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ANALYSIS OF THE EFFECT OF PRICE PERCEPTION, PRODUCT QUALITY, PHYSICAL EVIDENCE ON CONSUMER SATISFACTION AND PURCHASE DECISION ON THE SUMBER JAYA LIVESTOCK GROUP

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Abstract

The purpose of this study was to examine the effect of price perception, product quality, physical evidence, on consumer satisfaction and purchasing decisions as intervening variables. With a sample of 60 out of 70 customers in the Sumber Jaya livestock group using the slovin technique and participating in this study. Data were collected in 2021 using a questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results of this study prove that price perception, product quality, physical evidence, have a significant effect on purchasing decisions. price perception has a significant effect on Consumer Satisfaction. Meanwhile, product quality and physical evidence have no significant effect on Consumer Satisfaction. And purchasing decisions have a significant effect on Consumer Satisfaction. This finding reminds empirical evidence that it is very important to always pay attention to customer behavior which is useful for the key to innovation so that customers do not hesitate in making purchasing decisions at the Sumber Jaya Livestock Group.

Keywords: Price Perception, Product Quality, Physical Evidence, brand image, purchasing decision, Consumer Satisfaction

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INTRODUCTION

In the era of increasingly developing technology as it is today demands conventional businesses to be able to continue to survive in the competition. Many new entrepreneurs emerged and attracted the attention of the market. Therefore, companies that have become incumbents are challenged to develop their capacity to adapt to competitive conditions and reach new markets to win the competition.

The increasing population and changes in consumption patterns and people's tastes have caused the national consumption of beef to tend to increase. So far, the demand for beef in Indonesia is met from three sources, namely: local cattle, imported beef, and imported beef. Sumber Jaya provides various types of cattle and has good quality.

The Sumber Jaya Livestock Group has implemented a marketing method by selling beef cattle prices that are cheaper than competitors and prioritizing the quality of the meat produced so that consumers are interested in deciding to buy beef at the Sumber Jaya Cattle Group and on average after buying beef the consumers feel very satisfied because of the quality of the meat.

High product quality creates a long-lasting competitive advantage. High quality products are one of the keys to the company's success. Sumber Jaya always pays attention to the results of their livestock in order to have good quality meat so that consumers feel satisfied buying beef cattle at Sumber Jaya.

Physical evidence is the ability of a company to show its existence to external parties, including: physical facilities such as (buildings, warehouses, and so on). with adequate facilities will influence consumers to buy beef cattle at the Sumber Jaya Cattle Group and there is a sense of consumer satisfaction because in addition to adequate facilities, the Sumber Jaya Livestock Group also provides excellent service to consumers so that consumers feel very satisfied buying beef cattle here.

Purchasing decisions strongly intervene between the relationship between price perception variables, product quality, and physical evidence on Sumber Jaya's consumer satisfaction. Because the purchase decision is an individual activity that is directly involved in consumer decision making to make purchasing decisions on a product offered by the seller. This is influenced by price, product quality, physical evidence which has become an important element to attract beef cattle consumers in Sumber Jaya. After purchasing beef cattle at the Sumber Jaya Livestock Group, consumers are satisfied because the quality of the meat obtained is of high quality.

Consumer satisfaction affects goals future business. The only value a company can create is value that comes from consumers. The satisfaction of beef cattle consumers in Sumber Jaya is influenced by the perception of relatively cheap prices, good product quality, as weel as complete physical evidence and purchasing decision variables as intervening variables. The price given by the Sumber Jaya Livestock Group is relatively cheaper than its competitors because this is why consumers are very satisfied buying beef at the Sumber Jaya Cattle Group.

Theoretical basis

As a basis for thinking in an effort to approach existing problems, the theoretical basis provides an overview or concept that is used as the foundation or root in a research.

Price Perception

Definition of Price Perception

According to (Schiffman & Wisenblit, 2015) price perception is the customer's view of the value received from the purchase. As for price perception, according to (Suryani, 2013) that price perception is a process that involves physiological aspects such as the existence of an organization, choosing activities, and interpreting stimuli so that consumers can give meaning to an object.

Price Perception Indicator

According to (Hidayat, 2016) Price Perception is measured by four indicators, namely:

1. Price Competitiveness

   Consumers often compare the price competitiveness of a product with competing products. In this case, the high and low cost of a product is highly considered by consumers.

2. Price compatibility with price benefits
   Consumers decide to buy a product if the benefits they will receive are greater than or equal to those paid for a product. If consumers feel that the benefits of a product are less than the money paid, then consumers will assume that the product is expensive and will think twice if they want to make a purchase for money.
3. Price affordability
   Consumers can reach prices that have been set by a company. Usually there are several types of products in one brand but different prices, ranging from the lowest price to the highest price.
4. Price according to product quality
   Price is often used as an indicator of product quality for consumers. If the price is higher, consumers tend to think that the quality of the product is also better.

Product Quality

Definition of Product Quality

Product quality according to (Kotler & Keller, 2016) is one of the keys to competition among business actors offered to consumers. Quality has a direct impact on the performance of products or services received by consumers, therefore quality is closely related to customer values and satisfaction.

Product Quality Indicator

Product quality indicators According to (Tjiptono, 2016) explains that the indicators of product quality consist of:

1. Durability, which is related to how long the product can be used.
2. Esthetics (aesthetics) is the attractiveness of the product to the five senses.
3. Perceived Quality, namely the image and reputation of the product as well as the company's responsibility towards it.

Physical Evidence

Definition of physical evidence

According to (Lupiyoadi, 2014) physical evidence (tangibles or physical evidence) is the ability of a company to show existence to external parties, including: physical facilities (buildings, warehouses, etc.), equipment and equipment used (technology) , as well as the appearance of its employees. The physical evidence factor is a real thing that influences consumer decisions to buy a product.

Dimensions of Physical Evidence

According to (Wilson, Zeithaml, Bitner, & Gremler, 2016) the dimensions of physical evidence are as follows:

1. Parking lot
2. Surrounding environment

3. Equipment
4. Layout
5. Employee attire

Purchasing decisions

Definition of purchase decision

According to (Mangkunegara, 2016) purchasing decisions are one of the processes of consumer behavior. According to consumer behavior is a performance framework or something that represents what consumers believe in making buying decisions.

Purchase Decision Indicator

According to Kotler and Keller (2016: 183) indicators in purchasing decisions are as follows:

1. Product selection
   Consumers can determine the decision to buy an item or service or use the money for other purposes.
2. Selection of distributors
   Consumers must be able to determine the service provider they want to visit.
3. Purchase time
   Consumer decisions in determining when to make a purchase.
4. Purchase amount
   Consumer decisions regarding the amount of goods or services to be purchased.
5. Payment method
   Consumer decisions in choosing what payment method to use.

Consumer Satisfaction

Definition of customer satisfaction

According to consumer satisfaction is one of the reasons where consumers make decisions to shop somewhere. If consumers are satisfied with a product, they tend to continue to buy and use it and tell others about their pleasant experience with the product.

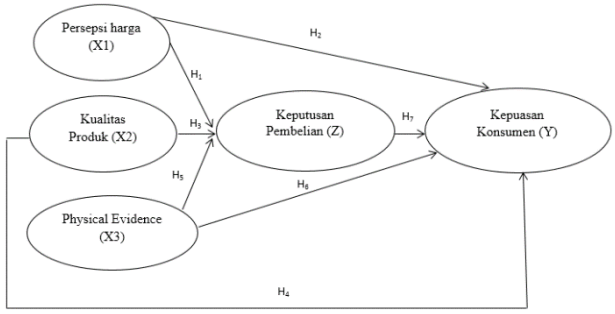
Consumer Satisfaction Indicator

Indicators of consumer satisfaction according to (Tjiptono, 2014) are as follows:

1. Quality goods and services
   Good quality products and excellent service.
2. Relationship marketing (customer relationship)
   Efforts to establish long-term relationships with customers.
3. Loyalty promotion program
   Give some kind of appreciation to the customer.
4. Focus on the best customers

Focus on the 20% of customers who routinely consume 80% of sales.

5. Effective complaint handling system
   Have an effective complaint handling system



Gambar 3.1 Kerangka Pemikiran

Conceptual Framework

Caption :

X = Exogenous variable (independent variable or independent variable)

Y = Endogenous variable (dependent variable or dependent variable)

Z = Intervening Variable

⬭ = Latent variable or unobservable variable

→ = Influence between latent variables

Research Hypothesis

Hypothesis 1: Price perception influences the
decision to purchase beef cattle in the Sumber Jaya Livestock Group.

Hypothesis 2: Price perception has an effect on
consumer satisfaction of beef cattle in the Sumber Jaya Livestock Group.

Hypothesis 3: Product quality has an effect on
purchasing decisions for Beef Cattle in the Sumber Jaya Livestock Group.

Hypothesis 4: Product quality has an effect on
consumer satisfaction for beef cattle in the Sumber Jaya Livestock Group.

Hypothesis 5: Physical Evidence has an effect
on purchasing decisions for Beef Cattle in the Sumber Jaya Livestock Group.

Hypothesis 6: Physical Evidence has an effect
on consumer satisfaction of Beef Cattle in the Sumber Jaya Livestock Group.

Hypothesis 7: Purchase Decision Affects Beef Cattle Consumer Satisfaction in the Sumber Jaya Livestock Group

METHOD

Research Subject

Population

The population in this study are consumers who have bought beef cattle in Sumber Jaya at least 2 times, totaling 70 populations

Sample

The method of determining the sample size of this study uses the slovin formula (Umar, 2014:78) as follows:

$$n = \frac{N}{1 + (N \times e^2)}$$

description :
n = Number of samples
N = Total Population
e = error rate in sampling
with a population (N) of 70 consumers and an error rate of 5%, the sample size is:

$$n = \frac{70}{1 + (70 \times 0{,}05^2)} = 60 \text{ people}$$

So the research sample for a population of 70 people and an error rate of 5% is 60 people.

RESULT AND DISCUSSION

Analysis of Research Results and Discussion

Research data

The type of data used in this study is primary data, which is obtained directly from the original source in the form of a questionnaire, the data from this study is quantitative data, in the form of numbers and analyzed using statistics, quantitative data analysis used in this study is descriptive statistical analysis using software SPSS v25. This study uses the outer model and inner model testing which is used to analyze the research hypothesis using the SmartPLS v3 software.

Table 1. Measurement of Path Coefficients (Hypothesis)

Hipotesis	Pc	T-statistik	P-Value	Ket
X1 – Z	0.386	3.933	0.000	Significant
X1 – Y	0.418	2.366	0.018	Significant
X2 – Z	0.289	3.587	0.000	Significant
X2 – Y	0.057	0.529	0.597	Not significant

X3 – Z	0.325	4.654	0.000	Significant
X3 – Y	0.143	1.143	0.254	Not significant
Z – Y	0.378	2.101	0.036	Significant

Source: SmartPLS Processed by the Author.

Discussion

The Effect Of Price Perception On Purchasing Decisions

The findings in this study prove that price perception has a positive effect on purchasing decisions, which is 0.386% and is significant at the t-statistical value = 3.933 > critical value = 1.96 and p-value = 0.000 <0.05. Thus, the hypothesis stating price perception has an influence. to the purchase decision the results are significant.

From the results of this study the effect of price perception on purchasing decisions is positive and significant with a value of 0.386 and P-Values 0.000 where if the price can compete with other competitors, consumers will be interested in buying. Price perception greatly influences consumers to decide to buy beef cattle in Sumber Jaya because before buying beef cattle consumers will compare prices with other competitors. In Sumber Jaya, the price of beef cattle is relatively cheap when compared to other breeders because they are reared using homemade feed so that the results can be maximized and when the time comes to sell Sumber Jaya, they provide cheaper prices so that consumers are interested in buying.

The Effect Of Price Perception On Consumer Satisfaction

The findings in this study prove that price perception has a positive effect on consumer satisfaction, which is 0.418% and is significant at the t-statistical value = 2.366 > critical value = 1.96 and p-value = 0.018 < 0.05. on customer satisfaction the results are significant.

From the results of this study the effect of price perception on consumer satisfaction is positive and significant with a value of 0.418 and P-Values 0.018 where if the perception of price is cheaper than the results obtained this will affect consumer satisfaction. Sumber Jaya consumers are satisfied if the price is in accordance with the quality of Sumber Jaya's beef because Sumber Jaya always takes good care of their livestock, not only wanting to get profit but maintaining quality so that consumers can feel satisfied buying beef at Sumber Jaya. Consumer satisfaction is also very influential in the long term because when consumers are satisfied, consumers will buy Sumber Jaya beef cattle on a subscription basis, both during celebrations and during Eid al-Adha.

Influence Of Product Quality On Purchasing Decisions

The findings in the study prove that product quality has a positive effect on purchasing decisions, namely 0.289% and is significant at the t-statistical value = 3.587 > critical value = 1.96

and p-value = 0.000 < 0.05. Thus the hypothesis that product quality has an influence to the purchase decision the results are significant.

From the results of this study the effect of product quality on purchasing decisions is positive and significant with a value of 0.289 and P-Values 0.000 where if the quality of the product is of high quality it will affect consumer purchasing decisions. Consumers will be interested in buying if the quality of the products we sell is of high quality as well as the Sumber Jaya beef consumers who buy with the desire to get quality meat. Sumber Jaya when selling beef cattle does not just sell it but chooses which cattle are ready to be released for sale in order to have quality meat, besides that there are many choices of beef cattle provided by Sumber Jaya so that consumers can choose which cattle they want. this is the reason consumers buy beef cattle in Sumber Jaya because with many choices of quality beef cattle, consumers will be interested in making a purchase.

The Effect Of Product Quality On Consumer Satisfaction

The findings in the study prove that product quality has a positive effect on consumer satisfaction, which is 0.057% and is not significant at the t-statistical value = 0.529 > critical value = 1.96 and p-value = 0.597 < 0.05. Thus the hypothesis stating product quality has the effect on consumer satisfaction the results are not significant.

From the results of this study, the effect of product quality on consumer satisfaction was positive but not significant with a value of 0.057 and P-Values 0.597. the beef cattle consumers in Sumber Jaya mostly only look at the live physical form of the beef cattle and whether the meat produced is in accordance with its weight. Sumber Jaya beef consumers do not pay much attention to the quality of the meat because most consumers think that the quality of the meat is the same as the others. This is evident from the product quality questionnaire statement number five, namely the meat produced by Sumber Jaya beef cattle. More than 48% of consumers agree that with meat products, many consumers are satisfied because most think the quality of meat is the same as in general.

The Effect Of Physical Evidence On Purchasing Decisions

The findings in this study prove that physical evidence has a positive effect on purchasing decisions, which is 0.325% and is significant at the t-statistical value = 4.654 > critical value = 1.96 and p-value = 0.000 < 0.05. Thus the hypothesis that states physical evidence has an influence to the purchase decision the results are significant.

From the results of this study, the effect of physical evidence on purchasing decisions is positive and significant with a value of 0.325 and P-Values 0.000 where if physical evidence is always considered and complete it will also influence consumer purchasing decisions. Physical evidence greatly influences the decision to purchase beef cattle in Sumber Jaya because consumers consider this physical evidence as evidence of Sumber Jaya's seriousness in serving consumers, such as providing live beef cattle scales and providing a large parking area so that consumers who bring cars can park comfortably. Physical evidence is what makes consumers interested in deciding

to buy beef cattle in Sumber Jaya because not all farms provide live beef cattle weighing equipment to determine live cattle weight as in Sumber Jaya.

The Effect Of Physical Evidence On Consumer Satisfaction

The findings in this study prove that physical evidence has a positive effect on consumer satisfaction, namely 0.143% and is not significant at the t-statistical value = 1.143 > critical value = 1.96 and p-value = 0.254 < 0.05. Thus the hypothesis that states physical evidence has the effect on consumer satisfaction the results are not significant.

From the results of this study, the effect of physical evidence on consumer satisfaction was positive but not significant with a value of 0.143 and P-Values 0.254. Sumber Jaya beef cattle consumers, after coming to buy beef cattle in Sumber Jaya, consumers only see the stables and facilities provided by Sumber Jaya, therefore physical evidence only affects purchasing decisions and does not really affect consumer satisfaction. Because consumers do not feel the physical evidence that is owned by Sumber Jaya.

The Influence Of Purchasing Decisions On Consumer Satisfaction

The findings in the study prove that purchasing decisions have a positive effect on consumer satisfaction, which is 0.378% and is significant at the t-statistical value = 2.101 > critical value = 1.96 and p-value = 0.036 < 0.05. on customer satisfaction the results are significant.

From the results of this study, the effect of purchasing decisions on consumer satisfaction is positive and significant with a value of 0.378 and P-Values 0.036 where if the purchase decision definitely affects consumer satisfaction. Consumers can judge whether or not they are satisfied with their purchase decisions. Sumber Jaya provides various types of beef cattle and has variants with different weights of beef cattle from the smallest to the largest. Sumber Jaya consumers feel satisfied buying beef cattle in Sumber Jaya because in Sumber Jaya there are many choices and the service is very friendly so that consumers feel satisfied.

CONCLUSION

This study includes the influence of Price Perception, Product Quality, Physical Evidence on Consumer Satisfaction through Purchase Decisions as an intervening variable on the purchase of beef cattle in Sumber Jaya. Based on the results of research that has been carried out in Sumber Jaya, it can be concluded as follows:

1. Price perception has a positive and significant influence on purchasing decisions. This means that with a relatively cheap price compared to other breeders, consumers will buy beef cattle in Sumber Jaya.
2. Price perception has a positive and significant influence on consumer satisfaction. With the cheap price you get but getting good quality, Sumber Jaya consumers will feel satisfied.
3. Product quality has a positive and significant impact on purchasing decisions. With the quality of the cattle, it makes consumers interested in buying beef cattle in Sumber Jaya.

4. Product quality has a positive but not significant effect on consumer satisfaction. Consumers perceive the meat produced is the same as meat in general.
5. Physical Evidence has a positive and significant influence on purchasing decisions. With physical evidence such as providing weighing equipment and providing a large parking area close to the barn, consumers are interested in buying beef cattle in Sumber Jaya.
6. Physical Evidence has a positive but not significant effect on consumer satisfaction. Consumers after making a purchase do not feel anything for the physical evidence that Sumber Jaya has

Purchase decisions have a positive and significant impact on consumer satisfaction. By buying Sumber Jaya beef cattle, new consumers can feel satisfied or not with the purchase of the beef cattle.

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