

**THE INFLUENCE OF PRODUCT QUALITY, PRICE AND E-WOM  
ON THE PURCHASE DECISION****Michael Dwiputra**

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***Abstract***

This research aims to find out about the effect of Product Quality, Price and e-Wom (Electric-word-of-mouth) on Purchase Decision on Hambel Co. Perfume. who are domiciled in DKI Jakarta. The sampling technique of this research is non-probability sampling, by purposive sampling where obtained sample of 115 respondents. Data were processed using the SPSS 25 and analyzed through descriptive statistical, classical assumption, and multiple regression analysis tests (F-test, t-test, and coefficient determination) to determine the goodness fit of model and the relationship between variables. The test results show that all three variables passed the classical assumption test and gave the (BLUE) result. The results of multiple regression analysis indicate that the variables X1, X2 and X3 have a significant effect of 29.4% on Y. The conclusion of this study is that Product Quality and Sales Promotion have a positive and significant effect on Customer Satisfaction.

**Keywords:** *Product Quality, Price, e-Wom (Electronic Word-of-Mouth), Purchase Decision. Perfume. Indonesia perfume brand.*

**INTRODUCTION**

Indonesia is among the top five countries in the world in terms of population, making it a potential target for businesses (Rambe & Aslami, 2021). Both national and international brands are competing to meet the needs of the Indonesian people. The large potential is assessed from the population size, purchasing power, and promising economic development, making Indonesia an attractive market (Syairozi & Cahya, 2017). The intense market competition triggers the creativity of national business actors in developing local brands to be able to compete with international brands' quality.

One industry where local brands are slowly building brand image and quality products is the perfume industry. Perfume is one of the products that is closely related to daily life. The scent of perfume can bring human perception into a memory and can create certain perceptions. Perfume with a unique fragrance can provide certain characteristics in a person, making it a means of self-expression (Sari, 2021). For some people, perfume is a hobby where each perfume has different scent characteristics, making it a unique item

**How to cite:**Michael Dwiputra (2023), The Influence of Product Quality, Price and E-WOM on the Purchase Decision, (5) 8, <https://doi.org/10.46799/syntax-idea.v5i7.2416>**E-ISSN:**[2684-883X](https://doi.org/10.46799/syntax-idea.v5i7.2416)**Published by:**[Ridwan Institute](https://doi.org/10.46799/syntax-idea.v5i7.2416)

to collect. The ability of local brands to provide unique choices at an affordable price is a special attraction of local perfumes. The perfume industry in Indonesia continues to develop until today with new local brands emerging and innovating, accompanied by a proud movement of using local products, making the popularity of local brands continue to grow from year to year.

Hambel Co is one local perfume brand competing to meet the perfume needs in the Indonesian market. Hambel Co was initiated by Ibnu Hario Suseno and Redy Karunia Putra on June 16, 2021, collaborating to build a perfume brand that can compete in the local perfume industry in Indonesia. Hambel Co provides four main variants and additional seasonal variants, in the Unisex genre, so that they can be accepted by many people. Meanwhile, Hambel Co also has a sub-brand called Latih Project, which focuses on men's perfumes. Hambel Co is known for its affordable price so that it can be enjoyed by people from various economic classes. This affordable price is what makes Hambel Co perfumes one of the choices for local perfume brands by its customers. Hambel Co sells perfumes online through marketplaces and distributors in the Jabodetabek area. Hambel Co is committed to providing quality perfumes at an affordable price and implementing E-WOM (Electric Word of Mouth) strategies as part of its marketing efforts, striving to be one of the best local perfume brands in Indonesia.

### **Quality of Products**

According to (Gupta & Starr, 2014), the definition of quality can be seen from two perspectives, that of the producer and the consumer. As a producer, product quality is the standard and specifications that must be achieved. Meanwhile, from the consumer's perspective, product quality is the attributes of a product that can satisfy the consumer. Consumer perception of quality is essential to consider because by maintaining good product quality, a company can increase competitiveness, customer loyalty, and as an important factor in acquiring new customers (Angraini & Budiarti, 2020).

According to (Harris et al., 2020), product quality is used as a tool to determine positioning as part of marketing. Product quality can determine business performance and customer satisfaction. Product quality, in general, can be defined as the absence of defective products, but broadly defined as the delivery of value and customer satisfaction (Aditi & Hermansyur, 2018). Therefore, product quality can be defined as the characteristic ability of a product to meet the needs and satisfaction of customers. The characteristics of quality products include:

1. Features

Features provide added value to a good or service, and the addition of features can differentiate it, thus making it competitive in the market. The first manufacturer to introduce new features is an effective way to compete in the market.

2. Form and design

Products that have a unique and attractive design will attract more attention from customers. Good product design and shape can be obtained from customer observation research, thus meeting their needs and desires. Good product design

can help customers benefit from and make it easier to use, thus increasing product competitiveness.

3. Performance

A good product is one that can meet customer expectations. Products that have the ability to meet the needs and expectations are a consideration for customers when choosing a product.

4. Consistency

Good quality can be judged from the consistency of a product. Consistency is one of the customer's assessments when choosing a product, as a form of quality assurance during the product's use and a consideration in repurchasing.

5. Customization

Customization is a product that can be made according to customer's desires. Companies can make goods or services more personal according to customer's preferences.

## Price

Price is one of the main considerations when buying a product. Products that have affordable prices and high quality will be highly sought after by customers (Soliha & Fatmawati, 2017). According to (Paczkowski, 2018), the price is the nominal amount paid by customers to exchange for a product. Meanwhile, according to (Wijoyo. H, 2021), the price is the amount of value exchanged by consumers for the benefit of owning or using a product, which is determined by buyers and sellers through bargaining or set by the seller at the same price for all buyers. According to (Harris et al., 2020), the price is the amount of money that must be paid for a good or service, and broadly speaking, it is the sum of all the values that customers give to gain the benefits of using a good or service. Price is an important element for a company's profitability.

The price of a product plays a very important role in the success of a company (Selang, 2013). The right strategy is needed in determining the price. According to (Harris et al., 2020), there are three perceptions related to pricing strategies, namely:

1. Customer-value pricing

The buyer's perception is key in determining the price. The company determines the price by looking at the needs and value perceptions of the buyer, then sets the target price and determines the cost incurred to achieve that target. After completing these steps, the company will create a product that meets the needs that match the target price. There are two types of value-based pricing, namely:

a. Good-value pricing

The price is determined based on economic conditions and the buyer's perception of the price. Good-value pricing adopts a combination of good quality goods and services by providing affordable prices. This perception is adopted by brands that want to produce goods or services with good quality at an affordable price.

b. Value-added pricing

In the pricing strategy, some companies add quality and features to their goods or services above their competitors as a differentiation factor. Thus, they position their goods or services above their competitors by providing higher quality, so that buyers of goods or services are willing to pay more.

2. Cost-based pricing

The price is seen based on the amount of costs incurred during the production process, distribution, sales, and other costs related to goods or services. The view is that costs are something that can be internally controlled compared to value-based pricing, where economic conditions and buyer preferences continue to change. The company's focus is on cost efficiency so that it can influence the selling price of goods or services.

3. Competitor-based pricing

Considerations in determining prices are taken based on competitor strategies, prices, costs, and market offerings. In some conditions, consumers will compare the price of products or services offered by the company with its competitors. To be able to do that, the company must be able to identify competitor strategies through analyzing market conditions. The goal is to provide prices based on the relative value of goods when compared to competitors.

According to Kotler and Armstrong, as translated by Bob Sabran (2012:52) and cited in the book by (Indrasari, 2019), the dimensions of price include:

1. Price affordability

How the price can be reached by consumers. Variations in a company's products have different prices. The level of low or high prices is a consideration for the company in determining pricing as a form of strategy.

2. Price compatibility with quality

The price given by the company will be compared to its compatibility with the given quality. The more affordable the price and the higher the quality, the more it meets the expectations of customers. Therefore, it is important to adjust the price to the quality.

3. Price compatibility with benefits

Consumers decide to buy goods based on the benefits they receive. Customers will compare the price paid with the benefits provided. If the price is high while the benefits are low, the goods or services will be considered expensive.

4. Price in line with affordability or competitive pricing

Consumers tend to compare the price of a product with similar products offered by competitors. The higher the competitiveness of the price, the stronger a product will compete with its competitors.

### **Electric Word-of-Mouth (e-WOM)**

According to (Harris et al., 2020) Word-of-mouth (WOM) is definitively one of the customer behavior patterns where recommendations from friends or family play an important role in making purchasing decisions for goods or services. Positive impressions of a product or service through recommendations can be a significant factor in marketing strategies (Abdi & Febriyanti, 2020). One survey showed that recommendations from friends or family are the main influence in purchasing goods or services for 80% of the survey population. Word-of-mouth becomes a means of communication with customers by utilizing influential people to shape public opinion (Key Opinion Leaders) such as experts, celebrities, officials, and others. Positive recommendations from the right Key Opinion Leader are expected to have a positive impact on both product sales and customer satisfaction.

According to Hardoko, WOM has evolved into a new form called Electronic Word-of-Mouth (eWOM), which means there is communication of positive or negative statements made by prospective customers, customers who have used the product or service, or previous customers through the internet (Hardoko, 2020). Aspects involved in communication in general, such as communicator, stimulus, message receiver, and response to the message, can be seen in eWOM interactions. Communicators are the main source of messages in this case, which are recommendations or reviews of a product or service, collected on the internet without clear information about their identity, but the messages can be seen and read by the public as customers. The message brought by the communicator is a stimulus that will be received by customers or prospective customers as a message of recommendation or review, whether positive or negative. These recommendations will influence purchasing decisions.

Factors that influence customer intention to engage in e-WOM include:

1. Platform assistance  
Trust in the internet platform can help customers work together and solve problems.
2. Venting negative emotions  
Customers express grievances related to the products or services offered to be heard by others.
3. Consideration for other customers  
Helping others as a consideration for buying goods or services, from a negative or positive perspective.
4. Expressing positive emotions  
Expressing and sharing positive feelings after buying or using a product or service.
5. Economic incentives  
eWOM interactions are done with the goal of gaining economic benefits.
6. Social benefits  
Engaging in eWOM creates social interactions and exchange of ideas between people.
7. Helping the company  
Customers feel that a good company should be supported to continue to grow.

8. Seeking advice

eWOM interactions may aim to seek advice from other users or customers as a consideration for buying a product or service.

### **Purchase Decisions**

According to (Arfah, 2022), it is stated that purchase decision is the process where consumers actively engage in determining products or services for personal consumption needs. The purchase decision process also refers to the evaluation and selection of various alternatives, according to specific interests, and determining the most beneficial product. This process also involves combining knowledge to evaluate alternative options.

Meanwhile, according to (Harris et al., 2020), purchase decision is part of consumer behavior. Purchase decision is the process where individuals consider goods or services to be purchased for personal consumption. Questions will arise about where, how much, when, and why consumers choose certain goods or services. Purchase decisions will be influenced by consumer attributes and preferences.

According to (Harris et al., 2020) factors that influence purchase decisions that are part of the process of purchasing goods, include:

1. Needs recognition

In starting the purchase decision-making process, buyers first realize the need as an internal stimulus in buying a product. The goods or services being considered are part of the process of meeting needs or solutions to a problem.

2. Information search

To be able to carefully consider purchase decisions, information search becomes an important stage that can be used as a consideration. Complete information and ease of obtaining information about products or services can help buyers make purchase decisions.

3. Alternative evaluation

Comparing similar products or services is the way buyers evaluate purchase decisions. Evaluation is done by considering various alternative goods or services with their respective strengths and weaknesses. Thus, buyers will be more confident in purchasing products or services.

4. Purchase decision

After going through various stages before making a purchase of goods or services, the finalization stage will be carried out by making a purchase decision for a chosen product or service.

5. Post-purchase behavior

After making a purchase, buyers will experience using or consuming the product or service. Behavior that can be observed based on positive or negative experiences with the product or services.

## RESEARCH METHODS

This research using purposive sampling, and the chosen participants are customers of Hambel Co who made transactions from June to December 2022 and reside in Jakarta, Bogor, Bekasi, Depok and Tangerang. The independent variables in this study are Product Quality, Price, and e-WOM, while the dependent variable is Purchase Decision. The data collection technique used in this study is a communication technique through a survey using a questionnaire, distributed to 115 respondent and analyzed using Statistical Package for the Social Sciences (SPSS) version 25.0, with descriptive statistical tests, classical assumption tests, and multiple regression analysis tests (F-test, t-test, and coefficient of determination).

## RESULTS AND DISCUSSION

According to data from the questionnaire, the total number of respondents is 115, dominant job category is Private Employee with a total percentage of 55.70% with 64 respondents. This is consistent for both male and female respondents. The second largest category with a percentage of 27% is 31 respondents, including 16 female and 15 male respondents. Meanwhile, the category of Entrepreneur/Business Owner has a total of 12 respondents (8 female and 4 male) with a percentage of 10.40%, and the category of Housewife/Husband has a total of 8 respondents, including 7 female and 1 male, with a total percentage of 7%. Hambel Co. products are more preferred by respondents who work as Private Employees, with a balanced result between male and female. The second largest category is Students, so Hambel Co. may consider further research on aroma or marketing strategies to attract customers with a background in students. With the improving post-pandemic condition, it could be considered to be more active in participating in campus or school events by opening a booth during bazaars or building good relationships by sponsoring student organizations' events.

Result on the correlation with research variables (Dependent Variables to Independent Variables] are as follows:

1. Product quality is one of the important considerations in buying a product. Customers expect good and reliable product quality. Therefore, product quality can be a determining factor in making a purchase decision. Getting good product quality will make customers satisfied and have a good experience during product usage. Companies that produce high-quality products will make customers choose their products over competitors. The higher the product quality, the more confident the customers are in making a purchase decision. Based on research results, it is proven that product quality has a positive and significant influence in predicting purchase decision. This result is in line with the understanding that good product quality can convince customers in making a purchase decision. Thus, this research result is in line with the initial hypothesis that product quality has a positive and significant influence on purchase decision.
2. The research also shows that price has a positive and significant influence on purchase decision. Customers expect to get the best price offer from product or

service providers. Affordable prices make it easier for customers to decide to buy a product, while high prices make customers consider more carefully in making a purchase decision. Price is an important factor in making a purchase decision, and more affordable prices will attract more customers to buy a product. The more positive the customer's perception of the price of a product, the better it will affect the purchase decision.

3. E-Wom (Electronic Word-of-Mouth) is crucial, especially in the development of technology where users tend to search for information about a product on the internet before deciding to buy it. Positive information obtained on the internet can have a good impact on purchase decision, making customers more confident in buying a product or service. On the other hand, negative information about a product on the internet can have a bad impact on sales performance and product image for customers. Therefore, the more positive e-Wom, the more positive its influence on purchase decision.

## CONCLUSION

Based on the research on the influence of product quality, price, and e-Wom on the purchasing decision of Hambel Co perfumes, the following conclusions can be drawn:

1. Product quality has a positive and significant effect on the purchasing decision. The higher the product quality, the more it will increase the purchasing decision of customers in choosing perfume products. Conversely, the lower the product quality, the more it will have a negative effect on the purchasing decision of customers.
2. Price has a positive and significant effect on the purchasing decision. The more positive the perception of customers towards the price, the more it will increase the purchasing decision of customers in choosing perfume products. Conversely, the more negative the perception of customers towards the price, the more it will have a negative effect on the purchasing decision of customers.
3. E-Wom has a positive and significant effect on the purchasing decision. The higher the e-Wom, the more it will increase the purchasing decision of customers in choosing perfume products. Conversely, the lower the e-Wom, the more it will have a negative effect on the purchasing decision of customers.

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