

The Effect of Price and Product Quality on Consumer Purchase Decisions Case Study on Fremilt Product by Relita

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ABSTRACT

Currently, contemporary food and drinks are becoming a trend for millennials. One type of drink that is growing rapidly is Thai Tea. This drink comes from Thailand, which combines Thai tea with sweetened condensed milk mixed with warm water. This drink can be served warm or cold depending on taste. The Fremilt by Relita trademark is one of the Small and Medium Enterprise in Cilacap that sells Thai Tea products with added bubbles and various flavors such as thai green tea, original thai, and choco thai. Estimated daily sales of 200 to 500 cups are sold at a selling price of Rp.10.000 ,- per cup. This study aims to determine the effect of price and product quality on Fremilt by relita. This study uses quantitative methods by providing online questionnaires to Fremilt by relita consumers. The total sample used is 30 respondents. The results of the study indicate that price and quality have an effect on consumer buying decisions.

Keywords: Small and medium enterprise; Rural bank; Covid-19; Business feasibility study.

1. Introduction

One of the drivers of the Indonesian economy at a macro level is Business, Micro, Small and Medium or what we call MSMEs. According to Law Number 20 of 2008, MSMEs are small companies owned and managed by a person or owned by a small group of people with a certain amount of wealth and income. MSMEs have different criteria, including:

- Micro Enterprises, are defined as productive economic enterprises owned by individuals or business entities in accordance with the criteria for micro enterprises. What is included in the criteria for micro-enterprises is a business that has a net worth of IDR 50,000,000 (excluding buildings and land where the business is located) and a maximum annual sales revenue of IDR 300,000,000.
- Small Business, is a productive economic business that is independent or independent, whether owned by individuals or groups and not as a branch business entity of the main company. Controlled and owned and become a part either directly or indirectly of a medium-sized business. Businesses that are included in the criteria for small businesses are businesses that have a net worth of IDR 50,000,000 to IDR 500,000,000 (excluding buildings and land where the business is located) and the total annual sales are above IDR 300,000,000. maximum IDR 25,000,000,000.

- Medium Business, is a business in a productive economy and is not a branch or subsidiary of a central company and is a direct or indirect part of a micro business or small business with a total net worth in accordance with the laws and regulations. Medium-sized businesses are often categorized as large businesses with the criteria that the net worth of the business owner reaches more than IDR 500,000,000 to IDR 10,000,000,000 (excluding buildings and land where the business is located) and the total annual sales are above IDR 2,500,000,000, up to a maximum of IDR 50,000,000,000.

From a home-based scale to a large scale, there are many types of businesses that are included in MSMEs when viewed from the asset value and total annual sales (turnover). However, there are 3 types of MSMEs that we often encounter including culinary businesses, fashion businesses, and service businesses. By relying on knowledge in their field, MSME actors/owners take advantage of it as a business opportunity.

Franchising is a MSME business system that is very developed in the community. This development is in line with the increasing consumer demand for certain trademarks. Franchising is a type of business in which the owner of a trade name/trademark sells the license of his product or trade name for use in doing business. Many types of businesses are marketed under a franchise system and are growing rapidly at this time. Freemilt by Relita is one of dozens of franchise businesses favored by millennials in Cilacap. The trademark that sells Thai tea drinks or Thai tea, which is located in front of Alfamart Jalan Katamso Cilacap, can sell 200 to 500 cups per day at a price of IDR 10.000,- per cup, although there are competitors who sell similar drinks, namely the Rachaca brand at a price of 12 thousand per day. cups. Fremilt by Relita currently has 3 employees with operating hours open from 10.00 am to 10.00 pm. According to Relita as a license buyer from Freemilt, consumers who buy their products are mostly young people aged between 15-25 years and the majority are women with the assumption that 70% are women and 30% are men.

With the above background the author intends to examine the factors that greatly influence the price and product quality on consumer buying decisions Freemilt by Relita. According to Kotler (2002), purchasing decisions are actions from consumers to want to buy or not to products. Of the various factors that influence consumers in making purchases of a product or service, usually consumers always consider the quality, price and products that are already known by the public. Consumer buying decisions are influenced by several perceptions, including the price factor and product quality.

2. Introduction

2.1 Definition of Marketing Mix

The marketing mix has a very important role in influencing customers to buy products or services offered in the market. The marketing mix itself includes a combination of marketing variables that are interconnected with each other which includes 4 things, namely, product (product), price (Price), place (Place) and promotion (promotion).

The following is the definition of the marketing mix (marketing mix) put forward by experts: According to Kotler and Armstrong, translated by Alexander Sindoro (2012: 51), the marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in target markets. states that the marketing mix can be interpreted as a series of marketing variables

that can be controlled by the company and used to achieve marketing objectives.

Based on the explanations of the experts above, the researcher came to the understanding that the marketing mix is a set of marketing tools used by the company to achieve optimal marketing goals so as to get the response the company wants to achieve the target market.

Meanwhile, the set of marketing tools is classified into four broad groups called the 4Ps of marketing, Kotler and Armstrong translated by Benjamin Molan (2012: 51) classify them as follows:

- Product
 Product means the goods and services combination the company offers to the 18 target markets. (Product is the whole concept object or process that provides some value to the customer).
- Price
 Price is the amount of money customers must past to obtain the product. (Price is the amount of money a customer has to pay for a desired product).
- Place
 Place includes company activities that make the product available to target consumers. (Denotes the company's activities to make its products available to consumers)
- Promotion (Promotion)
 Promotion means activities that communicate the merits of the product and persuade target customers to buy it. (Promotion is an activity used to communicate information about the product to be sold).

2.2 Product Quality

According to Fandy Tjiptono (2010:14) Product quality is quality which includes efforts to meet or exceed customer expectations which include products, services, people, processes, and the environment. Product quality is also an ever-changing condition (e.g. what is considered quality today may be perceived as less quality in the future).

2.3 Price Definition

According to Kotler and Keller translated by Bob Sabran (2012: 67), price is one element of the marketing mix that generates revenue, other elements generate costs. Price is the easiest element in a marketing program to customize, product features, channels, and even communication take a lot of time.

2.4 Definition of Purchase Decision

The consumer's decision to purchase a product is an action that is commonly taken by each individual consumer when making a buying decision. The decision to buy or not to buy is part of the element inherent in individual consumers called behavior, which refers to real physical actions. The following researchers describe the opinions regarding purchasing decisions put forward by several experts: According to Buchari Alma (2011: 96), suggests that purchasing decisions are: "A consumer decision that is influenced by financial economics, technology, politics, culture,

products, prices, location, promotion, physical evidence, people and process, so as to form an attitude on consumers to process all information and draw conclusions in the form of responses that appear what products to buy.

3. Research Methodology

3.1 Population and Sample

The research population is all Freemilt by Relita consumers in Cilacap Regency. The sampling technique was carried out using random sampling, namely sampling from the population was carried out randomly without regard to the strata that existed in the population. The number of samples used by the author is 30 respondents.

3.2 Data collection method

The type of data source used in this study is primary data. The source of data in this study is Freemilt by Relita consumers in Cilacap Regency. The primary data of this research is in the form of a questionnaire by giving a set of written statements to the respondents relating to the variables to be tested in the study.

3.3 Data Analysis Method

This study uses quantitative analysis using multiple regression analysis. Multiple regression analysis method is an analysis that measures the effect of independent variables on the dependent variable. The measurement of this effect involves more than one independent variable (X1, X2,..) and one dependent variable (Y). This method is to measure how much the price and quality of the product have on purchasing decisions. The primary data was statistically processed for analysis by using the SPSS 15.0 for Windows program. The multiple regression method used is formulated as follows:

$$Y = a + 1X1 + 2X2 + e$$

Y	= Purchase Decision
X1	= Product quality
X2	= Price
a	= Constant
β_1, β_2	= Regression coefficient
e	= Residual value

With the basic assumptions of the results of multiple linear regression analysis as follows:

- If the results of the variable test produce a significant value (< 0.05), then the independent variable has an effect on the dependent variable.
- If the results of the variable test produce a significant value (> 0.05), then the independent variable has no effect on the dependent variable.

4. Results

The author has conducted research on factors that influence consumer buying interest between price and product quality. By doing an online questionnaire to 25 consumers and 5 consumers who were interviewed when buying a Fremilt. With the following respondent data:

Table 1. Respondents Gender.

Girls	Boys
25 People	5 People

From table 1, the respondents used in this study include 25 women and 5 men.

The author distributes a questionnaire by asking questions, prices or product quality that makes you buy thai tea drinks at Fremilt by Relita?

With the questionnaire, the authors get the following results:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.418	2.663		5.039	.000
	Total.X1	.439	.109	.557	4.008	.000
	Total.X2	-.294	.121	-.338	-2.434	.022

a. Dependent Variable: Total.Y

Based on the results of the regression test,

- The product price variable (X1) shows the result of the sign value $0.000 < \alpha 0.05$ so that H_a is accepted. Product prices have a significant and positive effect on consumer buying interest, meaning that product prices affect purchasing decisions.
- Product Quality Variable (X2) shows the result of the sign value $0.022 < \alpha 0.05$ so that H_a is accepted. Product quality has a significant and positive effect on consumer buying interest, meaning that product quality affects purchasing decisions.

5. Discussion

Fremilt is one of the pioneers of the thai tea franchise in Indonesia. Founded in 2015 in the city of Solo and now Fremilt has spread to various cities. One of them is Fremilt by Relita in Cilacap. Since the establishment of Fremilt, the competition for Thai tea products has become increasingly crowded. Competitor products include Rachaca and Xiboba. Results Based on this research, Fremilt products are in great demand by consumers because of the price factor and better product quality than competitors. Of course, this can also be a reference for competing factors to attract consumers by paying attention to prices and improving product quality.

6. Conclusion

From the results of research that has been carried out by the author by conducting interviews, online questionnaires, and considering the results of theories, it can be concluded that:

- Product quality has a considerable influence on purchasing decisions on respondents who have been observed by researchers.

- Fremilt by Relita sales increased due to product differentiation by providing bubble variants for thai tea drinks and lower prices.

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