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The Influence of Service Quality, Word of Mouth Price on Restaurant D'cost Kemang South Jakarta Purchasing Decision

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Keywords

Quality of Service, Price, Word Of Mouth (WOM), Purchasing Decision.

ABSTRACT

This study aims to analyze the magnitude of the influence of Service Quality, Price, and Word Of Mouth (WOM) on the Purchasing Decision of Restaurant D'cost Kemang South Jakarta. This study used primary data by distributing questionnaires as many as 100 respondents. Data were analyzed using descriptive and inferential analysis. In the implementation of the study using primary data obtained through the distribution of questionnaires and processed with SPSS 17.0. The results showed that the variables of Service Quality, Price, and Word Of Mouth (WOM) had a positive and real influence on Purchasing Decisions of 0.906 which was classified as strong. While the coefficient of determination obtained R Square of 0.538 or 53.8% variation in the dependent variable, namely purchasing decisions can be explained by a combination of independent variables, namely, Service Quality, Price, and Word Of Mouth (WOM). While the remaining 4.62% can be explained or explained by other factors that the author did not study. Through regression values KP = 3.931 + 0.353 KP + 0.210 H + 0.285 WOM can be predicted regarding the ups and downs or size of employee performance.

INTRODUCTION

The business world is experiencing increasingly fierce competition which is balanced with the development of increasingly sophisticated technological tools that make it easier for every company to improve its business performance to achieve a goal. In an ever-evolving and fast-changing environment, companies cannot maintain an attitude of attracting customers or expanding new markets (Gazi et al., 2024; Rivero et al., 2023; Sakas et al., 2023). The key success factors for market survival depend on the owner's interests, suppliers, and buyers. The challenge of all markets that are being faced today is how to maintain the purchase decisions experienced by each consumer (Kester S. Ong et al., 2024; Kola Olayiwola et al., 2024; Z. Li et al., 2023).

When consumers decide to buy a product, consumers can form an intention to buy the brand they like the most and have certain reasons for choosing a product, for example being satisfied with the quality of service offered by the product (Ariyanto, 2019; Fetra & Pradiani, 2023; Prasilowati et al., 2021). Service quality is an important part of influencing consumer purchasing decisions which will later affect the success of the market share owned by each company (Nilashi et al., 2023; Shamim et al., 2024). Thus, every company must be able to understand consumer behavior in its target market because survival depends on how the organization tries to meet the needs and desires of consumers that affect consumer behavior (Ariyanto, 2019; Çavdar & Erkip, 2023; Kartikasari & Albari, 2019).

In addition to the quality of service, the price factor is also an important thing that consumers consider for purchasing decisions. The definition of price according to Kotler and Armstrong (2010) is

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the amount of money charged for a product or service or the amount of all value exchanged by consumers or benefits from owning or using the product or service. Price is a major factor that can influence the purchasing decisions of consumers.

A company can position itself by providing superior value to its chosen target market, offering lower prices than competitors, or providing greater benefits by looking higher. Companies will gain a competitive advantage with the needs and desires of buyers who vary in prices, which can be a guide for marketing strategy design (El-Manstrly et al., 2021; Rezaee Vessal et al., 2022; Wicaksono et al., 2021). In addition to price, the company must have other strategies that can be a determining factor in consumer purchasing decisions and attract consumers to reuse the services or products offered and increase profits for the company.

Word Of Mouth (WOM), according to Kotler and Keller (2009: 204), is a communication process in the form of providing recommendations both individually and in groups for a product or service that aims to provide personal information. Of all promotional media, Word Of Mouth (WOM) is a promotional activity whose level of control by marketers is very low but has a very extraordinary impact on the company's product or brand (Agag et al., 2024; Benaglia et al., 2023). Companies can encourage and facilitate word-of-mouth conversations by ensuring that the company's products or brands are unique and innovative and deserve to be product conversations to create positive Word Of Mouth (WOM), which will generate sales for the company (Boubker & Naoui, 2022; Hameed et al., 2024; Y. Li et al., 2024).

The most valuable customers are not the customers who buy the most, but customers who do a lot of Word Of Mouth (WOM) activities and can bring other customers to buy in our company, regardless of the number of purchases that these customers make themselves.

This research aims to investigate and analyze the factors influencing consumer purchasing decisions, specifically focusing on the strategies employed by Restaurant D'Cost, a food company established in 2006 in Kemang, South Jakarta. By exploring the company's approach to service quality, pricing, and Word Of Mouth (WOM) promotion, the research seeks to provide valuable insights for enhancing business performance and market share in a competitive environment.

METHODS

This study focuses on consumer purchasing decisions at D'Cost Kemang Restaurant, South Jakarta, with variables considered including service quality, price, and Word Of Mouth (WOM). Data for this study was obtained through questionnaires distributed to consumers of D'Cost Kemang Restaurant. The type of data used is primary data, which is obtained through direct field surveys to respondents observed using questionnaires.

The population of this study is customers of D'Cost Kemang Restaurant, South Jakarta. Population is defined as a generalized region consisting of objects or subjects that have certain qualities and characteristics that the researcher wants to research. To narrow the scope of research, researchers use samples taken through the Probability Sampling technique, with a special technique, namely simple random sampling. Probability sampling provides equal opportunities for each element of the population to be selected as a member of the sample, while simple random sampling is done randomly regardless of the strata in the population. Thus, this study will provide a deeper understanding of the factors that influence consumer purchasing decisions at D'Cost Kemang Restaurant, South Jakarta.

The sampling technique is based on accidental sampling, that is, anyone who happens to meet the researcher can be used as a sample, if it is considered that the person who happens to meet is suitable as a data source, with specified limits. The sample used for the measurement of this questionnaire is D'Cost restaurant consumers who have just made a purchase transaction on the basis of their own purchase decisions.

According to Ferdinand (2006: 208), if the population number is unknown, the alternative formula that can be used is:

n = ($Z^{2\alpha}$) [P x Q] .....(1)d2

where:

Za = Z table with a certain significant level of 1.96 out of a significant level of 95%.

P = The expected proportion of the population has certain characteristics, the variation of the population is expressed in the form of proportions, and the proportion is divided in 2 parts by a total of 100% or 1.

Q = The expected proportion of the population has no particular characteristics.

D = Tolerable error rate (expressed in 10%).

So;

$$n = \frac{(1.962)\ [0.5 \times 0.5]}{0,12}$$

The data collection technique used in this study was by questionnaire. A questionnaire according to Sugiyono (2012: 136) is a data collection technique carried out by giving a set of questions or written statements to respondents to answer. The questionnaire in this study is a data collection by distributing a list of questions or statements to consumers where the list of questions or statements is in the form of close-ended questions, statements that accompany alternative answers that have been determined by the principle of weighting scores according to the Likert scale. Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2014: 94).

RESULTS

Validity Test

The validity test is used to measure the validity or absence of a questionnaire (Ghozali, 2011: 53). A questionnaire is valid if the statements on the questionnaire are capable of expressing something that the questionnaire will measure. The high and low validity of measuring instruments shows the extent to which the collected data does not deviate from the description of the variable. In making decisions to test the validity of the indicators are:

a) If r count (positive) > r table then the item or variable is valid

b) If r count (negative) < r table then the item or variable is invalid

Reliability Test

Reliability test is a tool for measuring a questionnaire that has indicators of variables or constructs. A questionnaire is considered reliable or reliable if a person's answers to statements are consistent or stable over time (Ghozali, 2011: 47). This reliability test uses the Cronbach Alpha (α) statistical test. According to Ghozali (2011: 48) decision making of a construct or variable is said to be reliable as follows:

a) If Cronbach Alpha (α) > 0.60 then the questionnaire used is reliable.

b) If Cronbach Alpha (α) < 0.60 then the questionnaire used is not reliable.

Classical Assumption Test

Normality Test

The normality test aims to find out whether the regression model, bound variables and independent variables have a normal distribution or not because a good regression model has a normal or near-normal data distribution (Ghozali, 2011: 160). According to Ghozali (2011: 32) to detection normality can be done with the Kolmogorov-Smirnov test. According to Ghozali (2011: 34) decision-making is carried out with the following criteria:

a) If sig. 2-tailed> 0.05, then the data is distributed normally.

b) If sig. 2- tailed < 0.05, then the data is not normally distributed.

Multicollinearity Test

This multicollinearity test aims to test whether the regression model found a correlation between independent variables (Ghozali, 2011: 105). A good regression model does not have correlation between independent variables. If independent variables correlate with each other, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero (Ghozali, 2011: 105). In this study to detect the presence or absence of multicollinearity of the regression model, namely:

a) If the tolerance value > 0.1 and the VIF value < 10, then there is no multicollinearity between independent variables in the regression model.
b) If the tolerance value < 0.1 and the VIF value > 10, then there is multicollinearity between independent variables in the regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from residual from one observation to another (Ghozali, 2011: 107). If the variance from the residual or one observation to another is fixed, then it is called homoscedasticity. If variance is different then it is called heteroscedasticity. A good regression model is one in which homokedasticity or heteroscedasticity does not occur (Ghozali, 2011: 108). One way to detect heteroscedasticity is to look at the plot graph between the predicted value of the dependent variable ZPRED and the residual value SRESID.

Autocorrelation Test

According to Ghozali (2011: 110), the autocorrelation test aims to test whether in the linear resonance model, there is a correlation between confounding errors in period t with confounding errors in period t-1 (previous). If correlation occurs, then there is an autocorrelation problem, a good regression model is a regression that is free from autocorrelation (Ghozali, 2011: 110). To test whether autocorrelation occurs or not, the Durib-Watson test criteria are used as follows:

a) DU < DW < 4 – DU, then no autocorrelation occurs.
b) DW < DL or DW > 4 – DL, then autocorrelation occurs.
c) dl < dw < du or 4 – du < dw < 4 –dl, meaning there is no certainty.

Information:

du = upper bound of Durbin-Watson (DW) values in the DW table
dl = lower bound of Durbin-Watson values in the DW table

Model Due Diligence

Test F

This test is used to determine the effect of the independent variable together on the dependent variable. To determine the significance or not of the influence of the independent variable together on the dependent variable, a probability of 5% (α = 0.05) is used. Basis of decision making:

1). If the F_{count} is at sig ≤ 0.05, then H 0 is rejected. (regression model valid)
2). If the F_{count} is at sig ≥ 0.05, then H 0 is accepted. (regression model invalid)

Coefficient of Determination (R2)

The coefficient of determination (R2) essentially measures how far a model is able to explain from variations in dependent variables (Ghozali, 2011: 97). A coefficient of determination (R2) of 0% means that the independent variable cannot explain the dependent variable at all. If the coefficient of determination is closer to 100%, it can be done that the independent variable is more able to explain the dependent variable.

Hypothesis Testing (T-Test)

This test is used to determine the significance of the influence of the independent variable on the dependent variable individually and considers the other dependent constant. The significance of this effect can be estimated by comparing calculated T values at a significance of ≤ 0.05. The basis for decision-making is as follows:

1. If the T count is at a significance of ≤ 0.05, then H0 is rejected, meaning that Service Quality, Price and Word Of Mouth partially have a positive and significant effect on Purchasing Decisions at D'Cost Kemang restaurant in South Jakarta.
2. If the T count is at a significance of > 0.05 then H0 accepted means that Service Quality, Price and Word Of Mouth partially do not have a positive and significant effect on Purchasing Decisions at D'Cost Kemang restaurant South Jakarta.

CONCLUSION

Based on the research results regarding the influence of Service Quality, Price, and Word of Mouth on Purchasing Decisions at D'Cost Kemang Restaurant, it can be concluded as follows: First, Service Quality has a positive and significant influence on Purchasing Decisions at the restaurant. The quality of service in the purchasing source is influenced by several factors, one of which is the quality of service provided by D'Cost Kemang restaurant in South Jakarta. Second, Price positively and significantly influences Purchasing Decisions at D'Cost Kemang restaurant in South Jakarta. In determining purchasing decisions, information about prices is crucial, where consumer perceptions about a product's price can be used to standardise product quality based on the product's price value. Third, Word of Mouth positively and significantly influences Purchasing Decisions at D'Cost Kemang restaurant in South Jakarta. Word of Mouth (WOM) is related to purchasing decisions. In this case, when individuals or other personal sources we already know to share positive information about a product, the greater the consumer's desire to buy the product, benefiting the producing company.

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