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Shopping Decisions for Transactions in Online Stores Based on Product Quality and Price

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Abstract

This study aims to analyze the influence of product quality and price on Lazada online shop purchase decisions on consumers in Ciawi Wanayasa Village, Purwakarta. The source of data in this study was obtained from a questionnaire (primary) distributed to the respondents. The population of this study is Lazada consumers in Ciawi Village. The sample of this study is 150 people. Quantitative Research Methods by conducting data analysis through SmartPLS were carried out a series of tests, namely descriptive statistics, outer model, inner model structural (R-Square, Q2 Predictive Relevance) and hypothesis testing. The results of this study show that partially, the two independent variables, namely product quality and price, affect the dependent variable, namely the purchase decision. and simultaneously product quality and price affect the purchase decision.

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1. INTRODUCTION

With the internet, it is very easy for a person to find out the information they want. As for the internet, it can have a positive or negative impact depending on its use. The development of the internet offers various business opportunities that can be used as a tool to buy and sell marketplaces and a form of business network that has no time limit and place/location which is often referred to as online shopping (Sulistyan et al., 2023).

According to (Hermiati et al., 2021) E-commerce is a selling activity or transaction that is used electronically. online market Internet users in Indonesia earlier this year were recorded at around 1.5 million people, an increase of 0.8% compared to January 2023," contrary to previous data which stated that there were 185 million internet users in Indonesia in January 2024. The figure of 1.5 million is much smaller and absurd compared to the 0.8% increase According to katadata.co.id, shopee is a marketplace-type e-commerce that achieved the most site visitors in Indonesia during January-December 2023, cumulatively, the shopee site gained 2349.9 million visitors. After that, Tokopedia gained 1254.7 million visitors. Then the Lazada website received 762.4 million visitors, Bibli 337.4 million visitors, and the Bukalapak website 168.2 million visitors during the same period.

According to (Muqoddas et al., 2020) This selling or transaction activity has shifted from traditional buying and selling activities to modern buying and selling activities. The shift in consumer spending habits from traditional to digital methods is becoming more and more real. In the past, people had to spend time and energy to visit markets, shops, or supermarkets to get the goods they wanted. However, along with the development of technology, buying and selling transactions can now be done easily and practically through digital devices. Consumers are no longer bound by time and location restrictions, so they can shop anywhere and anytime. According to (Shiratina et al., 2020) The development of digital technology has changed the way we shop. In Indonesia, e-commerce has become an inseparable part of daily life. The Lazada platform is one of the marketplaces that dominate the market and offers a variety of products with

a wide range. The rapid growth of e-commerce is characterized by an increase in the number of internet users and transaction values that reach hundreds of millions of dollars. Ease of access, product variety, and attractive promos are the main attractions for Indonesia consumers. According to Fenalosa (Shiratina et al., 2020) In the Southeast Asia region, Lazada controlled 25% of the e-commerce market share throughout 2018 by occupying the first position as the most visited marketplace. Advanced search features, relevant product recommendations, and clear instructions at every step of the transaction make the shopping process on Lazada very enjoyable. Additionally, the on-site payment (COD) option provides flexibility for consumers who want to check out products first before making a payment (Prathama & Sahetapy, 2019).

In accordance with Law (UU) Number 7 of 2014 article 65 concerning trade, regulating all matters related to trade both online and offline, every complaint given by consumers to Lazada in the form of suggestions and criticisms aimed at improving the quality of products to consumers. Complaints received from consumers can be used as evidence of concern for the purchase decision. With this complaint, it will be a reference for the Company to improve the quality of Lazada products. The problem that is the reason for consumer disagreement is that expectations are not met, such as the quality of the product is not suitable or even the price is not suitable. Satisfied customers will continue to shop according to their wishes.

When shopping online, one of the most important purchasing factors for customers is product quality. According to (Maryati, 2020) Product quality is a type of product expertise that can meet every customer needs according to the wishes and needs of users. Competition in the marketing of products and services is very tight, especially in terms of inviting buyers' interest, to attract buyers, the products provided must be in accordance with competitive prices. Product prices and information presented in data and electronic information disseminated through word of mouth, presented in online media are two elements that affect consumer purchase decisions (Aprianti & Avianti, 2023).

2. METHOD

The type used in the research is quantitative research. According to (Sugiyono, 2019) The quantitative method is a population-based research method, based on the philosophy of positivism, used to study a specific population or sample, collect data using research tools, and analyze data quantitatively or statistically, with the aim of developing a hypothesis that has been determined.

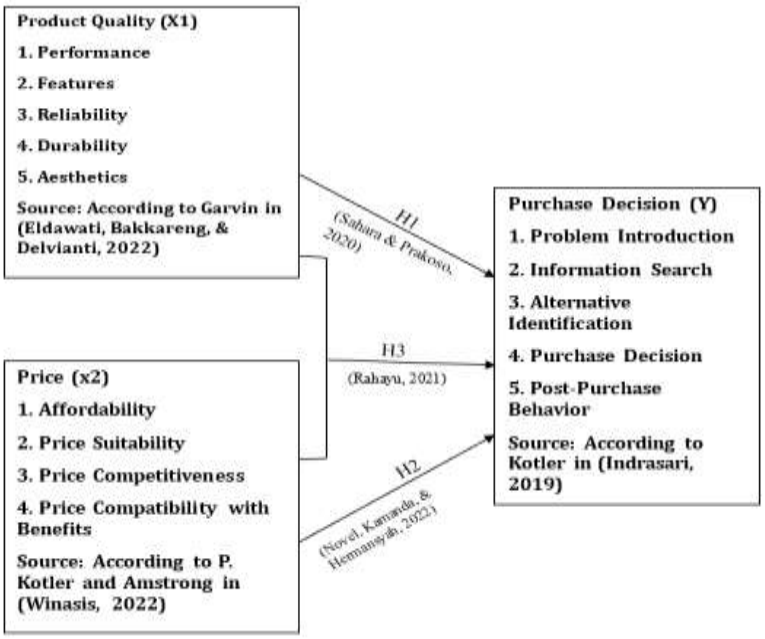

Figure 1. Thinking Framework
Source: Data Development (2024)

The data analysis obtained was processed using SmartPls. This research is also quantitative, aiming to analyze the influence of product quality and price on purchase decisions at Lazada, the distribution of a questionnaire of 150 people who have the Lazada application and have made online purchases, the target is the Ciawi Village Community. Filling out the questionnaire by providing an assessment based on a likert scale of 1-5, involving 2 independent variables consisting of product quality and price as well as a dependent variable, namely the purchase decision. The questionnaire designed with the variables studied had an average of 2 question items.

3. RESULTS AND DISCUSSION

The results of the questionnaire distribution showed the highest indicators and obtained an average score of X1.1 (3.96%), X2.8 (4.13%) and Y1.10 (4.07%).

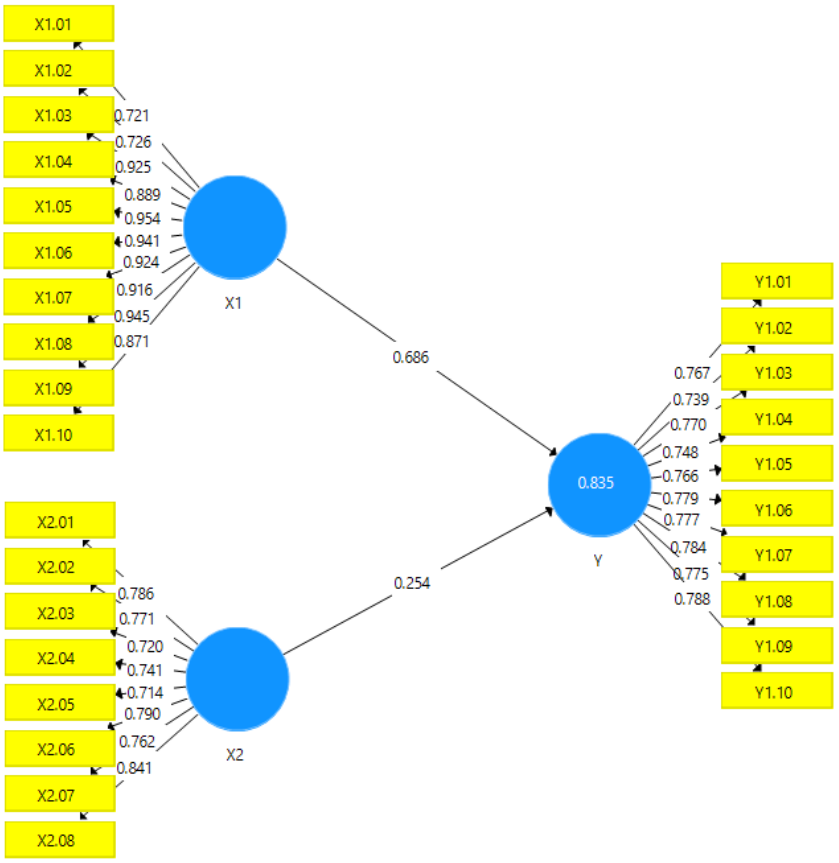

Figure 2. SmartPLS Test Results
Source: Data Processed (2024)

Measurement Model through Validity Test

Validity testing is carried out to find out whether a questionnaire is valid or not, in order for the questionnaire to be considered valid, the question must be able to explain what the questionnaire is measured. The following is presented data obtained from SmartPLS:

Convergent Validity

The following is data processing based on 3 variables with a total of 28 statements. The convergent validity value is the value of the loading factor that is expected to exceed >0.7. Here are some data analyses with 3 variables consisting of 28 questions:

Tabel 1. Loading Factor

Variable	Indicator	Loading Factor	Rule of Thumb	Information
Product Quality (X1)	X1.1	0,72	0,70	Valid
	X1.2	0,72	0,70	Valid
	X1.3	0,92	0,70	Valid
	X1.4	0,88	0,70	Valid
	X1.5	0,95	0,70	Valid
	X1.6	0,94	0,70	Valid
	X1.7	0,92	0,70	Valid
	X1.8	0,91	0,70	Valid
	X1.9	0,94	0,70	Valid
	X1.10	0,87	0,70	Valid
Price (X2)	X2.1	0,78	0,70	Valid
	X2.2	0,77	0,70	Valid
	X2.3	0,72	0,70	Valid
	X2.4	0,74	0,70	Valid
	X2.5	0,71	0,70	Valid
	X2.6	0,79	0,70	Valid
	X2.7	0,76	0,70	Valid
	X2.8	0,84	0,70	Valid
Purchase Decision (Y)	Y1.1	0,76	0,70	Valid
	Y1.2	0,73	0,70	Valid
	Y1.3	0,77	0,70	Valid
	Y1.4	0,74	0,70	Valid
	Y1.5	0,76	0,70	Valid
	Y1.6	0,77	0,70	Valid
	Y1.7	0,77	0,70	Valid
	Y1.8	0,78	0,70	Valid
	Y1.9	0,77	0,70	Valid
	Y1.10	0,78	0,70	Valid

Source: Data Processed (2024)

The table above shows that the product quality variables of all instruments are valid. The price variable of all instruments is valid and the purchase decision variable of all instruments is valid. So it can be stated that the data obtained is valid.

Average Variance Extrated (AVE)

The extracted mean variance (AVE) between statement items or summary variable indicators of the convergent indicator is the average percentage value, as expressed by (Ghozali & Latan, 2019). If the average value of each statement > 0.5, it means that it shows a good score.

Table 2. Average Variance Extrated Test Results (AVE)

Variable	Average Variance Extrated (AVE)
Product Quality	0,78
Price	0,58
Purchase Decision	0,59

Source: Data Processed (2024)

Based on table 2, all variables have achieved the required AVE of 0.5. This states that all variables in this study passed the average variance extracted (AVE) test

Discriminant Validity

The discriminant validity test is carried out to ensure that each concept of each latent variable is different from the other variables. With the standard value for each construct must be greater than 0.70. The following are the results of the effect of discriminant validity by looking at cross loading:

Table 3. Cross Loading Values

Item Code	Product Quality	Price	Purchase Decision
X1.01	0,72		
X1.02	0,72		
X1.03	0,92		
X1.04	0,88		
X1.05	0,95		
X1.06	0,94		
X1.07	0,92		
X1.08	0,91		
X1.09	0,94		
X1.10	0,87		
X2.01		0,78	
X2.02		0,77	
X2.03		0,72	
X2.04		0,74	
X2.05		0,71	
X2.06		0,79	
X2.07		0,76	
X2.08		0,84	
Y1.01			0,76
Y1.02			0,73
Y1.03			0,77
Y1.04			0,74
Y1.05			0,76
Y1.06			0,77
Y1.07			0,77
Y1.08			0,78
Y1.09			0,77
Y1.10			0,78

Source: Data Processed (2024)

According to the table above, the cross loading value is higher than the correlation value of the item with other variables. So each question item in this study meets the discriminant validity test.

Reliability Test

Reliability tests are used to test the reliability of a construct (Ghozali & Latan, 2019). Reliability testing shows how accurately and consistently the instrument measures construction. The reliability test compares the reliability of individual statement items for each research variable; If the resulting value is 0.7 or higher, the variable is considered reliable. The following shows the composite reliability value of each variable:

Table 4. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Information
Product Quality	0,96	0,97	Reliable
Price	0,90	0,91	Reliable
Purchase Decision	0,92	0,93	Reliable

Source: Data Processed (2024)

The table above shows that the overall reliability of all variables already has a large value of 0.7. These findings show that all variables passed the reliability test, so that all research instruments are reliable and can be used in this study.

Multicollinearity Test

Multicollinearity tests to find out if regression models identify significant correlations between independent variables, as proposed by (Ghozali & Latan, 2019). The independent variables in a good regression model should not correlate with each other. VIF between independent variables was examined to perform a multicollinearity test. If the VIF value < 10, it means that there is no multicollinearity.

Table 5. Multicollinearity Test Results

Variabel	VIF
Product Quality to Purchase Decision	3,86
Price to Purchase Decision	3,86

Source: Data Processed (2024)

The result of multicollinearity that the independent variable has a VIF value of less than 10. From this, it can be concluded that between the variables of product quality and price do not show symptoms of multicollinearity.

Inner Model

Convergent Validity, Average Variance Extracted, and Discriminant Validity are all met. Next is the evaluation of the structural model which includes testing the R-Square and Q-Square models.

R-Square

R-Square is used to evaluate the accuracy of structural models to make predictions. Whether or not the exogenous latent variable has a significant effect on the endogenous latent variable, R-Square can be used to explain the influence. Models can be classified as strong, medium, or weak based on their R-squared value: 0.75, 0.50, or 0.25. PLS R-Square measures the overall variability of the model's construction. The following is presented the results of the R-Square value:

Table 6. R-Square Value

Variable	**R - Square**
Purchase Decision	0,83

Source: Data Processed (2024)

The table displays the results of the R-Square test which shows a value of 0.83. This value shows that product quality and price have an effect of 83% on the purchase decision variable, while the remaining 17% is explained by other factors.

Q2 Predictive Relevance

This test was carried out from the predictive involvement of certain variables in other variables measured using the blindfolding method, with a value of about 0.02 for small influences, 0.15 for medium influences, and 0.35 for large influences. The calculation results can be seen in the table below:

Table 7. Q2 Predictive Relevance Value

Variable	**SSO**	**SSE**	**Q2(=1-SSE/SSO)**
Product Quality	1.500.000	1.500.000	
Price	1.200.000	1.200.000	
Purchase Decision	1.500.000	792.540	0.472

Source: Data Processed (2024)

The value for this analysis is 0.472 as shown in the table. Based on these findings, this study has good predictive relevance because the value obtained is more than 0, so it can be concluded that 47.2% of purchase decisions through the Lazada online store are influenced by product quality and price.

Hypothesis Test

The significance value between the t-statistic of the construct and the p-value, as well as the results of convergent validity, validity of discrimination, and reliability test, are all taken into account when deciding whether or not to accept a hypothesis. In the hypothesis testing of the PLS method, software can be used to check the validity of the hypothesis.

SmartPLS 3.0 with this value can be seen from the results of boostrapping. In this analysis, the rules of thumb used are t-statistics ≥ 1.96, significance level of p-values 0.005 (5%), positive coefficient. This table shows the hypothesis testing presented below:

Table 8. Hypothesis Test

	Hypothesis	Sample Original (O)	Average Sample (M)	Standard Deviation	T Statistics (O/STEDEV) Hypothesis testing	P Values
1	The effect of product quality on purchasing decisions	0.686	0.680	0.085	8.080	H 1
2	The effect of price on purchasing decisions	0.254	0.258	0.087	2.923	H 2

Source: Data Processed (2024)

Based on the results of the data processing, the following hypotheses are prepared:

1. H1: The t-statistic for product quality is 8.080, which is greater than 1.96 and the p-value less than 0.05 is 0.000. These findings support the first hypothesis that product quality influences purchasing decisions.
2. H2: The t-statistic for the price variable is 2.923 which is greater than the value of 1.96 and the p-value of less than 0.05 is 0.004. These findings support the second hypothesis that price influences purchasing decisions.

To find out the influence of purchase decisions through the Lazada marketplace on product quality and price. A total of 150 respondents used in the research made in the questionnaire were distributed through google forms. The respondents were the Ciawi Village Community RW 01 Wanayasa Purwakarta. The following is an explanation and answer to the problem formulation using the results of a hypothesis based on statistical analysis that has been carried out previously:

1. The Influence of Product Quality on Purchase Decisions
   Product quality statements have a significant effect on purchasing decisions supported by a p-value of 0.000 less than 0.05. The product quality indicator that has the most influence on purchase decisions is in the previous consumer review indicator, seen from the results of respondents' responses with the highest average score of 4,033. This result is in accordance with the research conducted (Sahara & Prakoso, 2021), namely the same product quality or the better the appearance of the product offered by the product, the rainbow will be able to be used as a prediction model which means H1 is acceptable.
2. The Effect of Price on Purchase Decisions
   The results obtained in this study explain that the influence of price on purchase decisions is significantly positive as evidenced by the P-values of 0.000 more than <0.05. The community is also very concerned about their expenses because the needs are very much. Therefore, the public is very concerned about the purchase price of the product, people will choose to get the price they want and according to their budget. The indicators in the competitive price variable are seen from the results of the respondents' responses with the highest average score of 4,213. As done by (Novel et al., 2022), the same price affects the purchase decision. From the description above, it is clear that the price is related to the purchase decision, the lower the price, the higher the purchase decision. Customer trust influences interest and decision to investigate a product.

3. The Influence of Product Quality and Price on Purchase Decisions
   The results of data processing using SmartPLS variables of product quality and price on purchase decisions have an influence through the Lazada marketplace with a determination coefficient of 0.835 or 83.5% of the variables of consumer purchase decisions can be explained by variations in product quality and price. While the remaining 16.5% was determined by other variables that were not included in this study.
   The results of this study are also in line with previous research according to (Rahayu, 2021), namely the same analysis found a statistically significant correlation of 73% between product quality and price on purchase decisions. The remaining 27% is likely to be caused by other factors not considered in this study. This supports the hypothesis that product quality and price influence purchasing decisions.

4. CONCLUSION

This research was carried out in Ciawi Village where many people use and buy on Lazada e-commerce to find out the influence of product quality and price on purchase decisions on Lazada e-commerce. the researcher produced the following conclusions: 1) The product quality variable (X1) has a positive and significant effect on the purchase decision. This means that when shopping at Lazada, product quality is part of the factors that customers consider. High product quality is the main driving factor for consumer purchasing decisions on Lazada. The survey results show that consumers' perception of the quality of Lazada products is very positive, encouraging them to make repeated purchases. 2) The Price variable (X2) has a positive and significant effect on the purchase decision. This is the basis for respondents when shopping at Lazada, namely competitive price offers by Lazada are the main attraction for consumers to make purchases. Good prices directly influence consumers' purchasing decisions and encourage them to choose Lazada as their top shopping destination. 3) Product quality variables (X1) and Price (X2) on purchase decisions (Y) based on test results together or simultaneously This statement shows that product quality and price are two key factors that are interrelated and can influence consumer purchasing decisions. To increase sales and retain customers, companies like Lazada must pay attention to both factors in a balanced manner.

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