



The Mediating Role of Purchase Intention on the Effect of Product Quality and Price Fairness on Purchasing Decisions

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Abstract

Children's apparel sector is surging in Indonesia, posing challenges for children's clothing retailers, exemplified by CV. Patras Development. In the realm of heightened market competition, innovation becomes imperative. CV. Patras Development grapples with obstacles such as external competitors offering more cost-effective solutions and raw material sourcing intricacies, compounded by a tranquil business environment in Bali. This quantitative research adopts a methodological approach focusing on latent variables—Product Quality (X1) and Price Fairness (X2) as influencers, and Purchase Interest (Y1) and Purchasing Decisions (Y2) as influenced variables. The study encompasses 72 consumers of children's clothing at CV. Patras Development, with data meticulously processed using SmartPLS accounting software. The findings elucidate that Product Quality and Price Fairness significantly influence the purchasing interest of clothing consumers at CV. Patras Development. Noteworthy is the positive impact of Price Fairness on purchasing decisions, whereas Product Quality and Purchase Intention exhibit no discernible effect on purchasing decisions. Intriguingly, the mediation of Purchase Intention between product quality and price fairness proves inconsequential in shaping purchasing decisions among clothing consumers at CV. Patras Development from an accounting perspective.

Keywords: product quality price fairness; purchase intention; purchase decision.

INTRODUCTION

Children's fashion trends in Indonesia are currently growing very rapidly. Facing increasingly fierce

business competition, children's clothing retailers must always be able to innovate in the face of competition. Companies are currently required to

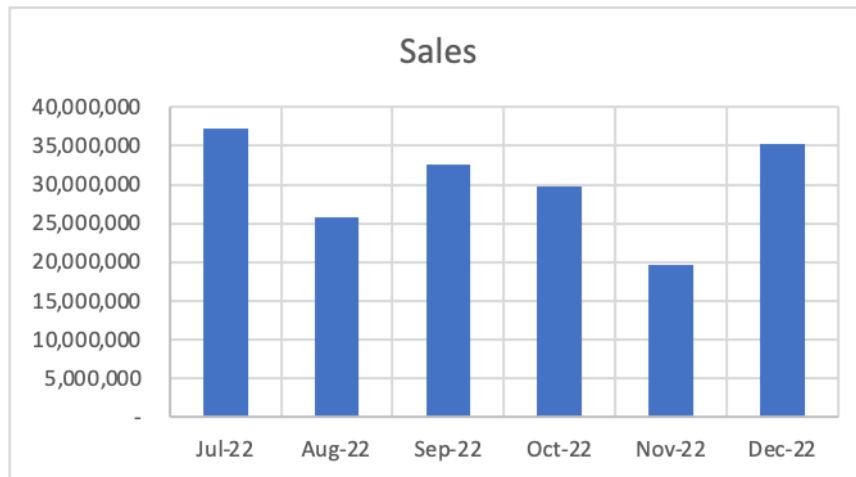


Figure 1. Sales chart of children's clothing in July - December 2022

improve the quality of their products but still at competitive prices to generate consumer buying interest and ultimately consumers make purchasing decisions.

CV. Patras Development is a confectionery and children's clothing retail company in Denpasar which was founded in December 2020. In its two-year journey in the field of confectionery, CV. Patras Development experiences several obstacles, ranging from the high price of raw materials (such as cotton, linen, satin, or wool) available in Bali, the difficulty of skilled labor, and the production process that is still done manually, of course, these conditions lead to high production prices and low-quality products. Conversely, the number of competitors with similar products also hinders sales. As a result of the sales data of CV. Patras

Development, which is spread across Denpasar, Badung, Gianyar, Negara, and Tabanan, sales results have experienced significant fluctuations over the past six months (shown in Figure 1). The highest sales reached Rp 37,270,000 in July 2022, while the lowest reached Rp 19,620,000 in November 2022. This phenomenon is caused, among others, by customer purchasing decisions which are influenced by price competition in the market for children's clothing products and consumer perceptions of the quality of children's clothing.

In a product, there must be elements of product attributes that can influence consumers in making purchasing decisions, one of which is the quality of the product. The quality of a product is the most important consideration for consumers before making a purchase decision on a

product. According to Ernawati (2019) that product quality is an important factor influencing the decision of each customer to buy a product. The better the quality of the product, the more consumer interest will increase who want to buy the product. In line with the statements of research experts conducted by Oktavenia and Ardani (2019), stating that product quality has a significant positive effect on purchasing decisions. However, the results of research conducted by Pardede and Haryadi, (2017) show that product quality has no positive and significant effect on consumer purchasing decisions.

Based on a brief interview with the owner of CV. Patras Development, stated that price is the main cause that influences buying interest and purchasing decisions from consumers. Price is the amount of money used to obtain certain products in the form of goods or services (Gitosudarmo, 2019). Price is defined as the amount paid by the buyer and price is the value expressed in a currency. In line with research conducted by Firdiansyah and Prawoto, (2021), it shows that the price variable has a positive effect on purchasing decisions. Likewise, the results of research conducted by Fadli, et al. state that price also has a positive and significant effect on

purchasing decisions. However, different results were shown in research conducted by Nasution et al, (2019) the price factor has no positive and insignificant effect on consumer purchasing decisions. In line with research conducted by Nasution et al, (2019), research from Saputro and Mustofa, (2015) also states that price has no significant effect on purchasing decisions.

Based on the above phenomena and journal reviews that lead to research gaps, researchers are interested and want to test whether the mediating role of purchase intention on the effect of product quality and price fairness on purchasing decisions with Case Studies conducted at CV. Patras Development.

From this background, the problems that form the basis for the implementation of this research can be formulated, namely:

1. How does product quality affect buy interest in children's clothing for CV consumers. Patras Development?
2. How does price fairness affect buying interest in children's clothing for CV consumers. Patras Development?
3. How does product quality affect purchasing decisions for children's

- clothing for CV consumers. Patras Development?
4. How does price fairness affect purchasing decisions for children's clothing for CV consumers. Patras Development?
 5. How does buying interest affect purchasing decisions for children's clothing for CV consumers. Patras Development?
 6. What is the mediating role of purchase intention on product quality and price fairness on purchasing decisions for children's clothing for CV consumers. Patras Development?

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The Effect of Product Quality on Purchase Intention

Purchase interest arises after an alternative evaluation process, in the evaluation process, a person will make a series of choices regarding the product to be purchased on the basis of brand and interest. Purchase interest is obtained from a learning process and a thought process that forms a perception (Kotler, et al, 2014). A motivated person is one who is ready for how perceptions influence certain situations (Kotler and Keller, 2016: 189). High perceived quality raises interest in buying a product. In line with previous research Hanslim,

et al, (2020), and Farmiati and Ismail, (2021), state that there is a strong influence between perceived quality and purchase intention.

H₁: Product quality has a positive effect on purchase intention.

The Effect of Price Fairness on Purchase Intention

According to Gitosudarmo (2019) price is the amount of money used to obtain certain products in the form of goods or services. Purchase interest is a focus of attention on something that is accompanied by a feeling of pleasure towards the item, then the individual's interest creates a desire so that a convincing feeling arises that the item has benefits so that individuals want to own the item by paying or exchanging it for money (Priansa, 2017). The appropriate price will generate buying interest in a product. In line with research conducted by Suhartini, et al, (2020), Satriawan and Setiawan, (2020) state that price has a significant effect on buying interest.

H₂: Price fairness has a positive effect on purchase intention

The Effect of Product Quality on Purchasing Decisions

Zeithaml (2009: 79) identifies perceived quality as a component of brand value where high perceived

quality will lead consumers to choose the brand compared to competing brands. Perceived quality perceived by consumers affects the willingness of these consumers to buy a product. Perceived Quality affects Purchasing decisions. In line with previous research Tria Anggina Putri, et al, (2018), Haris Fauzi, (2021), state that perceived quality has a positive and significant effect on purchasing decisions. Based on previous research, the following hypothesis can be made.

H₃: Product quality has a positive effect on purchasing decisions

The Effect of Price Fairness on Purchasing Decisions

According to Buchari Alma (2016: 96) suggests that a purchasing decision is a consumer decision that is influenced by financial economics, technology, politics, culture, product, price, location, promotion, physical evidence, people, process. So that it forms an attitude in consumers to process all information and draw conclusions in the form of a response that appears what product to buy. Price will affect purchasing decisions. In line with previous research from Dwi Firdiansyah and Eko Prawoto, (2021), Harun Al Rashid and Agus Tri Indah, (2018) and Fadli et al (2022) stated that price has a positive and

significant effect on purchasing decisions.

H₄: Price fairness has a positive effect on purchasing decisions

The Effect of Purchase Intention on Purchasing Decisions.

Public Intention arises after getting a more detailed information base about the company or product. At this stage, people are interested in the products offered because the promotions carried out by the company are successfully accepted by consumers. According to Kotler and Keller (2012: 503), buying interest affects the likelihood of making a purchase decision from a product. In line with previous research conducted by Luthfiyatillah, Afifah Nur Millatina, Sitti Hamidah Mujahidah and Sri Herianingrum, (2020), Agus Sriyanto and Aris Wahyu Kuncoro, (2019), stated that Purchase Intention has a positive and significant influence on Purchasing Decisions.

H₅: Purchase intention has a positive effect on purchasing decisions.

The Mediating Role of Purchase Intention on Product Quality and Price Fairness on Purchasing Decisions.

In line with previous research conducted by Satriawan and Setiawan

(2020), it states that the role of purchase intention also significantly mediates price perceptions and perceived quality towards purchasing decisions.

H₆: The mediating role of purchase intention on product quality and price fairness has a positive effect on purchasing decisions.

METHOD

This study uses quantitative methods to assist in obtaining the desired data to explain the mediating role of purchase intention on the effect of perceived quality and price fairness on purchasing decisions case study at CV. Patras Development.

The population in this study were 72 consumers of CV. Patras Development. The population in this study are all consumers who have bought CV products. Patras Development. In this study, the sample amounted to 72 consumers of CV. Patras Development. The population size is the same as the sample size. Then the data collection technique in this study was carried out by survey method.

The hypothesis test design in this study is presented based on the research objectives. The confidence level used is 95%, so the level of precision or limit of inaccuracy is $\alpha = 5\% = 0.05$. And produces a t table

value of 1.96. So that: If the t-statistic value is greater than 0.05 (>0.05), then H₀ is accepted and H_a is rejected. If the t-statistic value is less equal to 0.05 (≤ 0.05), then H₀ is rejected, and H_a is accepted.

RESULTS AND DISCUSSION

Hypothesis testing is carried out by t-test on each direct effect path partially and indirect effects through mediating variables. Related to this test, hypothesis testing can be sorted into direct submission and indirect effect testing or mediating variable testing. In the following section, the results of direct effect testing and mediating variable testing are described successively.

Direct Effect Testing

The results of the Path coefficient validation test on each path for direct effects can be presented in Table 1. Table 1 shows the results of hypothesis testing which are presented in the following description The first hypothesis tests whether Product Quality (X1) positively affects Purchase Intention (Y1). The test results show a positive path coefficient value of 0.443 with a T-statistic = 4.431. From these results it is stated that the T-statistic is significant, because the T-statistic

Table 1. Direct Effect Testing Results

No	Relationship between Variables	Path Coefficient (Bootstrapping)	T- Statistics	P Values	Description
1	X1. Product Quality -> Y1. Purchase Intention	0.443	4.431	0.000	Significant
2	X1. Product Quality -> Y2. Purchase Decision	0.256	1.773	0.076	Insignificant
3	X2. Price Fairness -> Y1. Purchase Intention	0.396	3.687	0.003	Significant
4	X2. Price Fairness -> Y2. Purchase Decision	0.376	3.053	0.002	Significant
5	Y1. Purchase Intention -> Y2. Purchase Decision	0.259	1.930	0.054	Insignificant

Source: Data Processing 2022

> 1.96 with P Value <0.05 so that the first hypothesis (H1) is accepted. This proves that Product Quality (X1) has a positive effect on Purchase Intention (Y1).

The second hypothesis tests whether Price Fairness (X2) positively affects Purchase Intention (Y1). The test results show a positive path coefficient value of 0.396 with a T-statistic = 3.687. From these results it is stated that the T-statistic is significant, because the T-statistic > 1.96 with P Value <0.05 so that the second hypothesis (H2) is accepted. This proves that Price Fairness (X2) has a positive effect on Purchase Intention (Y1).

The third hypothesis tests whether Product Quality (X1) positively has no effect on Purchasing Decisions (Y2). The test results show a positive path coefficient value of 0.256 with a T-statistic = 1.773. From these results it is stated that the T-

statistic is not significant, because the T-statistic < 1.96 with a P Value > 0.05 so that the third hypothesis (H3) is rejected. This proves that Product Quality (X1) has no effect on Purchasing Decisions (Y2).

The fourth hypothesis tests whether Price Fairness (X2) positively affects Purchasing Decisions (Y2). The test results show a positive path coefficient value of 0.376 with a T-statistic = 3.053. From these results it is stated that the T-statistic is significant, because the T-statistic > 1.96 with P Value <0.05 so that the fourth hypothesis (H4) is accepted. This proves that Price Fairness (X2) has a positive effect on Purchasing Decisions (Y2).

The fifth hypothesis tests whether Purchase Intention (Y1) has an effect on Purchasing Decisions (Y2). The test results show a positive path coefficient value of 0.259 with a T-statistic = 1.930. From these

Table 2. Recapitulation of Mediation Variable Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X2. Price Fairness -> Y1. Buying Interest -> Y2. Purchase Decision	0.102	0.105	0.063	1.623	0.105
X1. Product Quality -> Y1. Buying Interest -> Y2. Purchase Decision	0.115	0.123	0.073	1.578	0.115

Source: Data Processing 2022

results it is stated that the T-statistic is not significant, because the T-statistic < 1.96 with a P Value > 0.05 so that the fifth hypothesis (H5) is rejected. This proves that Purchase Interest (Y1) has no positive effect on Purchasing Decisions (Y2).

Testing Indirect Influence Through Mediating Variables

In the following hypothesis testing, the mediating role of the Purchase Intention variable (Y1) on the indirect effect of Product Quality (X1), and Price Fairness (X2) on Purchasing Decisions (Y2) will be examined. Hypothesis testing of indirect effects in this study are presented in Table 2.

To find out how far the Purchase Interest variable (Y1) can mediate the relationship between Product Quality (X1) and Price Fairness (X2) on Purchasing Decisions (Y2). It can be seen in table 5.15 that the relationship between Product Quality (X1) on Purchasing Decisions (Y2) mediated by Purchase

Interest (Y1) is not significant with a T-Statistic value of 1.578 < 1.96, this means that in Purchase Interest (Y1) does not mediate the relationship between the Product Quality variable (X1) and Purchasing Decisions (Y2). Likewise, the relationship between Price Fairness (X2) on Purchasing Decisions (Y2) mediated by Purchase Intention (Y1) is not significant with a T-Statistic value of 1.623 < 1.96, this means that in Purchase Interest (Y1) does not mediate the relationship between the variable Price Fairness (X2) and Purchasing Decisions (Y2). This proves that Product Quality (X1) and Price Fairness (X2) are not mediated by Purchase Intention (Y1) on Purchasing Decisions (Y2), so the sixth hypothesis (H6) is rejected.

This section will explain the results of the research analysis. The purpose of this study was to determine the most influential factors in consumer purchasing decisions of CV. Patras Development.

The Effect of Product Quality on Purchase Intention

The results of hypothesis testing show that Product Quality has a positive effect on Purchase Intention. This means that the better the quality of production, the higher consumer buying interest will be. Seeing the characteristics of children's clothing respondents at CV. Patras Development, who want uniqueness when the company makes products with uniqueness such as providing additional endek fabric accents on the product so that it gives additional features to the product, makes consumers feel satisfied with what the company provides and it creates interest in buying the product.

The results of this study support the results of research conducted by Felicia Hanslim, et al (2020), the results of the study state that there is a strong influence between perceived quality on buying interest. The results of research by Josi Farmiati and Ismail, (2021), found that Perceived quality has a positive effect on consumer buying interest in Wardah Cosmetics in Banda Aceh.

The Effect of Price Fairness on Purchase Intention

The results of hypothesis testing show that Price Fairness has a positive effect on Purchase Intention. This means that the better Price Fairness is, the higher consumer buying interest will be. Looking at the characteristics of children's clothing respondents at CV. Patras Development, consumer perceptions of prices that are considered reasonable and have high benefits with the products that consumers get lead to high buying interest from consumers.

The results of this study support the results of research conducted by Felicia Hanslim, et al (2020), the results of the study state that there is a strong influence between perceived quality on buying interest. The results of research by Josi Farmiati and Ismail, (2021), found that Perceived quality has a positive effect on consumer buying interest in Wardah Cosmetics in Banda Aceh.

The Effect of Product Quality on Purchasing Decisions

The results of hypothesis testing show that Product Quality has no effect on Purchasing Decisions. Looking at the characteristics of respondents in children's clothing at

CV. Patras Development, who become regular consumers are those who have bought and are used to buying children's clothing at CV. Patras Development. When consumers feel that the product is suitable, consumers make repeated purchases and become accustomed to buying the company's products without seeing the quality of the product again. This means that improving the quality of children's clothing products at CV. Patras Development will not affect consumer purchasing decisions.

The results of this study support the results of research conducted by Pardede and Haryadi (2017), the results of which state that product quality has no positive and significant effect on consumer purchasing decisions. The results of this study do not support Ernawati's (2019) theory that product quality is an important factor influencing every customer's decision to buy a product.

The Effect of Price Fairness on Purchasing Decisions

The results of hypothesis testing show that Price Fairness has a positive effect on Purchasing Decisions. This means that the better the Price Fairness, the higher the consumer purchasing decision will be. Judging from the characteristics

of children's clothing consumers at CV. Patras Development, if the price offered is affordable and of good quality, it will increase consumer purchasing decisions for the product. Price will affect purchasing decisions. This study supports research conducted by Dwi Firdiansyah and Eko Prawoto, (2021), Harun Al Rashid and Agus Tri Indah, (2018) and Fadli et al (2022) which state that price has a positive and significant effect on purchasing decisions.

The Effect of Purchase Intention on Purchasing Decisions

The results of hypothesis testing show that Purchase Intention has no effect on Purchasing Decisions. This means that the existence of Purchase Intention does not increase consumer purchasing decisions. Judging from the characteristics of CV children's clothing consumers. Patras Development, when consumers have an interest in buying a product because the product attracts attention or has many choices, but this buying interest does not make consumers immediately make a decision to buy the product.

Many studies show that Purchase Interest affects Purchasing Decisions, including research conducted by Luthfiyatillah, et al,

(2020), Sriyanto and Kuncoro, (2019), which states that Purchase Interest has a positive and significant effect on Purchasing Decisions. This means that the purchasing decisions that exist in consumers of children's clothing at CV. Patras Development is not influenced by Purchase Intention. This happens, possibly because there are other independent variables that have a greater impact on Purchasing Decisions. The results of this study also do not support the theory of Kotler and Keller (2012: 503), which states that buying interest affects the likelihood of making purchasing decisions from a product.

The Mediating Effect of Purchase Intention on Product Quality and Price Fairness on Purchasing Decisions

The results of hypothesis testing show that Purchase Intention does not mediate Product Quality and Price Fairness on Purchasing Decisions. This means that Product Quality and Price Fairness, if mediated by Purchase Intention, will not increase consumer purchasing decisions.

The results of this mediation test when viewed from the characteristics of CV consumers. Patras Development who have an interest or interest in buying a

product but are still looking for other products similar to the product, both regarding information on product quality and the price of the product of interest, this makes the purchase decision not occur. The results of this study do not support previous research conducted by Satriawan and Setiawan (2020), stating that the role of purchase interest also significantly mediates price perceptions and quality perceptions on purchasing decisions.

Research novelty is an element or finding of a study. The novelty of this research result is that it emphasizes more on Product Quality and Price Fairness as an influence on Purchasing Decisions, while previous studies are more likely to examine Product Quality or Price alone. This study also found that purchase intention does not influence purchasing decisions.

CONCLUSION, IMPLICATION AND LIMITATION

The main conclusion of this study is that while product quality and price fairness do impact purchase intention, they do not directly determine purchasing decisions. However, the concept of pricing fairness exerts a substantial impact on consumers' purchasing choices. Furthermore, it is important to note

that buying intention does not have a direct effect on purchasing decisions. Additionally, as a mediator between product quality and price fairness, it does not exert any influence on purchasing decisions.

These results can offer a significant summary of the significance of taking into account pricing fairness factors when influencing purchase choices. Nevertheless, this study is constrained by its breadth, potentially restricted to the particular environment or sample employed. Hence, additional investigation is required to examine alternative factors that may impact purchase choices and broaden the sample's range to enhance the generalizability of the findings.

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