



## THE EFFECT OF PRICE AND PRODUCT QUALITY ON CUSTOMER BUYING INTEREST IN TEA FLORA PRODUCTS IN THE BULAK BANTENG AREA, NORTH SURABAYA

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Article info	ABSTRACT
<p><b>Corresponding Author:</b></p> <p>Ani Rachmawati  <a href="mailto:anirachmawati850@gmail.com">anirachmawati850@gmail.com</a>            STIE IBMT Surabaya,            Indonesia</p>	<p>The increasing trend of iced tea consumption has intensified competition in the beverage sector, making price and product quality the main factors influencing consumer purchasing decisions. This study aims to analyze the effect of price and product quality on customer purchase intention toward Teh Flora in the Bulak Banteng area, North Surabaya. A quantitative approach was used, employing a survey method with a 4-point Likert scale questionnaire. The study involved a sample of 120 respondents from the Bulak Banteng area. Normality testing was conducted using the Kolmogorov-Smirnov test through IBM SPSS Statistics 25 with a significance level of 0.05. The results indicate that price and product quality have a positive and significant influence on purchase intention.</p> <p><b>Keywords:</b> <i>Price, Product Quality, Purchase Intention</i></p>
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### INTRODUCTION

Tea beverages are becoming increasingly popular among the public, not only as thirst quenchers but also for their various health benefits, such as boosting the immune system and preventing illness (Sardjiman, S., Rahardjoputro, R., & Widyaningrum, 2023). As public awareness of healthy lifestyles continues to grow, so does the demand for high-quality tea products. In response to this trend, various tea brands are competing to offer products with competitive prices and quality.

However, this intense competition presents a significant challenge for businesses like Teh Flora. In such market conditions, understanding the factors that influence consumer purchasing decisions becomes crucial. Price and product quality are two key variables that often serve as major considerations in purchase decisions. An affordable price can attract initial interest, but high product quality determines long-term customer loyalty (Wahyuningsih & Ernawati, 2021).

Based on preliminary survey results, Teh Flora initially experienced growth, but recently has faced challenges in maintaining and increasing sales. One contributing factor is competition from major brands that already have a strong consumer base and more mature

marketing strategies. Therefore, a data-driven strategy is needed to understand how price and product quality influence purchase interest, particularly in the Bulak Banteng area of North Surabaya.

#### *Definition of Price*

Price refers to the monetary value paid by consumers to businesses, reflecting the exchange value in a market, facilitating transactions, and influenced by supply, demand, production costs, and overall market conditions. According to Kotler and Keller (2019), price should reflect the value that consumers are willing to pay, not merely the cost of production or service provision.

Through in-depth research on the influence of price on purchasing decisions for Teh Flora, this study analyzes how price changes affect consumer buying behavior. Data collection was carried out through surveys and direct interactions with consumers to understand their perceptions of pricing.

#### *Price Indicators*

According to Kotler & Indrasari (2019), the four indicators that represent price are:

1. Price affordability: How well consumers can pay for the product.
2. Price to quality alignment: The price should reflect the quality offered.
3. Price competitiveness: The price should compete with similar products in the market.
4. Price to benefit ratio: The price should be equivalent to the benefits perceived by consumers.

#### *Pricing Objectives*

The aim is to understand how price changes can affect various aspects of the market and consumer behavior. The following are the main objectives of this study:

1. To understand how price influences purchasing decisions, including brand preferences, loyalty, and responses to promotions or discounts.
2. To assist businesses in setting optimal pricing to maximize profit while maintaining product appeal.
3. To study how competitor pricing affects market share and how companies can compete effectively.
4. To develop effective marketing strategies based on how price influences consumer behavior.
5. To identify trends in price fluctuations and predict future market changes more accurately.

The ultimate objective of pricing for business actors is to understand customer purchase intention and make strategic decisions to achieve business goals, enhance customer satisfaction, and build customer loyalty.

#### *Product Quality*

Product quality plays a vital role in positioning a product in the market. It can be identified through the product's ability to deliver consistent taste and aroma. According to (Herlambang & Komara, 2022), product quality refers to how well a product meets customer expectations and needs reflected in strong tea flavor, sweet and smooth taste, light jasmine

aroma, appealing design, and safe, practical packaging. Improved product quality generally leads to increased purchase intention.

#### *Product Quality Indicators*

According to (Alvian, 2021), key indicators for measuring product quality include:

1. Freshness: Delivers a fresh and calming sensation, suitable for any occasion.
2. Appearance: Deep, clear tea color with attractive packaging reflecting quality.
3. Taste: A balance of strong tea, sweet flavor, and light jasmine aroma.
4. Innovation: Distinct, consistent flavor that creates a unique tea-drinking experience.

#### *Product Quality Objectives*

The main objectives of focusing on product quality are:

1. To meet customer expectations by ensuring that the product consistently meets their needs.
2. To increase customer satisfaction, which enhances the likelihood of repeat purchases and recommendations.
3. To improve competitiveness in the market, high product quality becomes a competitive advantage that attracts more consumers.

#### *Purchase Intention*

Purchase intention reflects the consumer's desire to select and buy a product. It may occur as a response to a product and represents consumer attitudes toward certain brands or products. According to Nulufi & Murwatiningsih (2015) in Harni & Lukas Agung Heriputranto, (2023), purchase intention arises when consumers have a positive perception of a product or brand, which drives them to make a purchase.

#### *Purchase Intention Indicators*

As stated by Fitri & Basri (2021) in Novianti & Saputra, (2023), the indicators of purchase intention include:

1. Transactional: The desire to physically acquire a product.
2. Referential: The intention to recommend the product to others.
3. Preferential: A strong preference for one product over competitors.
4. Exploratory: Interest in seeking more information or trying product variations.

#### *Purchase Intention Objectives*

The objectives of studying purchase intentions include:

1. To understand how first impressions are shaped by store appearance, including design and cleanliness.
2. To identify visual factors that form initial consumer perceptions, such as orderliness, ambiance, and the impression of busyness.
3. To develop effective branding strategies by identifying visual elements that attract attention and spark curiosity, even among consumers unfamiliar with the product or brand.

## **METHOD**

### *Type of Research*

This study employs a quantitative research method, analyzing statistical data to objectively and measurably examine the influence of price and product quality on customer purchase intention toward Teh Flora in Bulak Banteng, North Surabaya.

### *Population and Sample of the Study*

According to Sugiyono (2019), population refers to a group of individuals or specific objects that are defined as the focus of the research. The sample size in this study was determined using the Ferdinand formula (2014), which suggests using 5 to 10 times the number of research indicators, especially when the exact population size is unknown. The ideal sample size ranges from 100 to 200 respondents.

A total of 12 indicators were used as the basis for this study, consisting of:

Price (X1): 4 indicators

Product Quality (X2): 4 indicators

Purchase Intention (Y): 4 indicators

Considering time constraints and available resources, this study determined a total sample size of 120 participants. The selected respondents were residents of Bulak Banteng, North Surabaya, who have either purchased or are familiar with Teh Flora products.

### *Type and Source of Data*

The type of data used in this study is subjective data, meaning information that is self-reported by individual participants. The instrument used in this study is a questionnaire employing a 4-point Likert scale, in which participants are asked to rate each statement based on their level of agreement, ranging from strongly disagree to strongly agree.

The data in this research is classified as primary data. According to Sugiyono (2019), primary data is information obtained directly from the main source, namely the participants involved in the study through relevant data collection techniques.

### *Data Analysis Method*

Multiple linear regression is used to determine the relationship between one dependent variable and two or more independent variables. The software tool used for data analysis in this study is IBM Statistical Package for the Social Sciences (SPSS) version 25. The multiple regression method is applied to measure the impact of two or more independent variables on one dependent variable, as represented in the regression equation.

This study adopts a quantitative method that emphasizes objective measurement and numerical data analysis to test hypotheses. This approach is applied to examine the effect of price (X1) and product quality (X2) on purchase intention (Y) of customers toward Teh Flora products in the Bulak Banteng area, North Surabaya.

To obtain valid and generalizable results, the data was collected through the distribution of questionnaires using a 4-point Likert scale, designed to measure respondents' perceptions of price, product quality, and purchase intention. A total of 120 respondents participated in this study. These respondents represent individuals who have purchased or are familiar with Teh Flora in the Bulak Banteng area of North Surabaya.

## **RESULT AND DISCUSSION**

### **Validity and Reliability**

The results of the validity test in this study show that all questionnaire items have a significant value of 0.00, which is less than 0.05, and therefore are declared valid. The Cronbach's Alpha reliability test for the Price variable (X1) is 0.825, the Product Quality variable (X2) is 0.787, and the Purchase Intention variable (Y) is 0.713, which exceeds 0.60 ( $\alpha > 0.60$ ). The instruments for these variables meet the reliability criteria and are appropriate to be used as research measurement tools.

### **Classical Assumption Test**

#### 1. Normality Test

The Asymp Sig (2-tailed) value is 0.081, which is above the significance threshold of  $\alpha = 0.05$ . This indicates that residual data distribution is normal.

#### 2. Multicollinearity Test

The VIF result for the Price variable (X1) and the Product Quality variable shows a VIF of 1.687 and a Tolerance of 0.593, indicating that there is no multicollinearity in the regression model.

### **T-Test Model**

1. Price (X1) has a t-count of  $3.022 > t\text{-table } 1.980$  with a significance value of  $0.003 < 0.05$ , indicating that Price has a positive and significant effect on Purchase Intention.
2. Product Quality (X2) has a t-count of  $3.009 > t\text{-table } 1.980$  with a significance value of  $0.003 < 0.05$ , indicating that Product Quality has a positive and significant effect on Purchase Intention.

### **Discussion**

1. The t-count for the Price variable (X1) is  $3.022 > 1.980$  with a significance value of 0.003, indicating a positive and significant effect on customer purchase intention for Teh Flora products. This result shows that price plays an important role in shaping consumer perception, and when the price is considered appropriate for the perceived benefits, consumers tend to show a higher purchase intention.
2. The t-count for Product Quality is  $3.009 > 1.980$  with a significance value of 0.003, indicating a positive and significant effect on customer purchase intention for Teh Flora products. This confirms that product quality is a major factor considered by consumers before making a purchase, as it reflects value and helps build customer trust and loyalty.

### **CONCLUSION**

Based on the results of the study, it can be concluded that price and product quality have a positive and significant effect on customer purchase intention for Teh Flora in the Bulak Banteng area, North Surabaya. Therefore, business actors need to maintain product quality and implement pricing strategies that align with the target market segment.

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