

THE INFLUENCE OF PRODUCT QUALITY, PRODUCT INNOVATION, AND PROMOTION ON PURCHASE DECISIONS (A CASE STUDY ON MICRO, SMALL, AND MEDIUM ENTERPRISES OF SOY MILK IN BLONGSONG VILLAGE)

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ABSTRACT

This study aims to determine the Influence of Product Quality, Product Innovation, and Promotion on purchasing decisions at Soy Milk UMKM in Blongsong Village. The sample in this study was 109 respondents. In this study, the population was 150. The data collection method in this study used the method of distributing questionnaires on Google Form and observation, especially consumers in Blongsog Village. Data analysis used SEM-PLS SmartPLS3 program consisting of a measurement model test (Outer Model) consisting of Convergent Validity Test, Discriminant Validity Test, Composite Reliability Test and (Cronbach's Alpha). Structural model (Inner Model) consisting of Determinant coefficient (R-Square), Path Coefficient, Hypothesis Test. The results of this study are Product Quality and product innovation have a positive and significant effect on purchasing decisions. Promotion has a negative but significant effect on purchasing decisions.



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INTRODUCTION

UMKM are the backbone of the Indonesian economy, because they help the community's economy. According to Halim (2020) UMKM are businesses that produce goods and services using primary raw materials based on the utilization of natural resources, talents and traditional works of art from the local area. Soy Milk UMKM products in Blongsong Village can indirectly compete with products in the city. Therefore, implementing a marketing strategy is very important in order to be able to compete and also influence consumers to want to buy the products offered. According to Ariwibowo (2019), this strategy takes the form of quality products offered, attractive promotions, maintained taste, strategic location and competitive prices.

Consumers decide to buy a product only after consumers see product quality, product innovation and promotions. Fatmaningrum et al., (2020) stated that product quality is the product's capacity to carry out its role. According to Prasetyo (2020) product innovation is an interesting new inspiration so that innovation can be developed to be used deliberately for interesting development and strategy purposes. According to Feti Fatimah (2024) Promotion is a communication tool between producers and consumers. Promotion is very influential in achieving sales volume by introducing the type, shape and quality of the product produced, even though the product offered is of good quality at an affordable price and is widely available and if it is not supported by promotions carried out by the company then product sales can experience a decline. According to Arfah (2022), purchasing decisions are defined as an integration process used to combine knowledge in evaluating two or more alternative behaviors and choosing one of them.

Several previous studies revealed that there are several factors that influence purchasing decisions, including product quality, product innovation, and promotion. Research by Azid et al., (2024)

states that product innovation and product quality have a significant influence on purchasing decisions. Angelika and Lego (2022) show that product quality has a positive and significant influence on purchasing decisions. Nugroho and Wiyadi (2024) research results show that partially product quality does not have a significant effect on purchasing decisions. Ema's research results (2023) show that product innovation has a significant effect on purchasing decisions. Research by Oktavianto and Wardhani (2022) shows that product innovation has a significant negative effect on purchasing decisions. Megalita (2023) stated that product quality and promotions have a positive and significant effect on purchasing decisions. Ramadani's research (2019) shows that promotions do not have a significant effect on purchasing decisions.

RESEARCH METHODS

The form of research used in this research is a quantitative research method. The data analysis technique uses SEM-PLS 3 with the data analysis methods used in this research being the Measurement Model (Outer Model), Convergent Validity Test, Determination Validity (R-Square), Path Coefficient, Hypothesis Testing. The population in this study was 150, using the Slovin formula the sample values were obtained as follows:

$$n = \frac{150 \times 109,09}{150 + 109,09} = 109,09$$

So from the results above, a sample of 109 respondents was obtained which was rounded up to 109 respondents.

RESULTS AND DISCUSSION

Measurement Model (Outer Model)

Validity Test

Convergent Validity (Convergent Validity)

The rule of thumb for assessing convergent validity is that the loading factor value must be more than 0.7 for confirmatory research and between 0.6-0.7 for exploratory research, and the average variance inflation factor (AVE) value must be greater than 0.5 (Chin 1988). The following are the test results using SmartPLS 3 software:

Table 1 Convergent Validity Test Results

Variabel	Indikator	Hasil Outer Loading	Average Variance Extracted (AVE)	Keterangan
Kualitas Produk	X1	0,914	0,518	Valid
	X1.2	0,717		
	X1.3	0,587		
	X1.4	0,610		
	X1.5	0,905		
Inovasi Produk	X2	0,710	0,584	Valid
	X2.2	0,612		
	X2.3	0,665		
	X2.4	0,777		

	X2.5	0,815		
Promosi	X3	0,638	0,577	Valid
	X3.2	0,653		
	X3.3	0,713		
	X3.4	0,825		
	X3.5	0,782		
Keputusan Pembelian	Y1	0,750	0,527	Valid
	Y1.2	0,776		
	Y1.3	0,784		
	Y1.4	0,793		
	Y1.5	0,717		

Data processed by SmartPLS3 (2024)

Based on the test results above, it can be seen that each variable indicator has an outer loading value of >0.7 , which means that each indicator is declared valid. Apart from that, the AVE value also obtained a value that exceeds 0.5.

Discriminant Validity

Discriminant Validity testing is carried out in two ways, the first is by looking at the cross loading value and the second is looking at the Average Variance Extracted (AVE) value, using the first method through cross loading, if the cross loading value of the indicator meets discriminant validity. The following are the test results using SmartPLS 3 software:

Table 2 Cross Loading

Indikator	Kualitas Produk (X1)	Inovasi Produk (X2)	Promosi (X3)	Keputusan Pembelian (Y)
X1	0,914	0,565	0,485	0,788
X1.2	0,717	0,462	0,403	0,737
X1.3	0,587	0,602	0,700	0,404
X1.4	0,610	0,619	0,704	0,507
X1.5	0,905	0,525	0,453	0,777
X2	0,543	0,710	0,571	0,512
X2.2	0,598	0,612	0,713	0,426
X2.3	0,392	0,665	0,495	0,423
X2.4	0,476	0,777	0,781	0,523
X2.5	0,533	0,815	0,658	0,750
X3	0,343	0,563	0,638	0,312
X3.2	0,489	0,515	0,653	0,414

X3.3	0,602	0,610	0,713	0,431
X3.4	0,516	0,728	0,825	0,627
X3.5	0,471	0,772	0,782	0,511
Y1	0,533	0,815	0,658	0,750
Y1.2	0,556	0,545	0,505	0,776
Y1.3	0,565	0,574	0,514	0,784
Y1.4	0,912	0,539	0,465	0,793
Y1.5	0,690	0,434	0,371	0,717

Data processed by SmartPLS3 (2024)

From the table above, it shows that the Cross Loading value is < 0.9 , so each variable has good or valid discriminant validity. Because it can be said to be valid if the Heterotrait – Monotair Ratio Of Correlation (HTMT) value is < 0.9 .

Reliability Test

Reliability testing is carried out by analyzing Cronbach's alpha values to measure internal consistency and composite reliability to assess the actual reliability of a construct or variable. A construct is declared reliable if the composite reliability value obtained is greater than > 0.7 .

Composite Reability (Cr)

Table 3 Composite Reability (Cr)

Variabel	(rho_A)	Composite Reliability	Keterangan
Kualitas Produk (X1)	0,804	0,842	Realibel
Inovasi Produk (X2)	0,834	0,875	Realibel
Promosi (X3)	0,852	0,868	Realibel
Keputusan Pembelian (Y)	0,808	0,846	Realibel

Data processed by SmartPLS3 (2024)

From the results in the table above, it is known that the variables Production Quality (X1), Product Innovation (X2), Promotion (X3), and Purchase Decision (Y) in this study have a composite reliability value of > 0.7 , which means that all variables in this study are reliable.

Cronbach's Alpha

Table 4 Cronbach's Alpha

Variabel	Cronbach's alpha	Keterangan
Kualitas Produk (X1)	0,768	Realibel
Inovasi Produk (X2)	0,823	Realibel

Promosi (X3)	0,810	Realibel
Keputusan Pembelian (Y)	0,776	Realibel

Data processed by SmartPLS3 (2024)

Based on the table above, the test results show that each variable in this study has a Cronbach's alpha value of more than 0.7. This indicates that all variables tested meet the reliability criteria.

Structural Model (Inner Model)
Coefficient of Determination (R-Square)

Table 5 R-Square Value

Variabel	R Square	R Square Adjusted	Keterangan
Keputusan Pembelian (Y)	0,821	0,816	Kuat

Data processed by SmartPLS3 (2024)

Based on the table presented above, it can be concluded that the R-Square equally influences the variables product quality (X1), product innovation (X2), and promotion (X3) on purchasing decisions (Y) which is R-Square Adjusted at 0.816, so the purchasing decision variable has an influence of 81.6% influenced by other variables and those not included in the research amounting to 0.184 (18.4%).

Path Coefficient

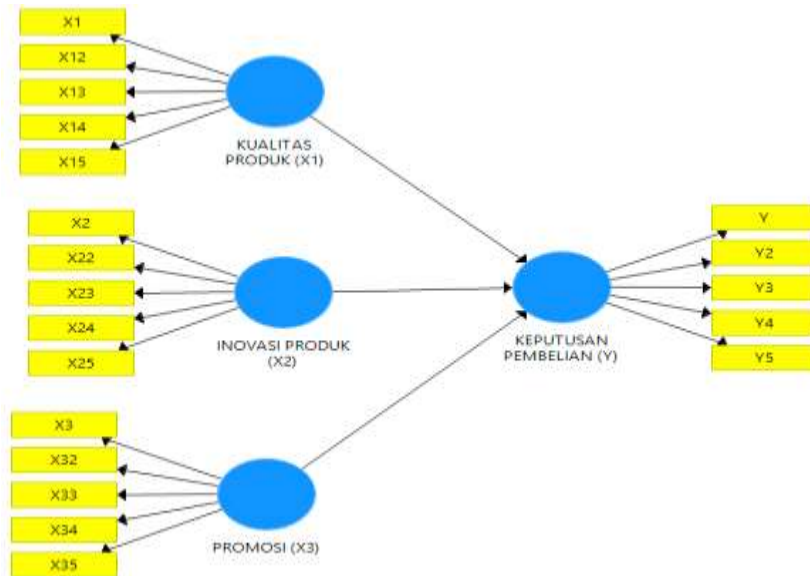
Path Coefficient testing is a direct test between two variables, namely the independent variable and the dependent variable without going through a mediating variable to see the direction of the relationship. The influence interval between variables can be said to have a positive effect if the original sample value is > 0, but if the original sample value is < 0 then it is declared negative.

Table 6 Values (Path Coefficient)

Pengaruh Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Inovasi produk(X2) -> keputusan pembelian(Y)	0,485	0,478	0,111	4,382	0,000
Kualitas produk(X1) -> keputusan pembelian(Y)	0,700	0,687	0,099	7,097	0,000
Promosi(X3) -> keputusan pembelian(Y)	-0,244	-0,217	0,092	2,653	0,008

Data processed by SmartPLS3 (2024)

Picture



PLS Diagram Image

Based on the picture above which shows the relationship between the independent variables and the dependent variable and the indicators for each variable with the research variables as well as the relationship between the variables product quality, product innovation and promotion on purchasing decisions for Soy Milk UMKM in Blongsong Village.

CONCLUSION

Based on the results of data analysis via PLS (Partial Least Square) using SmartPLS 3 software, the conclusions of this research are as follows:

1. Product quality has a positive and significant effect on purchasing decisions for soy milk MSMEs in Blongsong Village
2. Product Innovation has a positive and significant effect on Soy Milk MSME Purchasing Decisions in Blongsong Village
3. Promotion has a negative but significant effect on purchasing decisions for soy milk MSMEs in Blongsong Village
4. Product quality has the most dominant influence on purchasing decisions for Soy Milk MSMEs in Blongsong Village

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