

# The Influence of Price and Quality on Purchasing Decisions for Luxcrime Products

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## Abstract

The increasing competition of the cosmetic industry makes companies that each other will compete with each other so that the products produced have the most superior quality among products produced by similar companies. Because consumers will consider the price and quality of a product before they make a purchase decision. But currently local products are not less competitive with other imported products. This research was conducted to find out the effect of price and quality on luxcrime product purchase decisions. This study is a quantitative study using the SmartPLS application version 3 with the number of samples used, namely 100 respondents who have or are using Luxcrime products. The data collection technique used in this study is by spreading questionnaires online. The results showed that all variables had a positive and significant influence on purchasing decisions.

## Keywords:

Price, Quality, Purchasing Decisions, Costumer Behavior, Marketing

## 1. Introduction

The cosmetic industry today has become a major need for some women to support their appearance to look attractive. The company's competition is getting tighter, demanding that the company set quality standards on the products to be produced. This happens because the nature of an item determines whether or not the item enters the market. Director General of Small and Medium and Miscellaneous Industries (IKMA) of the Ministry of Industry Gati Wibawaningsih, 2020 said that despite being in the midst of the Covid-19 pandemic the cosmetics sector is growing relevantly (Ambaranie, 2021). The Ministry of Industry (Kemenperin) pays great attention to Small and Medium Industries (IKM) cosmetics and *wellness products*. The sector is showing high adaptation in the face of pandemic situations, especially by adapting to changing patterns of consumer behavior. The Minister of Industry said that the pandemic has shifted shopping patterns from *offline* to *online*. This is seen from data from the Coordinating Ministry for Economic Affairs which showed an increase in *online* transactions of *body care* products such as cosmetics and spas by 80% in 2020 (P.Situmorang, 2021).

Based on these data, the growth of the cosmetic industry will increase. But before consumers decide to make a purchase, consumers will look for information about the price of the product they will buy. Because consumers will compare the price of one product with another. Someone will pay a heavy price to buy a product that has a value that is in accordance with his expectations. On the contrary, they will also not pay for a product that according to him does not have the appropriate value even at a cheap price. In addition to price, product quality is also an important indicator in determining purchasing decisions. The quality of a product is highly regarded. Consumers will feel comfortable and satisfied when the quality they get is appropriate. Therefore, the company will provide the best quality for its consumers. Customer satisfaction is very important.

One company that creates local cosmetic products is *Luxcrime*. *Luxcrime* strives to always present quality products so as to make the wearer feel happy. Therefore the *tagline* of *Luxcrime* is "*I, Makeup, Skin, Happy*". This *tagline* means that *Luxcrime* provides a complete range of products from skin care to cosmetics that aims to get *Luxcrime* customers to have a pleasant and happy experience when they see, touch, and use *Luxcrime* products through packaging, to high-quality and attractive formulas. In addition to the price is quite affordable, *Luxcrime* products also have a variety of very diverse color options that are not inferior to other competitors. Then *Luxcrime* has a superior product that is *Two Way Cake* powder that is currently trending. This research aims to find out the effect of price and quality on

*luxcrime* product purchasing decisions. Where the price greatly influences the purchase decision. Then another indicator that is no less important is quality. Because the quality of a product also influences purchasing decisions.

## 2. Literature Review

### Price

Shinta (2011: 102) states that the price is a value described in the form of rupiah for exchanges / transactions or a certain amount of money that must be paid by consumers in order to get goods and services. Meanwhile, (Kotler & Keller, 2016) explained that the price dimension there are 4, namely as follows:

#### Price Affordability

Consumers can reach the price set by the company for a product. Generally an item includes several types in a brand, but the price offered changes from a high-priced product to a low price.

#### Price Matchness with Product Quality

Generally some consumers choose higher prices because they see differences in the quality of products produced between products with greater cost and lower costs. According to him, the higher the price of an item, the higher the quality of the goods.

#### Price Conformity with Benefits

Usually consumers make purchases of a product based on the benefits generated from the product. If the benefits of the product are low value, it will affect the decision of the consumer's purchase choice which is less likely.

#### Price Competitiveness

The price of a product will compete. Consumers often first compare the price of a product with other similar products. The price of an item will compete. Consumers often compare the prices of a product and other similar products.

### Product Quality

According to Kotler and Armstrong (2013:346) product quality is anything that can be proposed to the market to be prominent enough to be noticed, purchased, used, or eaten that it can meet a need or need. Suliyanto (2009: 107) suggests that the product is a creation that will be thrown to the buyer to be circulated and used by buyers to overcome the problem.

There are eight dimensions of quality, (Lupiyoadi, 2001: 146) namely:

Performance, relating to the important work attributes of a product.

Features, is the quality of goods intended to further develop the capacity of the goods or increase customer interest in the goods.

Reliability, is the possibility that the item will work optimally or not within a certain period of time. The less likely the damage, the more reliable the product.

Conformance, especially the extent to which the fundamental quality of work of an item meets the specific details of the customer or no imperfections are found in the item.

Durability, which implies how long or age the referenced item lasts before the item has to be replaced. The greater the frequency of buyers towards the item, the more prominent the durability of the item. Service ability, related to speed and ease of getting steady repairs. Aesthetics, identifying with how the existence of the item can be seen from the appearance, taste, smell, and state of the item.

Perceived Quality, usually considered as a result of the use of estimates because there is a possibility that buyers do not understand or need information about the product in question. Furthermore, the buyer's view of the goods is derived from value, brand, publication, excellence, and country of origin.

### Purchasing Decision

According to Kotler & Keller (2016:487) "buy choices depend on how buyers see costs and what they believe the current actual cost to be-not on the advertiser's expressed value". The choice of purchase depends on how the buyer sees the cost and what they see as the real cost currently does not match the advertiser's stated cost. According to

Kotler and Keller (2016: 198) that consumers can form five sub-decisions when it comes to the stage of purchasing decisions including:

**Product choice.** Buyers can make the choice to buy the product or use their money for different purposes. For this situation the organization should concentrate on individuals who are interested in buying the goods and choices they are thinking about.

**Brand choice.** Buyers need to make choices as to which brand to buy. Each brand has its own disparity. For this situation, the organization must know how customers choose a trusted brand of goods.

**Choice of dealer.** The buyer must make a choice with respect to which seller to visit. Each buyer is different in choosing a seller, which can be caused by factors such as near area, low cost, stock, shopping accommodation, and more.

**Purchase options.** Buyers can make choices about the selection of brands to be purchased at one time. The choice of buying may be from one type of product or cost. For this situation the company prepares many products as indicated by the various desires of buyers.

**Payment method.** Buyers can make choices about the installment strategy that will be used in determining the customer's choice to use the product or administration. Today, buying options are influenced by social, ecological, and family angles, buying options are also influenced by the innovations used in the buying exchange, making it easier for buyers to exchange both inside and outside the home.

According to Kotler & Keller (2016:216) the purchasing community incorporates all hierarchical individuals who assume one of the seven parts in the buying option cycle, including the accompanying one.

*Initiators*, clients or other people in an association who mention something to be purchased.

*Users*, people who will take advantage of the help or goods. Most of the time, clients start making proposals and help track product prerequisites.

*Influencers*, individuals who influence purchasing choices and often by helping to find or provide details and provide data to assess options.

*Deciders*, the person who determines the prerequisites of the product or supplier.

*Approvers*, people who authorize the proposed activities of the determinants or consumers.

*Buyers*, individuals who have the power to choose a provider and set procurement requirements. Buyers can help with the details of the printed product, but they consider their important part in executing and organizing. In a more confusing purchase, the buyer may include the most significant level manager.

*Gatekeepers*, individuals who have the ability to keep dealers or data from reaching the individual of the buying community. For example, receptionists, purchasing specialists, and telephone administrators.

### **Relationship between price and purchase decision**

(Kotler and Armstrong, in Christian, 2021) a fee is a measure of cash charged for something or administration or a measure of the value of cash traded by a buyer for the benefit of owning or using a product or service. In the process of buying and selling prices become one of the most important parts, because the price is a medium of exchange in transactions. Cost is the main component of customizable display alloys that can change at any time.

Purchasing decisions are defined by (Kotler and Keller, in Christian, 2021) *In the assessment stage, the shopper structures inclinations among the brands in the decision and may likewise frame an expectation to purchase the most favored brand.*

The statement explains that consumers form trends between brands in decision making and further have the goal of buying the most preferred brands.

Therefore, the effect of price on purchasing decisions is very important for the provider of the product or service to get *empathy* from consumers, because consumers will see the price first when they want to buy a product or service needed. If the price offered is in accordance with what consumers want then they will buy the product or service.

### **Relationship between product quality and purchasing decisions**

Product Quality according to (Prayoga, in Christian, 2021) product quality is the value of a product to satisfy or meet the desires of consumers in the marketing process so as not to lose competition and meet the expectations of every consumer.

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Therefore, the quality of the product is very influential on purchasing decisions. Consumers will not buy products that do not match the quality they expect. The higher the nature of a product, the higher the customer's choice to make a purchase.

### **The relationship between price and quality to purchasing decisions**

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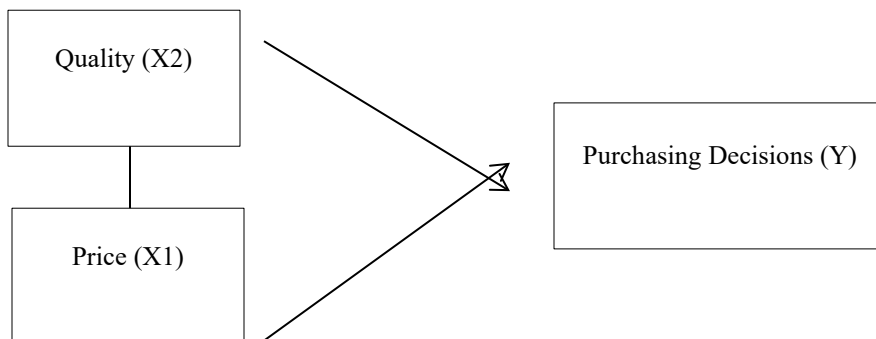
Purchasing decisions are defined by (Kotler and Keller, in Christian, 2021) *In the assessment stage, the buyer structures inclinations among the brands in the decision and may likewise shape an aim to purchase the most favored brand.*

From the above statement of price and quality influences the purchase decision. Because consumers will consider the price and quality of a product before they decide to make a purchase.

### **Research Hypothesis**

- H1: Price affects the cost of purchase
- H2: Product quality influences purchasing decisions
- H3: Price affects the quality of the product
- H4: Price affects purchase decision through mediating effect of quality

### **Framework**



**Figure 1.** Research Framework

## **3. Methodology**

The type of research used in this study is using a quantitative approach, because it is considered accurate to include respondents in this study. According to (Sugiyono, in Lelawati, 2021) explaining that quantitative methods are research methods based on the philosophy of positivism, needed to examine in a particular population or sample,

information gathering requires research instruments, information analysis is quantitative / statistical, with the aim of testing hypotheses. Researchers use non probability sampling techniques with purposive sampling methods. This technique is to determine respondents who are already expected to be suitable for data to be collected in this study. Data collection is done through an online questionnaire using google form. If the data has been collected through questionnaires that have been disseminated, then the data will be tested for validity and reliability.

The data collected will be analyzed using SmartPLS software in order to test the relationships between variables. This questionnaire was distributed from October 22 to November 14, 2021. The dissemination of this questionnaire is done through social media (Instagram, WhatsApp, Line) in order to reach respondents more widely. In total, 100 people in the study were 100 people who had or were using Luxcrime products. Of the respondents who have collected there are women (97%) and men (3%). Then the statements contained in the questionnaire use a likert scale from 1 to 5, (1 = strongly disagree) and (5 = strongly agree). The Likert scale is the scale required to estimate the views, attitudes or ideas of a person or group about a social event or phenomenon (Bahrun, Alifah, & Mulyono, 2017).

#### 4. Results and Discussions

Researchers grouped respondents into the following criteria:

**Table 1: Characteristics of Respondents**

Profile	Sum	Percentage
<b>Gender</b>		
Woman	97	97%
Man	3	3%
Total	100	100%
<b>Age</b>		
< 20 years	14	14%
21 - 25 years	83	83%
25 - 30 years	3	3%
Total	100	100%
<b>Work</b>		
Student/Student	90	90%
Employee	7	7%
Self employed	3	3%
Total	100	100%
<b>Monthly Income</b>		
< Rp. 1,000,000	40	40%
Rp. 1,500,000 – Rp. 3,000,000	49	49%
Rp. 3,000,000 – Rp. 5,000,000	9	9%
> Rp. 5,000,000	2	2%
Total	100	100%

Source: Author Results (2021)

After the researcher explained the characteristics of respondents, the data will be processed using the SmartPLS application to find out the interrelationships between variables. Respondents' answers were grouped into strongly disagreeing (STT), disagreeing (TS), simply agreeing (CS), agreeing (S), strongly agreeing (SS). Then in this test, the value of each indicator must be above 0.5 to 0.7 which states if the indicator is valid.

**Table 2: Loading/Outer Loading Factor Results**

CODE	STATEMENT	XI (H)	Y (KP)	X2 (K)
H2	I feel the price of Luxcrime products offered is affordable for all circles.	0,5384		
H3	I feel the price set luxcrime products in accordance with the quality provided	0,8472		

H4	I feel the price and products of Luxcrime are in accordance with the promised quality.	0,8241	
H5	I feel luxcrime products can compete with other competitors.	0,7071	
H6	I feel the price offered by Luxcrime products is better than the price of other products.	0,5512	
H7	I feel the benefits of Luxcrime products already match the price given	0,7355	
K1	I feel luxcrime products produce products that are comfortable to use		0,8064
K2	I feel luxcrime products have a lot of options.		0,6704
K3	I feel the design characteristics of Luxcrime products meet my expectations		0,6933
K4	I feel luxcrime product design follows today's trends		0,7416
K5	I feel luxcrime products are not easily damaged		0,7595
K6	I feel luxcrime products have a long-lasting quality		0,7455
K7	I feel luxcrime products are safe to use I feel the color of Luxcrime products does not fade easily.		0,7846
K8			0,7461
KP1	I feel very interested in the products offered.	0,7558	
KP2	I feel like the products offered are diverse.	0,5867	
KP3	I find the Luxcrime brand memorable	0,6546	
KP4	I feel luxcrime products are fully available	0,6724	
KP5	I feel luxcrime products have a high appeal	0,8381	
KP6	I feel the ease of payment processing.	0,7905	
KP7	I feel like buying a product doesn't take long.	0,8177	
KP8	I feel confidence in the Luxcrime product brand.	0,8189	

Source: Author Results (2021)

Based on the results of the indicators in the table above, there are 2 indicators that are removed because the result is below 0.7, namely the price of H1 (I feel luxcrime products have a variety of price offers), H8 (I feel the price offered by Luxcrime is lower than other retail products). Furthermore, the Average Variance Extracted (AVE) test is conducted to test models that illustrate the magnitude of the diversity of indicators supported by construction.

**Table 3. Average extracted variance (AVE)**

Variable	AVE
X1 H	0,5052
X2 K	0,5544
Y KP	0,5578

Source: Author Results (2021)

The AVE value in table 3 above states that if all variables that have been tested have an AVE value above 0.5, therefore the variable is declared good and has qualified the AVE test and validity test in the convergent validity section. Then continue with discriminant validity by starting cross loading calculations based on the cross value of indicators and construction. The test results in table 4 prove that the value of the cross-loading indicator has a greater value than the correlation of other construct values.

**Table 4. Cross Loading**

CODE	XI (H)	Y (KP)	X2 (K)
H2	0,5384	0,3945	0,2562
H3	0,8472	0,6028	0,6137
H4	0,8241	0,5991	0,6425
H5	0,7071	0,5357	0,5119
H6	0,5512	0,4949	0,3263
H7	0,7355	0,5912	0,6212
K1	0,5750	0,6406	0,8064
K2	0,5652	0,6116	0,6704
K3	0,4914	0,4939	0,6933
K4	0,5380	0,5492	0,7416
K5	0,5388	0,5719	0,7595
K6	0,4776	0,5572	0,7455
K7	0,6017	0,7230	0,7846
K8	0,5263	0,6098	0,7461
KP1	0,5892	0,7558	0,6632
KP2	0,4184	0,5867	0,5345
KP3	0,4332	0,6546	0,5142
KP5	0,5099	0,6724	0,4493
KP5	0,6874	0,8381	0,6749
KP6	0,6371	0,7905	0,6059
KP7	0,6219	0,8177	0,6390
KP8	0,6001	0,8189	0,6855

Source: Author Results (2021)

In table 4 above shows the results of the loading value of each indicator on a higher construction than other indicators. Then all latent or construction variables have a better discriminant validity value than other indicators. Furthermore, internal reliability consistency tests can be done.

**Table 5. Reliability Test Results**

	<b>Composite Reliability</b>	<b>Alpha Cronbach</b>
<b>X1 (H)</b>	0,7992	0,8562
<b>X2 (K)</b>	0,8846	0,9084
<b>Y (KP)</b>	0,8841	0,9084

Source: Author Results (2021)

From table 5 above, it can be concluded that all construction meets reliable requirements. This can be seen from the composite reliability value and alpha cronbach obtained from Smartpls. The resulting value > 0.6 as the criteria considered. The result of the composite reability > 0.7 which means the reliability of the indicator is otherwise good. In the Inner Model Test using SmartPLS, it can be seen using R-Square on each dependent latent variable. Here are the test results. This study uses 1 variable that is influenced by other variables, namely purchasing decision variables influenced by price and quality.

**Table 6. R-Square Value**

<b>Variable</b>	<b>R-Square</b>
<b>Y (KP)</b>	0,7140
<b>X2 (K)</b>	0,5298

Source: Author Results (2021)

From table 6 above shows that the R-squared value of the Purchasing Decision variable is 0.7140 and the quality variable is 0.5298. The results showed that 71.4% of purchasing decision variables and 52.98% of quality variables were related.

### Hypothesis Test Results

**Table 7. Hypothesis Test**

<b>Variable</b>	<b>Original Sample</b>	<b>Sample Mean</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics (O/STDEV)</b>	<b>P Values</b>
X1 (H1) -> Y (KP)	0,3727	0,3731	0,0887	4,2020	0,0000
X1 (H1)-> X2 (K)	0,7279	0,7386	0,0560	12,9925	0,0000
X2(K) -> Y (KP)	0,5341	0,5352	0,0850	6,2844	0,0000
X1 (H) -> Y (KP) by X2 (K)	0,3888	0,3972	0,0701	0,5450	0,0000

From the table above the hypothesis test can be seen as follows:

Based on the results of the analysis that the effect of price on purchasing decisions shows a path coefficient value of 0.3727 which means there is a positive influence on the purchase decision. Then have a statistical value of T 4.2020 the value is greater than 1.96 with a value of P Value 0.0000 which means it shows a significant influence. This means that price variables have a positive effect on the variable of purchasing decisions. Therefore, the price hypothesis affects acceptable purchasing decisions.

Based on the results of the analysis it can be known that the effect of price on quality shows the value of the path coefficient of 0.7279 which means there is a positive influence on quality. Then having a statistical value of T 12.9925 the value is greater than 1.96 and the value of P Value 0.0000 means showing a significant influence. This means that price variables have a positive effect on quality variables. Thus the price hypothesis affects acceptable quality.



Based on the results of the analysis it can be known that the influence of quality on purchasing decisions shows a path coefficient value of 0.5341 which means there is a positive influence on the purchase decision. Then having a statistical value of T 6.2844 the value is greater than 1.96 and the value of P Value 0.0000 means showing a significant influence. This means that the quality variable has a positive effect on the purchase decision variable. Thus the quality hypothesis affects acceptable purchasing decisions.

Furthermore, the results of the analysis can be found that the effect of price on purchasing decisions through quality variables shows a path coefficient value of 0.3888 which means there is a positive influence on purchasing decisions through quality variables. Then having a statistical value of T 0.5450 the value is greater than 1.96 and the value of P Value 0.0000 means showing a significant influence. This means that price variables have a positive effect on purchasing decision variables through quality variables. Thus the price hypothesis influences purchasing decisions through acceptable quality variables.

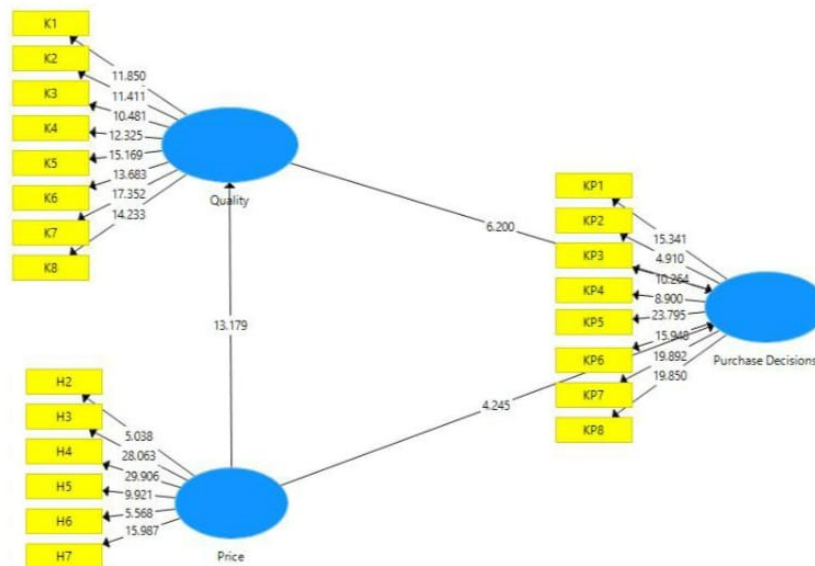


Figure 2. Path Model

## 5. Conclusion

Some of the necessary conclusions can provide answers to the problems formulated in this study, namely as follows:

1. The results of a study conducted on 100 respondents tested using the SmartPLS application showed that price and quality had an effect on luxcrime product purchasing decisions, in the overall respondents' view was in a fairly good and significant category. This indicates that the purchase decision is determined by price and quality.
2. Researchers have three hypotheses in this study, namely price influences purchasing decisions, which in the view of respondents are in a fairly good and significant category. This means showing that consumers will choose the product with regard to the affordability of the price offered by Luxcrime and the price offered must match the quality of the product. Both prices affect quality, which in the respondent's view is in a fairly good and significant category. This indicates if the price also determines the quality of a product. When consumers buy a product at a high price, then the expected quality will be higher. Therefore, the company must provide the best quality to consumers. These three qualities affect purchasing decisions, which in the respondent's view are in a fairly good and significant category. This shows if the company produces a product that is of good quality then consumers will be loyal and trust the product. In this study the relationship between free variables had such a significant and positive influence that hypotheses could be accepted.

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