

## THE INFLUENCE OF PRICE AND SERVICE QUALITY ON PURCHASE DECISIONS AT TOKO MARANNU IN GOWA REGENCY

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### **Abstract**

*Pricing strategy and quality service play a crucial role in attracting consumer interest and encouraging purchasing decisions. Competitive prices that match product quality will create a positive perception among consumers, while good service will provide a pleasant shopping experience and build consumer trust. This study aims to determine the influence of Price and Service Quality on Purchase Decisions at Toko Marannu. The research uses a descriptive quantitative approach, with the population consisting of all customers who shop at Toko Marannu. Data were collected through the distribution of questionnaires using the Maholtra formula for sampling, with a total of 65 respondents. Data analysis was performed using multiple linear regression with SPSS. The results show that: 1) the Price variable has a significant effect on Purchase Decisions; 2) the Service Quality variable has a significant effect on Purchase Decisions; and 3) Price and Service Quality simultaneously have a significant effect on Purchase Decisions. The Adjusted R Square value is 50.4%, indicating that Price and Service Quality explain 50.4% of the variance in Purchase Decisions, while the remaining 49.6% is explained by other variables not examined in this study.*

**Keywords:** Toko Marannu, Price, Service Quality, Purchase Decision.

### **INTRODUCTION**

Indonesia has a retail sector that contributes significantly to the national economy, amounting to 10.89% of the Gross Domestic Product (GDP). In this regard, services and trade play an important role in driving economic growth that impacts

people's lives. With the development of this sector, retail businesses are increasingly becoming a strategic choice for entrepreneurs to effectively meet consumer needs. The economy is capable of bringing significant changes to people's lives (Teguh and Fikri 2023).

Sales are an important indicator of the success of a business. Sales reflect the number of product units sold within a specified time and become the tangible result of the sales. The important concept that increases sales itself relies on market focus, price, and service quality. Competitive prices and good service are important factors in attracting consumer attention and driving purchasing decisions (Widodo 2019).

The development of business in the trade industry is marked by the emergence of various modern grocery stores, both in the city and outside the city. The one-stop shopping concept is highly popular in modern grocery stores that provide all daily necessities in one shopping place. The existence of globalization is also a major factor in the creation or increase in demand for goods and services. Lifestyle is one of the aspects of community life influenced by this factor. Therefore, many wholesalers and large or medium retailers observe the developments of globalization, particularly those that impact community life (Lianardi and Chandra 2019).

Price is one of the main factors influencing consumer purchasing decisions at Marannu store, and by offering relatively low prices to customers, it is not uncommon for customers to compare prices with offers from other stores. As a result, consumers decide not to shop elsewhere and choose Marannu store as the preferred place to visit. Marannu store strives to effectively meet consumer needs, so customers feel assisted in fulfilling their daily needs (Enre et al. 2020).

Good service quality will affect consumer satisfaction and company profits, but understanding how to evaluate the quality received by consumers is not easy. The service provided to consumers has two types: direct and indirect service. Direct service includes (price, product quality, promotion), while indirect service includes (customer comfort while shopping, store cleanliness, product suitability, store security, friendly human resources). By providing good service, the company can create a memorable shopping experience and enhance consumer purchasing decisions (Enre et al. 2020).

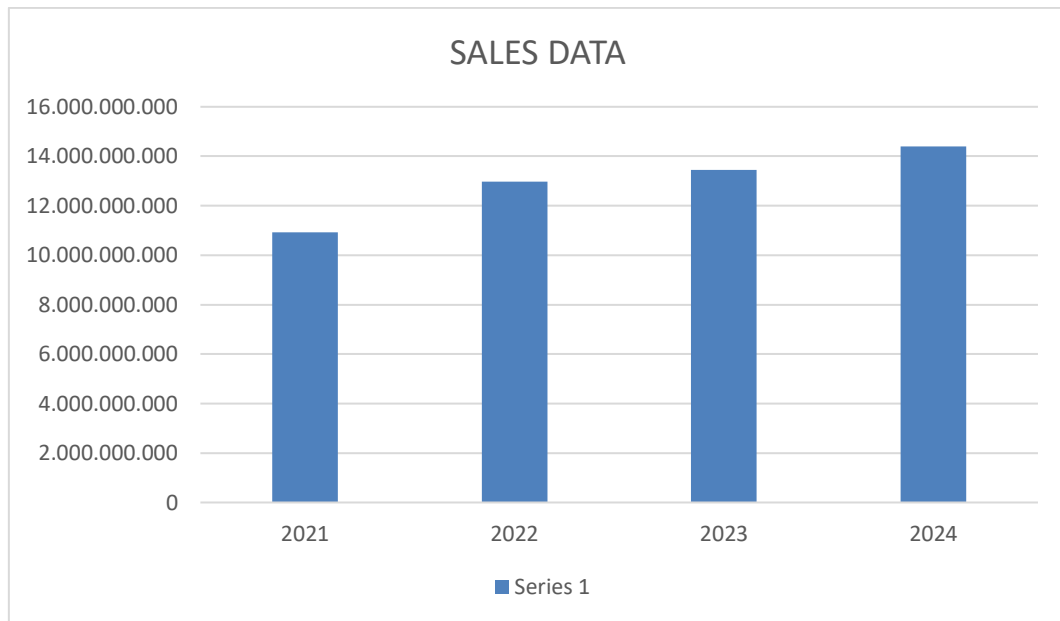
The increasing intensity of existing business competition, especially competition from similar wholesale and retail businesses, demands that companies move faster in attracting consumers. Therefore, companies that implement the concept of good service quality need to pay attention to consumer behavior and the needs required by consumers that influence the purchasing decisions of the products sold. This is because one of the ways to achieve the goal of purchasing decisions is by understanding the needs and desires of consumers or the target market and providing the expected satisfaction effectively and efficiently compared to competitors (Solikha and Suprpta 2020).

This is very beneficial for consumers, as they do not have to struggle to find the desired products. Here, the Marannu store located in Gowa Regency has a very strategic location, situated on the main road which is the primary route for drivers, making it easy for customers to reach. The strategic location on the main road amidst the hustle and bustle of drivers facilitates consumers in fulfilling their needs. So, to provide customer satisfaction, according to Kotler, service is any action or activity that can be offered by one party to another, which essentially is intangible and does not result in ownership (Arifin and Azhari 2018).

Consumer purchasing decisions are based on how retail stores can provide prices, good service, product completeness, and the needs desired by consumers, so that consumers can shop according to their desires and needs. Therefore, a company needs to pay attention to the products that are sought after or targeted by consumers and provide customer comfort while shopping in the store, by considering an orderly and attractive product arrangement system. Even though customers usually do not need these products, they are still driven to buy them without considering their needs (Ridwan 2018).

Various studies show that the combination of price and service quality has a significant impact on consumer purchasing decisions. Purchase decisions refer to the consumer's desire to buy products at a specific store, even though there are many other retail stores. Customers who shop tend to choose that store due to recommendations from others or evaluations they have heard from others.

Toko Marannu is one of the stores engaged in trade, established in 2016, located on the Malino main road, Parangloe district, Lanna village, Gowa regency. Toko Marannu accepts purchases in single units, more than one, and is capable of handling bulk purchases for resale. This store sells a variety of staple goods and other items. The goods owned by the trading company come from suppliers both within and outside the city.



**Figure 1.1 Marannu Store Sales Data (2021-2024)**

The diagram shows the sales development of Marannu Store from 2021 to 2024. In 2021, sales reached Rp.10,920,000,000. Then, in 2022, sales surged to Rp.12,980,000,000, indicating significant business growth compared to the previous year. In 2023, sales increased again to Rp.13,440,000,000. This growth trend continued into 2024, where sales reached Rp.14,400,000,000, reflecting a substantial increase compared to previous years.

Behind the consistent sales increase from 2021 to 2024, Toko Marannu faces short-term price dynamics. These unstable price changes can create negative perceptions among consumers, such as price uncertainty or a lack of trust in the store's transparency.

Showing that the store's overall performance has improved well but has become a source of uncertainty, the increase in sales could affect consumer perception regarding complaints or inconsistencies in the store's prices that have a manual sales system. Therefore, it is necessary to further investigate whether these price fluctuations affect consumer purchasing decisions.

Marannu Store has become one of the large and prominent retail businesses, a fact that certainly makes Marannu Store well-known to the general public. However, the recognition of the Marannu Store's name is due to many factors, including several mistakes made by the employees of Marannu Store. Based on the statements of customers who visited the Marannu store on the Malino main road, they expressed receiving unsatisfactory service, and some customers also mentioned that the prices at the Marannu store were inconsistent (SHELEMO 2023). Marannu store has 3 employees with different tasks, where each employee provides varying levels of service to each customer.

The price and quality of employee service towards consumer satisfaction can contribute to the store in consumer purchasing decisions over the past few years. In order for a business to achieve significant profits and sales, it is necessary to maintain a

positive perception among consumers regarding the goods and services they purchase. If a business can enable consumers to make purchasing decisions and analyze consumer preferences regarding price, service quality, and purchasing decisions and similar factors, this will be more effective in its business efforts, thereby increasing the chances of long-term success and sustainable profits for the business itself (Fish 2020).

## **RESEARCH METHOD**

Descriptive quantitative research type to explain scientifically and systematically where the observations made cover everything related to the research object, phenomena, and the correlations among them. The aim is to obtain an explanation of a theory and the laws of reality, which are then developed using mathematical models, theories, and hypotheses.

Research data is the final result of the management process that occurs during the investigation, serving as the foundation for analysis and drawing conclusions. This data is obtained from raw materials, also known as raw materials, which are then processed into useful information for research. The data sources in this research can be classified into two main categories, namely primary data and secondary data. Primary data is obtained directly from the first source, such as surveys, interviews, or observations, while secondary data consists of information that has been previously collected by others, such as previous research reports, databases, or scientific publications. The combination of primary and secondary data allows researchers to gain a more comprehensive understanding of the topic being studied and to evaluate information from various perspectives to support the research objectives.

Research variables are anything in any form that the researcher decides needs to be investigated so that knowledge can be obtained and conclusions can be drawn. In this study, there are two independent variables, namely Price and Service Quality. These two variables will affect the dependent variable, which is Purchase Decision.

Population is the context of research referring to the entire group of individuals, objects, or elements that have certain characteristics and become the focus of the research. The population in this study includes all consumers who shopped at the Marannu store in Gowa Regency in January 2025. The population is unknown or not known because transactions at the Marannu store are conducted manually without any stored transactions, and the population consists of all consumers who shopped at the Marannu store (Hidayat 2021).

A sample is a part of the number and characteristics possessed by the population. This research uses the determination of the sample size using the Malhotra formula by multiplying the number of sub-variables by 3 or 5 times the number of sub-variables, resulting in  $13 \text{ indicators} \times 5 = 65$ . Based on the calculation of the Malhotra formula, the sample in this study consists of 65 respondents who are customers of the Marannu store (Achmad 2022). The criteria for the sample in this study are individuals

who live on Jl. Poros Malino, Gowa Regency, individuals who shop at least 3 times a week, and shop in large quantities (wholesale) (Ani, Lumanauw, and Tampenawas 2021).

Research instruments are tools used by researchers to collect research data. In the research instruments used, it depends on the type of data that will be needed. The aids in this instrument use documentation, observation, and questionnaires. The testing of this instrument is conducted before the distribution of the questionnaire due to validity and reliability testing.

A valid instrument is an instrument that can be used to determine what is intended to be measured. A reliable instrument is an instrument that, when used multiple times to measure the same object, will produce the same data. A data collection instrument that is suitable for use is one that meets the criteria of validity and reliability (Fish 2020).

In this research, the author uses a quantitative methodology to explain the findings of subsequent researchers. Data analysis activities include grouping data based on variables from all respondents, presenting data on the variables being studied, performing calculations to answer the problem formulation, and conducting calculations to test the proposed hypothesis.

### **1. Data Analysis Techniques**

#### **a. Validity Test**

Validity or accuracy indicates the extent to which a measuring instrument (questionnaire) can measure what it intends to measure. Therefore, valid data must contain elements of precision and accuracy; precision means hitting the target, and accuracy means being able to distinguish aspects down to the smallest detail. Additionally, a measuring instrument is considered valid if it has the ability to capture the aspects (or elements, dimensions) that are intended to be measured.

#### **b. Reliability Test**

The reliability test is conducted with the aim of measuring the stability and concentration of the measurement scale. The data obtained must show stable and consistent results when remeasured on the same object. To determine the consistency of the data, an internal consistency reliability test is conducted. A questionnaire is said to be reliable if a person's answers to the questions are consistent or stable over time. This test is conducted by administering the instrument only once, and then the data obtained are analyzed using a specific technique, in this case, the Cronbach Alpha ( $\alpha$ ) technique. A variable is said to be reliable if it provides an alpha value  $> 0.60$ .

## **RESULTS AND DISCUSSION**

### **1. The influence of price on purchasing decisions at Marannu Store**

Based on the hypothesis test results above, it shows that price has a negative and significant effect on purchasing decisions, meaning H1 is accepted. Proven by

the T-test results, obtaining a significance of  $0.001 < 0.05$  and a t-value of  $3.738 < 2.404$ , which means that when the price decreases, the purchasing decision increases, thus concluding that the price variable significantly affects the purchasing decision.

Based on the calculation of the mean average for the Price variable, which has an average value of 2.43, it falls into the "Disagree" category, indicating that the majority of respondents are not yet satisfied with the established Price policy. This means that consumers feel that the offered price is too high, not in line with the benefits and quality of the product, and not comparable to similar products in the market.

Price is a monetary unit or measure used to obtain the rights to a good or service. Price is an important component in a transaction and is closely related to the decision to purchase a product. Price suitability becomes one of the determinants in the decision to purchase a product. Price becomes an attraction and a separate consideration for the sale of a product.

Descriptive results show an average price perception value of 2.43 (on a scale of 1–5). This result indicates that the price has a negative influence, meaning that the lower the price (the more affordable), the higher the tendency for consumers to purchase products at Toko Marannu. A price perception in the range of 2.43 reflects consumer dissatisfaction, as they consider the current price to be relatively high and not in line with customer expectations.

Therefore, for Toko Marannu, it is very important to adjust the pricing structure and optimize marketing strategies, so that the prices offered feel more suitable and competitive in the eyes of consumers. With more appropriate prices, it is expected that there will be an increase in purchase interest and purchasing decisions at the store.

The results of this study are in line with the research conducted by Aisyah Salsabila and Ali Maskur (2022), which states that price perception has a negative effect on the purchase decision of Mie Gacoan (Salsabila and Maskur 2022). The results are also consistent with the research conducted by Kevinli and Pesta Gultom (2020), which states that price perception has a significant and negative effect on the purchase decision of fried chicken (Kevinli and Pesta Gultom 2020).

## **2. The Influence of Service Quality on Purchase Decisions**

Based on the hypothesis test above, it shows that service quality has a negative and significant effect on purchase decisions, meaning  $H_1$  is accepted. This is evidenced by the T-test results, which obtained a significance of  $0.01 < 0.05$  and a t-value of  $5.178 > 2.404$ , indicating that the better the service provided to customers, the more it encourages consumers to make purchases at the Marannu store.

Based on the average mean calculation results for the Service Quality variable, which has an average value of 2.45 and is also in the "Disagree" category, it shows that consumers do not yet feel that the service is good enough to encourage purchases. That means consumers feel that the service provided is lacking, and the inadequate service makes them reluctant to make repeat purchases.

The research results show that service quality has a significant negative impact on purchasing decisions. This means that, although statistically the relationship is real (significant), the direction of the influence is actually the opposite. the improvement in service quality is associated with a decrease in purchase decisions. This could be caused by phenomena such as 'over-service', where services that are considered excessive or not in line with expectations actually create discomfort for consumers. Therefore, management needs to review the level of service provided to ensure it truly aligns with the needs and perceptions of customers.

Descriptive results show that the average perception of service quality is 2.45 (on a scale of 1–5), indicating that consumers rate the service at Toko Marannu as still being at a low level. The direction of this negative coefficient indicates a phenomenon where the improvement in service quality, measured through reliability, responsiveness, empathy, and assurance, is not positively responded to by consumers in the form of purchasing decisions. This can arise from conditions where the service is considered excessive, not meeting needs, or creating discomfort for the customers.

The results of this study are in line with the research conducted by Debby Cynthia, Haris Hermawan, and Ahmad Izuddin, which states that service quality has a negative and significant impact on purchasing decisions (Cynthia, Hermawan, and Izzudin 2022).

### **3. The Influence of Price and Service Quality Together on Purchase Decisions**

Based on the table above, it shows that  $32.535 > F_{3.14}$  with a sig value of  $0.01 < 0.05$ . Therefore, it can be concluded that the variables of Price and Service Quality simultaneously have a significant effect on purchase decisions at the Marannu store in Gowa Regency. Thus, the H1 hypothesis in this study, which states that there is a significant influence of price on purchasing decisions, can be accepted. The H2 hypothesis in this study, which states that there is a significant influence of service quality on purchasing decisions, can also be accepted.

Based on the average mean calculations of the three variables, it is known that the average perception of Price (X1) is 2.43, the average perception of Service Quality (X2) is 2.45, and the average Purchase Decision (Y) is 2.37. All three values fall into the "Disagree" category. The highest value is in the variable X2 (2.45), followed by variable X1 (2.43), which indicates that its influence on the Purchase Decision appears weak or directly disagrees.



Purchase decisions are the result of a complex process that involves internal aspects (motivation, perception, learning), external aspects (social, cultural, and economic), and direct influences from variables such as price and service quality. And a deep understanding of these factors is very important, especially for Marannu Store, so that marketing strategies can be optimized according to the actual stages and needs of consumers.

This study aims to evaluate the influence of price and service quality on purchasing decisions at Toko Marannu. The results of the regression analysis show that both variables have a negative and significant impact on purchasing decisions ( $p < 0.05$ ). This means that, although statistically the influence is real and significant, the direction of the influence is opposite: the better (more affordable) the price and the higher the perception of service quality, especially in the dimensions of reliability, responsiveness, empathy, and assurance, actually decrease the purchase decision. A negative coefficient direction like this usually indicates that an increase in one variable actually makes consumers more cautious or feel implicitly burdened. For example, prices that are too low can be associated with low quality, while excessive service (over-service) can cause discomfort or consumer skepticism. Therefore, Toko Marannu needs to review its pricing and service strategy to keep prices competitive without lowering the perception of value, and to ensure that service remains efficient, meets expectations, and does not come across as excessive.

## **CONCLUSION**

Based on the discussion in this research, the researcher concludes that several research results were obtained as follows:

1. This study shows that there is a "significant" influence of Price on purchasing decisions at Toko Marannu.
2. This study shows that there is a "significant" influence of Service Quality on purchasing decisions at Toko Marannu.
3. This study shows that there is a "significant" influence of Price and Service Quality on purchasing decisions at Toko Marannu.

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