 is the result of the data tabulation model obtained from the SmartPLS version 4 program, then the data is analyzed using arithmetic algorithm. The measurement results of the external model are used to test the validity and reliability of the research instrument.

B. Measurement Model Evaluation Validity Test

1. Convergent Validity

The indicators in this study have a loading factor value greater than 0.5. This shows that all indicators have a high level of validity, so they can meet convergent validity.

2. Discriminant Validity

To test discriminant validity, you can compare the test equipment by looking at the Average Variance Extracted (AVE), if the root of the Average Variance Extracted (AVE) is > 0.50 . The following is the Average Variance Extracted (AVE) value for each research variable:

Table 3. Average Variance Extracted

Variable	AVE	Standard	More Information
Product quality	0.874	> 0.50	Valid
Price	0.832	> 0.50	Valid
Information	0.849	> 0.50	Valid
Purchase Decision	0.644	> 0.50	Valid

Source: SmartPLS Processing Results 4, 2023

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The results of the Average Variance Extracted (AVE) value for each construct are greater than 0.50. This means that there is no problem with convergent validity in the model testing performed.

Reliability Test

Reliability testing uses two methods, namely composite reliability and Cronbach alpha. Composite reliability is used to measure the actual value of a construct, while Cronbach's alpha is used to measure the lower limit of the reliability value of a construct. The following is the value of composite reliability and Cronbach's alpha for each research variable.

Table 4. Composite Reliability Value and Cronbach's Alpha

Variable	Composite reliability	Cronbach's alpha	Standard	More Information
Product quality	0.976	0.928	>0.6	Reliable
Price	0.847	0.899	>0.6	Reliable
Information	0.976	0.911	>0.6	Reliable
Purchase Decision	0.972	0.860	>0.6	Reliable

Source: SmartPLS Processing Results 4, 2023

The results of composite reliability in this study are said to be reliable, because the composite reliability value of each variable is greater than 0.60. Table 4 also shows that the Cronbach's alpha value in each construct has a value greater than 0.70. So, each variable in this study has good high reliability.

C. Inner Model

In this study, the inner model was carried out by testing the coefficient of determination (R^2) and testing the hypothesis.

Coefficient of Determination (R^2)

The R-square results of each endogenous variable in the structural equation can be seen from the results of the internal model test. The results of the R-Square measurement model were tested using SMART-PLS version 4 in the following table:

Table 5. R^2 Test Results

Variable	R -square
Purchase Decision	0.800

Source: SmartPLS Processing Results 4, 2023

Table 5 shows that the R-Square on the purchasing decision variable has a value of 0.800 or 80% so that it can be interpreted that the magnitude of the influence of the Product Quality, Price and Information variables on Purchasing Decisions is 80%, while the remaining 20% is explained by other variables outside the research.

D. Hypothesis Test

The hypothesis test in this study is through a path coefficient test, taking into account the T-statistic value which is then calculated using the results of the degrees of freedom, resulting in a P-value. The T-statistic score or value must be more than 1.96 (Abdillah and Hartono, 2015). The following are the results of hypothesis testing.

Table 6. Variable Influence Relations

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	More Information
Product quality->Purchase Decision	0,551	0,556	0,063	8,739	0,000	Accepted
Price->Purchase Decision	0,132	0,121	0,039	3,374	0,000	Accepted
Information ->Purchase Decision	0,239	0,240	0,058	4,102	0,000	Accepted

Source: SmartPLS Processing Results 4, 2023

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Table 6 shows that the relationship between the variables Product Quality (KP) and Purchase Decision (KEP) is significant with a T-statistic of 8.739 so that the T-statistic > 1.96 . The original sample (O) value is positive, which is equal to 0.551 which indicates that the direction of the relationship between KP and KEP is positive. The table shows that the relationship between the variables Price (H) and Purchase Decision (KEP) is significant with the T-statistic which is equal to 3.374 which means > 1.96 . The original sample value is positive, which is equal to 0.132 which indicates that the direction of the relationship between H and KEP is positive. Table 6 also shows that the relationship between the Information (I) and Purchase Decision (KEP) variables is significant with a T-statistic of 4.102 so that the T-statistic is > 1.96 . The original sample value (O) is positive, which is equal to 0.239 which indicates that the direction of the relationship between I and KEP is positive, thus the H1 hypothesis in this study states that "There are factors that influence consumers in making decisions to buy bulk cooking oil in the District Wringinanom Gresik Regency" was accepted.

CONCLUSION

Product quality, price, and information have a positive effect on purchasing decisions for bulk cooking oil.

SUGGESTION

Based on the results of the research, suggestions that can be conveyed by researchers are suggested for further research in order to develop this research, with the hope of adding research samples to perfect this research.

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