PURCHASE DECISIONS ANALYSIS WITH SEVERAL FACTORS

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ABSTRACT

In today's era, competition between businesses is becoming very tight, especially in the food sector. So that every company must be able to find its potential in order to maintain its business. The aims of this research to determine the influence of price, Word-of-Mouth, and service quality on purchase decisions. The theory used in this research is Price, Word-of-Mouth, Service Quality, and Buying Decision. Data was collected by distributing questionnaires to 100 respondents. The data was collected using a non-probability sampling technique using purposive sampling. The results of the analysis show that price and service quality have a positive effect on buing decision. Word-of-Mouth is the most influential variable over perceived value and service quality on buying decision. From this study, it is evident that the Word-of-Mouth variable is the most influential variable on buying decision, so the company must be able to maintain the Word-of-Mouth.

Keywords: Price, Word-of-Mouth, Service Quality, Buying Decision.

1. PREFACE

Introduction

The business activity is an endeavor with the primary purpose of creating job opportunities, generating profits, and satisfying customers. With the advancement of time, especially in this modern era and the diverse demands of customers, the market has become increasingly creative and offers products that cater to customer needs with good quality and affordable prices. One sector of business that is highly competitive and bustling is the culinary sector. There are many factors that contribute to the vibrant nature of the culinary business, but it is predominantly driven by the lack of time and mobility among workers or employees, leading to a tendency to order partially cooked or even fully prepared meals to reduce their busy schedules. It can be said that the culinary industry holds promising prospects as food is a primary necessity for living beings, especially humans.

Culinary itself offers a wide variety and range of both food and beverages. However, culinary can be divided into two categories: Food Services and Food Retail. Food Services more focus on providing immediate benefits to consumers at the premises. The products offered are instant culinary items that can be consumed directly by customers at the time of purchase. Examples include restaurants, store, food trucks, street food stalls, cafes, coffee shops, and catering services, while food-retail emphasizes a broader reach, allowing consumers from different regions or countries to enjoy the products. These products are characterized by their long shelf life (over seven days) and can be stored for a certain period, such as frozen food, packaged dry food or beverages, and others.

Hot Pot is one of the original Chinese cuisines that has spread and developed in other countries. It is widely liked by the Indonesian community. Most restaurants that offer Hot Pot dishes have similar services to their competitors. However, this not the case for one of Hot Pot restaurant, namely Haidilao. Currently, there are several restaurants serving Hot Pot dishes, but the main

players in serving Hot Pot menus in Indonesia are Haidilao Hot Pot and Shu Guo Yin Xiang. The presence of other similar restaurants has made consumers more selective in deciding which one to choose, considering the advantages offered by each service in order to make their purchasing decision (Khasanah & Sudarwanto, 2021) [1].

To anticipate such circumstances, every restaurant makes an effort to influence consumer's purchasing decisions regarding their respective services. If they fail to do so, it can lead to a decline in purchasing decisions and ultimately impact the sustainability of the service. According to Kotler & Armstrong (2018) [2], purchasing decision is the consumer's decision to buy the most they preferred brand. Meanwhile, according to Firmansyah (2019) [3], purchasing decision is an activity aimed at solving problems faced by individuals in choosing the best option from several choices with the goal of obtaining a product. One of the factors that can influence purchasing decisions is price. Price is considered a crucial factor in the decision-making process for consumers when they are deciding on a purchase. Consumers will compare prices among many alternative options and evaluate whether the price is suitable for the quality and benefits of the product they will receive after making the purchase. According to Kotler & Armstrong (2018) [2], price is the amount of money that must be paid for a product or service, or a unit of value exchanged by customers to gain the benefits of owning or using a product and/or service. Kotler & Armstrong (2018) [2] also mention that price is the most important factor influencing an individual's purchasing decision making process. It is one of the elements that determine market share and the profitability of a company.

The other factor that important to individual in the purchasing decision making process is Word-of-Mouth or WOM, which indirectly helps market and increase the curiosity of consumers. According to Kotler & Armstrong (2018) [2], Word-of-Mouth is personal communication about a product between the target buyer and neighbours, friend, families, and other people.

Problem Formulation

The aims of this this research are to determine the influence of price, Word-of-Mouth, and service quality on purchase decisions.

2. RESEARCH METHOD

Purchase Decision

According to Kotler & Armstrong (2018) [2], purchase decision is the stage of the buyer decision process in which the consumer actually buys the product. According to Setiadi (2008) in Joesyiana (2018) [4], purchase decision is the process of integrating knowledge to evaluate any alternative behaviors and selecting one among them. According to Kotler & Armstrong (2010:177) in Joesyiana (2018) [4], purchase decision cannot be separated from how cosumers go through several step, starting with recognition the problems untuk the transaction of purchasing. Based on the definitions, we can conclude that a purchase decision is the step in which consumers go through the process of integrating knowledge, evaluating options, and purchase transaction. Puchase decision has several factors, which are price, Word-of-Mouth, and service quality.

Price and Relation with Purchase Decision

Kotler & Armstrong (2018) [2] stated that price refers to the monetary value assigned to a product or service, representing the total worth that consumers are willing to pay in exchange for the benefits derived from owning or utilizing the said product or service. According to Assauri (2012) in Lubis & Hidayat (2017) [5], price is considered a burden or value for consumers, obtained by using a product or goods, including as part of consumprions costs, in addition to non-financial social prices such as risks, efforts, time, and prestige and also referred to as social condition. Based on the definitions, we can conclude that price is the consumer's exchange value to obtain the benefits from using a product or service.

Masturi & Hardini (2017) [6] doing the research on the purchase of Hokido brand Karate Gi, and the results showed that price had a positive and significant effect on the purchasing decision of the product. Maghfiroh (2019) [7] doing the research on Xiaomi smartphones, and the results showed that price had a negative and insignificant effect on customer satisfaction. The best price could lower the level of customer satisfaction but was not significant. Wietama & Febriansyah (2021) [8] doing the research on Sabana Fried Chicken, and the results showed that the price variable had a significant effect on the purchase intention variable. So, we can state the hypothesis as follows:
H1: Price has a significant and positive effect on purchase decision.

Word-of-Mouth and Relation with Purchase Decision

According to Kotler & Armstrong (2018) [2], Word-of-Mouth influence is the process of personal communication regarding a product or service among the intended buyers and their neighbors, friend, family members, and acquaintances. Based on the definition, we can conclude that Word-of-Mouth is a form of communication that carries high credibility and effectiveness, as it is one of the most effective factors in increasing sales.

Prasetiyo & Hidayat (2019) [9] doing the research on XYZ Donuts, the results shows that the Word-of-Mouth had a partial and simultaneous significant affect on purchasing decisions. Maghfiroh (2019) [7] doing the research on Xiaomi smartphones, and the results showed that Word-of-Mouth has a positive and significant effect on customer satisfaction. Wietama & Febriansyah (2021) [8] found that the Word-of-Mouth variable had a significant effect, while the service quality variable did not have a significant effect on the purchase intention variable. Masturi & Hardini (2017) [6] doing the research on the purchase of Hokido brand Karate Gi, and the results showed that Word-of-Mouth had a positive and significant partial effect on the purchasing decision of the product. Joesyiana (2018) [4] doing the research on the online shopping platform Shopee in Pekanbaru, and the results indicated that Word-of-Mouth has a significant and positive relationship with consumer purchasing decisions through the Shopee online platform in the city of Pekanbaru. So, we can state the hypothesis as follows:
H2: Word-of-Mouth has a significant and positive effect on purchase decision.

**Service Quality and Relation with Purchase Decision**

According to Kotler & Armstrong (2018) [2], services are a type of product that consists of actions, benefits, or satisfactions offered for sale, which are essentially intangible and do not result in ownership of material goods. According to Kotler & Keller (2016) [10], services refer to any form of action or performance that can be provided by one party to another, which is essentially intangible and does not result in ownership of physical goods or objects. Meanwhile,

according to Parasuraman et al. (2018) [11], services are actions, processes, and performances provided, generated, or performed collectively by an entity or individual for another entity or individual.

According to Lewis dan Booms (1983) in Tjiptono (2017) [12], service quality is the measure of how well the level of service provided is able to meet customer expectations. According to Parasuraman et al. (2018) [11], service quality is an assessment focused on customers' perceptions of the reliability, assurance, responsiveness, empathy, and tangibles provided. Meanwhile, according to Widokarti & Priansa (2019) [13], service quality is the consumers' perception of the excellence of a service. Based on the definitions, we can conclude that service quality is the measure of how well the level of service provided is able to meet customer expectations and focused on customers' perceptions of the reliability, assurance, responsiveness, empathy, and tangibles provided.

Wietama & Febriansyah (2021) [8] stated that service quality does not have a significant on the purchase intention, but Patmala & Fatihah (2021) [14] found that service quality have a significant on the purchase decision. So, we can state the hypothesis as follows:
H3: Service quality has a significant and positive effect on purchase decision.
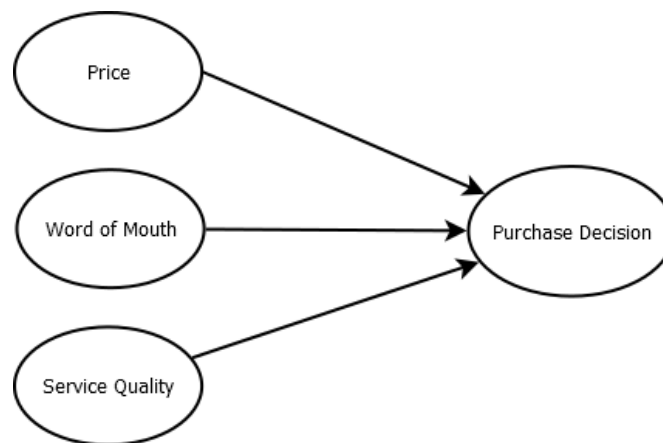
Figure 1 Research Model
Source: Researcher (2023)

Metodhology, Population, Sampel, and Data Collection Technique

The population of this study are individuals who have visited and consumed food and beverges at Haidilao Hot Pot Restaurant in Jakarta. The method to select the samples is Purposive Sampling. This research employed an associative or causal research design, aiming to gather evidence regarding cause-and-effect relationships within the study. The instrument to collectiong samples was a survey, with the unit of analysis involving consumers of Haidilao Hot Pot restaurant. The survey was conducted at a single point in time (cross-sectional). The researcher collected a total of 100 respondents for this study.

The object of this study is to examine the influence of price, Word-of-Mouth, and service quality on the purchase decisions in Haidilao Hotpot Restaurant using the IBM SPSS program as a program to analyze the data. The technique that used to analyze data is Multiple Regression Analysis. The data collection technique used by the author is through an online questionnaire. The questionnaire was distributed to the consumers of Haodilao Hot Pot in Jakarta. The scale

used in this study is an ordinal scale with the form of a Likert scale. The Likert scale used consists of 5 scales: 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA).

The variables involved in this study include four variables: Price Variable, Word-of-Mouth variable, Service Quality variable, and Purchase Decision Variable as the dependent variable. The price variable has four indicators (Rasyid & Indah, 2018) [15]. The Word-of-Mouth variable has four indicators (Joesyiana, 2018) [4]. The Service Quality variable has five indicators (Kotler & Keller, 2016) [10]. The Purchase Decision variable has four indicators (Joesyiana, 2018) [4].

3. RESULT AND DISCUSSION

Validity and Reliability Test

The test results are obtained in Table 1, which shows the correlation value of each item with the total item and the value of Cronbach's alpha. If the correlation value of the item-total > 0.361, then the item can be considered valid. If Cronbach's alpha > 0.70, then the item can be considered reliable. The results show that all 17 items, including 4 items of the price variable, the item of the Word-of-Mouth variable, 5 items of the service quality variable, and 4 items of the purchase decision variable are valid and reliable.

Table 1. Result of Validity and Reliability Test

Variable	Indicators	Correlation of Item-Total	Cronbach's Alpha
X1 Price	Affordable Price	0.900	0.818
	Suitability of Price and Quality	0.710	
	Competitive Price	0.813	
	Price Pays Off	0.828	
X2 Word-of-Mouth	Discussing	0.932	0.912
	Promote	0.913	
	Recommendation	0.856	
	Selling	0.864	
X3 Service Quality	Reliability	0.787	0.841
	Responsiveness	0.807	
	Assurance	0.752	
	Emphaty	0.812	
	Tangibles	0.761	
Y Purchase Decision	Culture	0.790	0.856
	Social	0.901	
	Personal	0.919	
	Psychologic	0.777	

Source: Researcher (2023)

Descriptive Statistics Test

The test results are obtained in Table 2, which shows the average value of each item, as well as its maximum and minimum values. The average (mean) score for the price variable is 4.55, which falls within the range of 4.21-5.00, indicating a category of "Strongly Agree." Based on these results, it can be concluded that customers of Haidilao Hotpot Restaurant in Jakarta strongly agree that the offered prices are in line with their expectations, the prices are proportional to the quality and experience provided, the prices offered by Haidilao Hotpot Restaurant can compete with competitors, and the prices offered provide benefits to customers in return.

The average (mean) score for the Word-of-Mouth variable is 4.37, which falls within the range of 4.21-5.00, indicating a category of "Strongly Agree." Based on these results, it can be concluded that customers of Haidilao Hotpot Restaurant in Jakarta strongly agree that Word-of-Mouth has an influence on their purchasing decisions. They strongly agree to talk about and promote Haidilao Hotpot Restaurant to their acquaintances, as well as recommend it and persuade people with negative perceptions to try visiting Haidilao Hotpot Restaurant.

The average (mean) score for the service quality variable is 4.67, which falls within the range of 4.21-5.00, indicating a category of "Strongly Agree." Based on these results, it can be concluded that customers of Haidilao Hotpot Restaurant in Jakarta strongly agree that the service provided by Haidilao Hotpot meets their expectations. They also strongly agree that the staff at Haidilao Hotpot are caring and friendly towards visitors, the environment is clean and comfortable, and Haidilao Hotpot provides complimentary items to enhance customer satisfaction. They strongly agree that Haidilao Hotpot offers facilities that other restaurants do not provide to enhance customer comfort.

The average (mean) score for the service quality variable is 4.42, which falls within the range of 4.21-5.00, indicating a category of "Strongly Agree." Based on these results, it can be concluded that customers of Haidilao Hotpot Restaurant in Jakarta strongly agree to consume food at Haidilao Hotpot because the products (food and beverages) are delicious. They also strongly agree that they are accustomed to consuming food and beverages from Haidilao Hotpot, and they have no intention of switching to other hotpot restaurants. They strongly agree that they feel satisfied after enjoying the menu served by Haidilao Hotpot.

Table 2. The Result of Descriptive Statistics Test

No.	Indicators	Mean	Minimum	Maximum
1.	Affordable Price	4.31	2	5
2.	Suitability of Price and Quality	4.68	3	5
3.	Competitive Price	4.60	2	5
4.	Price Pays Off	4.63	3	5
	Total	**18.22**		
	Mean	**4.555**		
1.	Discussing	4.30	1	5
2.	Promote	4.41	1	5
3.	Recommendation	4.40	1	5
4.	Selling	4.37	1	5
	Total	**17.48**		

Mean		**4.37**		
1.	Reliability	4.73	2	5
2.	Responsiveness	4.70	3	5
3.	Assurance	4.64	2	5
4.	Emphaty	4.68	3	5
5.	Tangibles	4.60	3	5
Total		**23.35**		
Mean		**4.67**		
1.	Culture	4.62	2	5
2.	Social	4.34	1	5
3.	Personal	4.24	1	5
4.	Psychologic	4.50	3	5
Total		**17.7**		
Mean		**4.425**		

Source: Researcher (2023)

Classical Assumption Tests

The classical assumption tests consist of four tests: normality test, Durbin-Watson test, multicollinearity test, and heteroscedasticity test. The results of the classical assumption tests will be presented in Table 3. The results indicate that the classical assumptions for normality, autocorrelation, and heteroscedasticity are not met. However, the assumption of multicollinearity is satisfied.

Table 3. The Results of Classical Assumption Tests

Assumption		Sig.	DW	VIF	Keterangan
Normality		0.051			Residual normally distributed
Autocorrelation			d =1.479 dL = 1.5922 dU = 1.7582 d < dL		Negative Autocorrelation
Heterocedasticity	X1	0.414			The is no heteroscedasticity
	X2	0.335			
	X3	0.055			
Multicollinearity	X1			0.365	The is no multicollinearity
	X2			0.404	
	X3			0.585	

Source: Researcher (2023)

Multiple Regression Analysis

The results of multiple regression analysis showed in Table 4. The regression model obtained is: $\widehat{Y} = -1.634 + 0.335X_1 + 0.498X_2 + 0.194X_3$. If price increases one unit, it will increase the purchase decision 0.335 unit. If Word-of-Mouth increases one unit, it will increase the purchase decision 0.498 unit. If service quality increases one unit, it will increase the purchase decision 0.194 unit.

Table 4. Result of Multple Regression Analysis

Variable	Coefficient	Regression Coefficient (B)	Sig.
Price		0.335	0.001
Word-of-Mouth	-1.634	0.498	0.000
Service Quality		0.194	0.019
Dependent Variable: Purchase Decision			

Source: Researcher (2023)

Godness of Fit Test (F-Test)
The results of goodness of fit test showed in Table 5. The obtained significant value of F-test is 0.000 which is less than 0.000, it indicates that the model is fit.

Table 5. Result of Godness of Fit Test

F-Test	F-Sig.
123.849	0.000

Source: Researcher (2023)

Partial Test (t-Test)

The results of partial test showed in Table 6. The obtained significant value of price is 0.001 which is less than 0.05, it indicates that the price has a significant and positive effect on purchase decision. For Word-of-Mouth, the obtained significant value is 0.000 which is less than 0.05, it indicates that the Word-of-Mouth has a significant and positive effect on purchase decision. For service quality, the obtained significant value is 0.019 which is less than 0.05, it indicates that the service quality has a significant and positive effect on purchase decision. The highest regression coefficient or the highest beta is 0.498, belonging to Word-of-Mouth (WOM). This value indicates that the purchase decision is predominantly explained by Word-of-Mouth (WOM) compared to price (0.335) and service quality (0.194).

Table 6. The Result of Partial Test

Variable	Regression Coefficient (B)	t-Value	t-Sig.
Price	0.335	3.356	0.001
Word-of-Mouth	0.498	7.982	0.000
Service Quality	0.194	2.382	0.019

Source: Researcher (2023)

Discussion

Based on the t-test result, the obtained significant value of price is 0.001 which is less than 0.05, it indicates that the price has a significant and positive effect on purchase decision of consumer's Haidilao Hot Pot Restaurant in Jakarta. This finding is supported bt the study before by Maupa (2019) [16], which found that price has a positive and significant effect on the purchase decision of Converse shoes in Makassar. It means that the price of each menu item is certainly a determining factor for consumers when making a purchase at Haidilao Hot Pot in Jakarta.

Based on the t-test result, the obtained significant value of Word-of-Mouth is 0.000 which is less than 0.05, it indicates that the Word-of-Mouth has a significant and positive effect on purchase decision of consumer's Haidilao Hot Pot Restaurant in Jakarta. This finding is supported bt the study before by Amalia et al. (2021) [17], which found that Electronic Word-of-Mouth (E-WOM) has a positive and significan effect on the purchase decision. It means that the promotion from mouth to mouth is certainly a determining factor for consumers when making a purchase at Haidilao Hot Pot in Jakarta.

Based on the t-test result, the obtained significant value of service quality is 0.019 which is less than 0.05, it indicates that the service quality has a significant and positive effect on purchase decision of consumer's Haidilao Hot Pot Restaurant in Jakarta. This finding is supported bt the study before by Patmala & Fatihah (2021) [14], which found that service quality has a positive and significan effect on the purchase decision. It means that the services provided by Haidilao will make consumers feel interested in making a purchase at Haidilao Hot Pot in Jakarta.

Based on the t-test result, the highest obtained coefficient regression (beta) belonged to Word-of-Mouth (0.498) compared to price (0.335) and service quality (0.194). It means that Word-of-Mouth is predominantly than price and service quality as a reason for consumers to make a purchase at Haidilao Hot Pot in Jakarta.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results about the influence of price, Word-of-Mouth (WOM), and service quality on the purchase decision of Haidilao Hotpot restaurant in Jakarta, it can be concluded that price, Word-of-Mouth (WOM), and service quality have a significant positive effect on the purchase decision. Among the three independent variables, Word-of-Mouth (WOM) has the most dominant influence on the purchase decision at Haidilao Hotpot Jakarta.

Based on these conclusions, it is highly recommended that the company continues to maintain its quality and enhance promotion through advertising to ensure that consumers continue to spread positive Word-of-Mouth. As we know, Haidilao is one of the well-known restaurants in Jakarta, but without proper promotion and guaranteed quality, it is possible for the restaurant to struggle in the face of fierce competition.

strong influencing factors on purchase decisions and the most dominant indicators within each of those factors.

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