

# Mec-j

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## The effect of products and prices on purchasing decisions of health food

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### ABSTRACT

This study aims to analyze and explain the effect of products and prices on purchasing decisions of health food in Malang both partially and simultaneously. The approach uses quantitative-explanatory methods in Malang City Consumer in Blimbing, Kedungkandang, Klojen, Lowokwaru and Sukun Subdistricts. The samples are 384 respondents. Multiple linear regressions analyze the collected data with SPSS software version 22. The study results follow. First, products partially effect on purchase decision of health food. Second, the prices can improve the purchase decision of health food. Third, the price becomes the determining factor in the purchase decision of health food.

**Keywords:** Product, Price, and Purchase Decision.

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### INTRODUCTION

The food and beverage industry in the last five years has become the most critical sector to contribute revenue for Indonesia. The food sector in Indonesia contributed to gross domestic income (GDP) of 7% and 28% of the total output in the manufacturing industry in 2015. Contributions from this sector provide the most significant contribution to GDP, especially for the non-oil sector. Prospects from the food and beverage industry continue to show significant growth to reach 13.6% in 2013 (Sidjabat, 2015).

The Indonesia population overgrows along with the level of urbanization. This affects the development of consumer market opportunities in the world by 56.20%. The higher income contributes to greater demand for sources derived from calories at higher prices such as meat, fruit, vegetables and processed food products (Agus Widarjono, 2012; Dewi, 2013; Sari, Prihartini, & Brantas, 2014). This happened in the period 1961 – 2008, the total calories of low-value products such as flour derived from plant roots have been replaced by high-value foods such as meat, fish/seafood, fruits, vegetables and vegetable oils (Agus Widarjono, 2012; Santoso, 2011; Tangkudung, Kadir, & Pateda, 2013). Consistent with this, the main focuses of the Indonesian population are product, fitness and health factors for purchase decisions of health food.

The purchase decision of health food is a consumer behaviour as the process a person in finding, buying, using, evaluating, and acting after consuming the products, services and ideas that are expected to meet their needs (Schiffman and Kanuk, 2004). One of them is health products as yoghurt and bottled drinks as the most popular beverage in Indonesia, about 54.2% (Roemling & Qaim, 2013; Umberger, He, Minot, & Toiba, 2015). Therefore, the essential thing in the purchase decision of food is to consider the product and price (Basu & Wong, 2015; Defra, 2015; Umberger et al., 2015).

All products are valued for the services they provide and the value derived from physical goods. It is not about the product itself, but also the services provided during consumption (Lovelock and Wirtz, 2011; Muzondo, 2016). Important product factors for customers are quality, brand, health & environmental safety and taste (Indumathi and Dawood, 2016) and health food (Heryanto, 2015; Prihatini and Edwar, 2016).

Prices have a significant relationship with the purchase decision of health food (Othman et al., 2013). There is a possibility of a positive effect of food variations choice for diets and cheap food prices (Brandenburg, 2011; Studies, 2015; Waage et al., 2013). Several methods have been used to predict household food consumption and expenditure for food purchases (Umberger et al., 2015). Indahswari, Thaha, & Syam (2013) showed that prices have a significant relationship with the purchase decision of health food. Price becomes the dominant variable in purchasing decisions (Sudrajat and Andriani, 2015). Prihatini and Edwar (2016) stated that partially the price effect on the purchase decision of health food.

This study aims to examine the effect of prices and products on the purchase decision of health food. Therefore, the research motivation to examine the effect of products and prices on the purchase decision of health food provides opportunities for research.

## LITERATURE REVIEW

### Product and Purchasing Decisions

Product is offered goods to market to be noticed, obtained, used or consumed to meet consumer needs (Armstrong and Keller, 2012). Lovelock and Wirtz (2011) suggested that all products are valued for the services they provide. The value derived from physical goods is not from the product itself, but also the services provided during consumption (Muzondo, 2016). Schiffman and Kanuk (2004) defined consumer behaviour as the process a person in finding, buying, using, evaluating, and acting after consuming the products, services and ideas that are expected to meet their needs. Hawkins et al. (2007) revealed that consumer behaviour is a study of individuals, community groups, and organizations in choosing, maintaining, using, and regulating products, services, experiences and ideas to meet needs.

Consumer behaviour is part of marketing research activities to combine business and results related to efforts to solve problems and consumer needs (Burnett, 2010). It can be concluded that consumer behaviour is a study on how a decision-maker (decision units) individuals, groups, or organizations make purchasing decisions or purchase transactions of a product and consume it. Therefore, the hypothesis is stated below.

H1: Product affect on Purchasing Decisions

### Price and Purchase Decision

Price is a significant factor to consume products. They play a vital role to highlight variations in food consumption, such as fresh fruit and vegetable products relatively low if the prices are relatively high, especially for low-income families. Therefore, the prices and low-income families have a negative effect on health food consumption patterns (Sangye, 2013; Turrell et al., 2003). The food prices also affect purchasing decisions of health food. Othman et al. (2013) showed that prices have a significant relationship with the purchase decision of health food. Schiffman and Kanuk (2004) defined consumer behaviour as the process a person goes through in finding, buying, using, evaluating, and acting after consumption of products, services and ideas to meet their needs. Hawkins (2007) revealed that consumer behaviour is a study of individuals, community groups and organizations in choosing, maintaining, using, and managing products, services, experiences, and ideas to meet the needs.

Consumer behaviour is part of marketing research activities to combine business and results related to efforts to solve problems and consumer needs (Burnett, 2010). It can be concluded that consumer behaviour is a study on how a decision-maker (decision units) individuals, groups, or organizations to make a purchasing decision or purchase transaction of the product and consume it. Therefore, the hypothesis is stated below.

H2: Prices affect on Purchasing Decisions

### RESEARCH METHODOLOGY

This study uses a quantitative - explanatory approach to examine the cause and effect of product and price on purchasing decisions of health food and examining the dominant effect of the variables. The research locations are five Malang City Subdistricts, namely Blimbing, Klojen, Kedungkandang, Lowokwaru and Sukun Subdistrict. The samples are 384 respondents selected by sampling techniques of Krecjie and Morgan formulas. Data is collected by distributing 5-point Likert scale questionnaires. The dependent variable is the purchase decision of health food variable, and independent variables are price and product. Data analysis is SPSS software version 22. The research model framework is shown in figure 1.

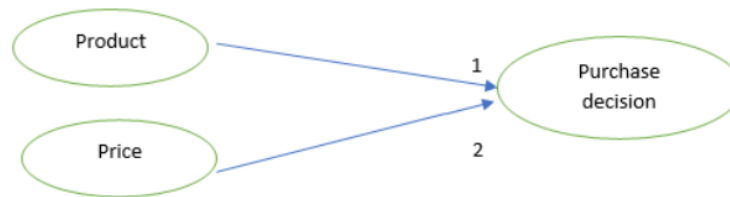


Figure 1. Model Framework

### RESEARCH RESULTS

### Descriptive Statistical Analysis

The respondent descriptions include demographic distributions. From 384 respondents, 59.1% were women compared to 40.9% of men. The respondents' age varied from 20 years of 3.9%; 21-30 years of 20.3%, and 31.5% and 44.3% for respondents aged 31-40 years and over 40 years. Most respondents are Muslim (95.3%) and are married (71.6%). The Javanese were the most significant respondents of this study (87.5%), followed by Madurese and Sumatran at 8.9% and 1.9%. More than 50% of respondents have an equivalent level of high school education (60.2%), and only 3.9% of respondents have an equivalent post-graduate education. The private sector employment is the most considerable portion of 31.8%, followed by civil servants, others and entrepreneurs 18.5%; 18.5% and 16.1%, respectively. Table 1 shows that 45.1% of respondents worked for less than five years; the respondents who had worked for more than 20 years are 15.9%. The respondent's income level that more than IDR 8,000,000 is 2.4%.

### Quantitative Statistical Analysis

#### Validity and Reliability Test

The validity test results prove that each variable, items analyzed by SPSS version 21, has values above 0.099. It means all that items of each variable are valid. Meanwhile, results of a reliable test prove that each variable has an alpha Cronbach value greater than 0.6; it means the variables are reliable.

#### Regression Test

The classic assumption test was conducted with a previous regression test. It examines any deviations in terms of normality, heteroscedasticity and multicollinearity. The results do not show deviations in the classical assumption test. The results of statistical F test showed 178,933 (sig F = 0,000). Ftable at 5% significance level with degrees of freedom 2 and 381 of 36,619. The Fcount > Ftable (178,933 > 36,619) and Sig F < 5% (0,000 < 5%), therefore,  $H_0$  is rejected, which means that product and price have a significant effect on purchasing decisions.

## DISCUSSION

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### Effect of Products on Purchasing Decisions

The results showed that the higher value of the product would increase the purchasing decision. This means that product can affect the purchase decision of health food in Malang. The highest average yield of the first item shows that consumers have a purchasing decision in terms of product quality. Second, consumers can decide to buy health food by looking at the brand, physical and appearance. This is inseparable from gender, where women are more observant to choose products and purchase decision of health food. Javanese are more numerous so that it can be known that Javanese consumers can decide to buy natural health food products in terms of brand, physical and appearance.

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This finding is consistent with Hsieh, Pan, & Setiono (2004) that products are an essential factor in the consumption pattern of health foods. The success of the brand image gives consumers the freedom to determine the needs that will increase consumer consumption on brand products. Similarly, Buijzen, Schuurman, & Bomhof (2008) stated that the brand of health food products could improve the purchase decision of health food. Important product factors for customers are quality, brand, health & environmental safety and taste (Indumathi and Dawood, 2016; Heryanto, 2015; Prihatini and Edwar, 2016). This is inseparable from previous research conducted by Indumathi and Dawood (2016) that product factors are essential for customers, followed by quality, brand, health & environmental safety and taste.

Meanwhile, Buijzen, Schuurman, & Bomhof (2008) showed that a brand of health food products could improve food purchasing decisions. There are various factors to affect consumer decision making. They are demographics; socioeconomic, and cultural status. The main factors to affect consumer purchase behaviour are age, gender, income and social effect. Besides, in terms of product prices, durability, brand names, product features, after-sales services, and others may also affect decision making (Darshan and Teja, 2019).

#### Effect of Prices on Purchasing Decisions

The results showed that a higher price could increase the value of the purchasing decision. This means that price can affect the purchase decision of health food in Malang. Price is also the most dominant variable in the simultaneous test. The highest average product indicates that price applied by the company must be economical and affordable to consumers. This is inseparable from consumer income at an average of more than 8 million, the purchase decision of health food see the price as the main factor. Consumers feel the prices offered are affordable by their purchasing power, prices offered are following quality provision of restaurant services, and price comparison is not inferior to other equivalent restaurants (Rachman and Suryoko, 2017).

This finding is consistent with Indahswari, Thaha, & Syam (2013) that prices have a significant relationship with the purchase decision of health food. Price becomes the dominant variable in purchasing decisions (Sudrajad and Andriani, 2015). Prihatini and Edwar (2016) stated that partially the price effect on the purchase decision of food. This is supported by Sudrajad and Andriani (2015) that price was the dominant variable in the purchase decision of goods. The results of Sasmaya, Indriani, and Gultom's research (2019) showed that most consumers are Javanese aged 25-35 years and wives with 3-4 household members.

#### CONCLUSIONS AND SUGGESTIONS

The results of multiple linear regression analysis indicate that product and price simultaneously can increase purchase decision of health food. The products and prices partially also can improve the purchase decision of health food. The price variable has a dominant role than the product variable to explain the effect on the purchase decision of health food.

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