

# The Effect Of Product Quality And Promotion On Customer Purchase Decisions Of Pizza Hut Restaurant In The City Of Tangerang Selatan With Price As Intervening Variable

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**Abstract** — This study aims to examine and examine the effect of product quality, promotion and price on purchasing decisions by Pizza Hut customers in South Tangerang City. This research is quantitative where data is obtained by giving Likert scale questionnaires to respondents who bought Pizza Hut products in the last three months in South Tangerang City. The data collection method used purposive sampling. From the questionnaires distributed online using the google form link, of the 96 respondents who filled out, only 94 data were eligible for further processing using the SmartPLS version 3.0 software. The results showed that product quality, promotion and price had a significant effect on purchasing decisions. price is not significant as a mediating variable on the effect of product quality on purchasing decisions, while on the effect of promotion on purchasing decisions, price becomes a significant mediating variable.

**Keywords** : Product Quality, Promotion, Customer Purchase Decision, Price

## I. INTRODUCTION

Science and technology are advancing quickly, and this might cause changes in people's lifestyles, attitudes, and eating habits. In this age of modernisation, it may have an impact on consumer behaviors such as lifestyle and consumption patterns for those who constantly follow fashion. Companies that operate in the food business may become more competitive as a result of shifts in consumer consumption habits and future possibilities for the fast food restaurant sector. Indonesian civilization is becoming more and more modern, especially in urban regions where people prefer practical and fast food. People find it challenging to avoid fast food because of the increasingly sophisticated metropolitan lifestyle. Fast food is provided differently from other types of cuisine; it is quick, hygienic, and available whenever you want it.

People's attitudes changed as a result of changes in Indonesian living (lifestyle). due to the growth of the food sector, which is exemplified by the emergence of fast food outlets. The younger population loves to dine and pass their time at fast food establishments like Pizza Hut or mall cafes, which of course serve western cuisine. The ability of the contemporary sales system to persuade the Indonesian populace to consume it—including Italian food like pizza, which is incredibly well-liked by Indonesians of all ages and social classes—makes this condition conceivable.

Because of this benefit, fast food outlets are in high demand among Indonesian consumers and occasionally expand. Restaurant managers must be aware of their position in the food service sector business competitiveness due to the very quick expansion and development of fast food restaurants, which results in very close competition. Pizza Hut is one of the fast food establishments that Indonesians like to frequent. Pizza Hut has made good progress in Indonesia. The Djakarta Theatre building houses the Pizza Hut restaurant, which opened its doors in Indonesia for the first time in 1984. Through its expansion across Indonesia, Pizza Hut presently has more than 500 locations scattered across 22 provinces (<https://www.pizzahut.co.id/>). South Tangerang Area is one of the locations where Pizza Hut locations are expanding quickly, as seen by the growing number of Pizza Hut locations in this city. Customers of Pizza Hut can use this to find the locations that are closest to their homes. In the city of South Tangerang, there are 16 Pizza Hut locations, including 7 restaurant locations and 10 delivery (PHD) locations. Pizza Hut often gives promotional discounts to its consumers at specific locations, and it is constantly available to offer them enticing promos.

**Table 1. Top Brand Index of Pizza Restaurants**

BRAND	TBI 2020	TBI 2021	TBI 2022
PIZZA HUT	53,8%	55,7%	55,6%
DOMINOS PIZZA	17,7%	20,5%	21,1%
PAPA RON'S	11,0%	11,3%	11,4%
GIAN PIZZA	7,5%	4,7%	4,0%
PIZZA BAR	4,2%	3,1%	3,4%

Source: [www.topbrand-award.com](http://www.topbrand-award.com)

The Top Brands Award is given to the top brands as determined by consumers. Three factors are utilized to calculate the Top Brand Index: last used, top of mind awareness (based on the brand that the respondent initially mentioned when the product category was mentioned), and top of mind awareness (that is, based on the brand that was last used or consumed by the respondent in 1 review). buying cycle), and intention for the future (which is based on the brand that you want to use or consume in the future). Customers have always preferred Pizza Hut over other restaurants. It demonstrates that Pizza Hut is the eatery with the most popular pizza menu among customers. According to Table 1.1, Pizza Hut is ranked first in the category of pizza restaurants from 2020 to 2022 with a Top Brand Index (TBI) of 53.8% in 2020, 55.7% in 2021, and 55.6% in 2022.

In these times of intense rivalry in the fast food market, each restaurant is vying for customers by offering high-quality products (meal), reasonable rates, and alluring promos in an effort to earn the highest ratings from diners. Customers will undoubtedly select and compare products with high product quality from a variety of similar products, so businesses must keep a menu that can draw customers in and feature goods that meet their standards for quality. Offer discounts and engaging promos. To remain competitive with other pizza goods that are currently on the market, this is done. This must be done in order to boost sales and pique consumer interest in purchasing Pizza Hut goods.

The buying decision becomes significant because the next firm will undoubtedly take it into account when developing its marketing plan. The company's efforts to develop communication with customers by building brands to consumers with marketing methods, as well as innovation for new product varieties, are extremely supportive of its success in influencing consumers' purchase decisions. According to Silaban (2019), decision-making is an individual action directly related to obtaining and consuming the provided products. Multiple decisions are frequently involved in the difficult buying decision process. A decision requires choosing between two or more possible actions. If the product is in line with what customers desire and need, purchases can be made by consumers.

The decision to purchase a product is greatly influenced by the evaluation of a number of criteria, such as product quality, price, and product promotion. Consumers today are also quite critical when picking a product. A company's product quality is a tactical tool that it can use to distinguish itself from competitors. This distinctiveness is a value-added for the business and can give it a competitive edge over its rivals. According to Alamsyah (2021), product quality is determined by how satisfied customers are with the performance of the products they have purchased. This contentment will determine whether or not customers will purchase or utilize these services or goods. Consumer choice of a product is significantly influenced by the product's quality. The goods being supplied must have undergone thorough quality testing. Because the quality of the product itself is what matters most to buyers.

The second aspect that affects purchase decisions, after having high-quality products, is pricing. Consumers should think carefully about price before making a purchase. The sole component of the marketing mix that generates revenue or money for the business is price. One element that directly influences a company's profit is price. The quantity sold is influenced by the specified Price Level. Prices can have an indirect impact on costs since sales volume has an impact on expenses related to production efficiency. Every business must carefully consider its pricing options because they have an impact on both total revenue and total cost. From the perspective of the consumer, price is frequently employed as a measure of value when it is correlated with the perceived advantages of a good or service. Price, according to Kotler and Armstrong (2016), is the sum of money paid for a good or service, or the total of value that consumers exchange for its advantages, ownership, or use. Therefore, by choosing the appropriate pricing, it will be possible to improve sales volume.

In this study, promotion is the third factor that affects customers' purchasing decisions. According to Alamsyah (2021), organizing an action to sell and advertise a product is necessary in order to advance. It is the most significant activity and actively contributes to introducing, educating, and helping people remember the advantages of a product being pushed. Every business must be able to pinpoint precisely which promotional tactics are utilized to boost sales in order to run a promotion. All of the company's efforts that are made to market to and communicate with its target audiences are referred to as promotion. Each business must decide precisely which promotional tools will be employed throughout a promotion in order to succeed with distribution.

II. METHOD

This research is quantitative where data is obtained by giving Likert scale questionnaires to respondents who bought Pizza Hut products in the last three months in South Tangerang City. The data collection method used purposive sampling. Of the questionnaires distributed online using the google form link, out of 96 respondents who filled it out, only 94 data deserved further processing using the SmartPLS version 3.0 software.

III. RESULT

a. Validity Test

Based on the results of data processing, the following are the results of the validity test in this study.

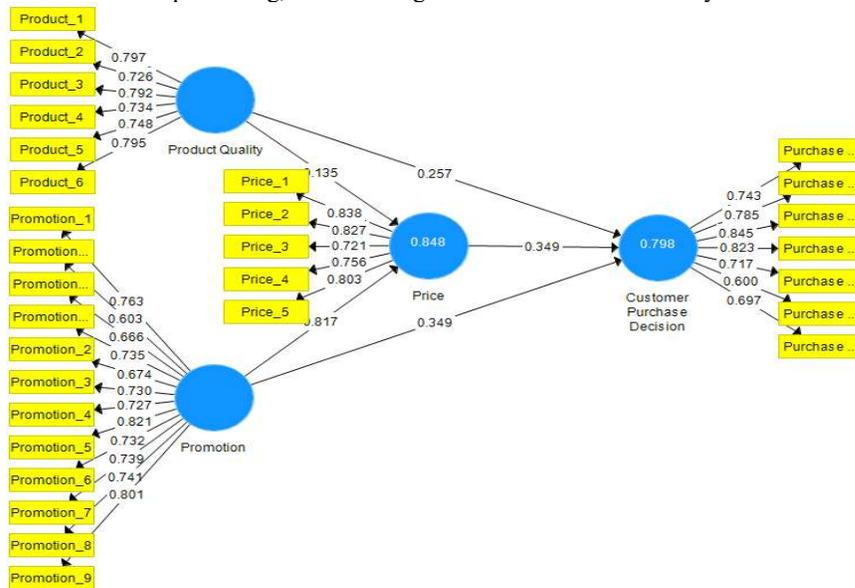


Figure 1. Validity Test Stage 1

Based on Figure 1, there are still some constructs in the research model that are not valid, so proceed to the validity test phase 2.

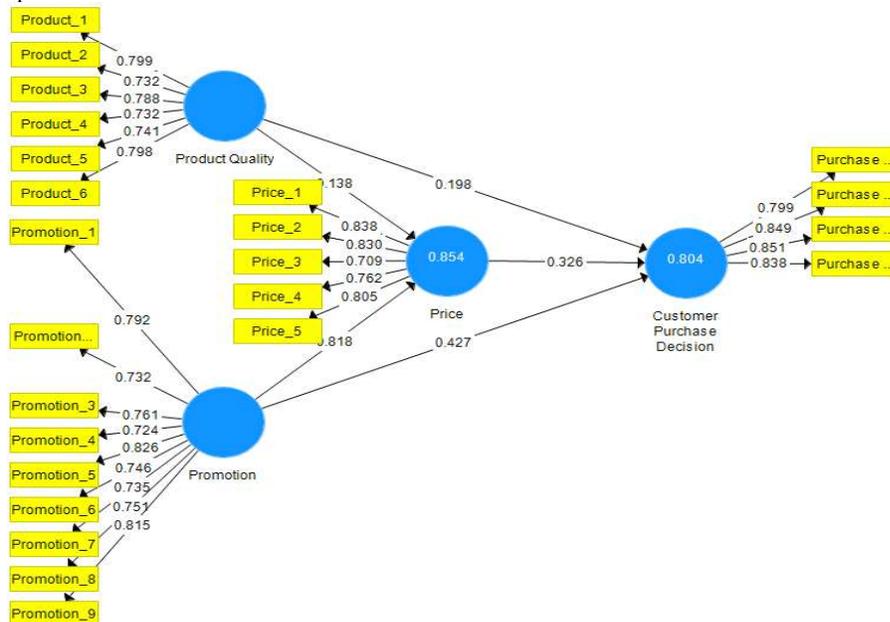


Figure 2. Validity Test Stage 2

After the phase 2 validity test was carried out, it was seen that all the constructs in the study were valid.

#### b. Reliability Test

To see the reliability results, it can be seen that the Average Variance Extract (AVE) value must be above 0.5 and the Composite Reliability must be above 0.7 (Ghozali, 2014).

**Table 1. Reliability Test**

##### Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer Purchase Decision	0.855	0.857	0.902	0.697
Price	0.848	0.852	0.892	0.624
Product Quality	0.859	0.862	0.894	0.586
Promotion	0.911	0.913	0.927	0.586

Based on table 1, it is known that the AVE value is above 0.5 and the Composite Reliability value is above 0.7, so that all variables meet the reliability requirements (Ghozali, 2014).

#### c. Evaluation of the Measurement Model (Outer Model)

**Table 2. Outer Model**

##### Cross Loadings

	Customer Purchase Decision	Price	Product Quality	Promotion
Price_1	0.709	0.838	0.563	0.748
Price_2	0.655	0.830	0.591	0.805
Price_3	0.615	0.709	0.524	0.626
Price_4	0.686	0.762	0.613	0.729
Price_5	0.748	0.805	0.628	0.716
Product_1	0.629	0.577	0.799	0.573
Product_2	0.685	0.595	0.732	0.623
Product_3	0.495	0.531	0.788	0.512
Product_4	0.569	0.607	0.732	0.582
Product_5	0.434	0.480	0.741	0.495
Product_6	0.595	0.580	0.798	0.567
Promotion_1	0.632	0.793	0.609	0.792
Promotion_12	0.693	0.664	0.590	0.732
Promotion_3	0.627	0.731	0.621	0.761
Promotion_4	0.686	0.677	0.534	0.724
Promotion_5	0.699	0.783	0.580	0.826
Promotion_6	0.626	0.616	0.440	0.746
Promotion_7	0.657	0.625	0.468	0.735
Promotion_8	0.612	0.663	0.584	0.751
Promotion_9	0.767	0.760	0.627	0.815
Purchase Decision_1	0.799	0.675	0.591	0.673
Purchase Decision_2	0.849	0.675	0.614	0.706
Purchase Decision_3	0.851	0.757	0.625	0.745
Purchase Decision_4	0.838	0.772	0.680	0.782

Based on Table 2, it can be concluded that each latent variable is able to predict the size of each block better than other block sizes, so that the evaluation of the measurement model (outer model) with discriminant validity is valid.

**d. Evaluation of the Structural Model (Inner Model)**

**Table 3. Inner Model**

R Square

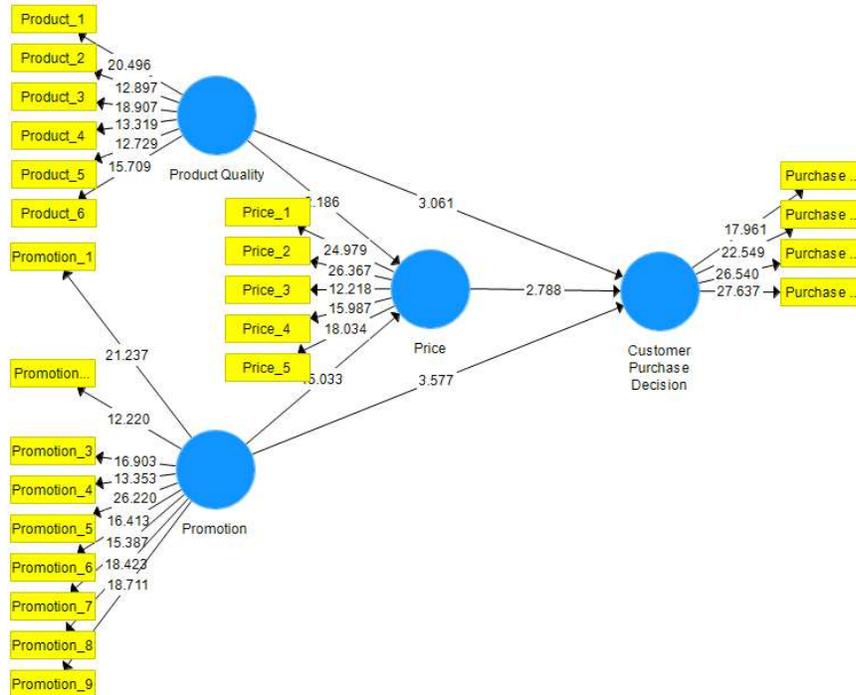
	R Square	R Square Adjusted
Customer Purchase Decision	0.804	0.797
Price	0.854	0.851

f Square

	Customer Purchase Decision	Price	Product Quality	Promotion
Customer Purchase Decision				
Price	0.079			
Product Quality	0.086	0.060		
Promotion	0.137	2.103		

Based on table 3, from R Square Adjusted it can be concluded that 79.7%, Customer Purchase Decision can be explained in this model.

**e. Hypothesis Test**



**Figure 3. Bootstrapping**

**Table 4. Hypothesis Test**

## Path Coefficients

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Price -> Customer Purchase Decision	0.326	0.318	0.117	2.788	<b>0.006</b>
Product Quality -> Customer Purchase Decision	0.198	0.203	0.065	3.061	<b>0.002</b>
Promotion -> Customer Purchase Decision	0.427	0.429	0.119	3.577	<b>0.000</b>

Based on the results of statistical tests in Table 4, it can be described as follows.

1. The influence of product quality on purchasing decisions.  
Based on statistical calculations, the sig value is 0.002, smaller than the significance level of 0.05 ( $0.002 < 0.05$ ), thus it is concluded that product quality has a significant effect on purchasing decisions.
2. The effect of promotion on purchasing decisions  
Based on statistical calculations, the sig value is 0.000, smaller than the 0.05 significance level ( $0.000 < 0.05$ ), thus it is concluded that promotion has a significant effect on purchasing decisions.
3. The effect of price on purchasing decisions  
Based on statistical calculations, the sig value is 0.006, smaller than the significance level of 0.05 ( $0.006 < 0.05$ ), thus it is concluded that the price has a significant effect on purchasing decisions.

Specific Indirect Effect is used to show the strength of the effect or indirect effect of the independent variable on the dependent variable through the intervening variable.

**Table 5. Measuring the Mediation Effect**

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Product Quality -> Price -> Customer Purchase Decision	0.045	0.045	0.025	1.776	<b>0.076</b>
Promotion -> Price -> Customer Purchase Decision	0.267	0.259	0.098	2.716	<b>0.007</b>

Based on the calculation of the Specific Indirect Effect, price is not significant as a mediating variable on the effect of product quality on purchasing decisions, because the value of the Specific Indirect Effect is greater than 0.05, while on the effect of promotion on purchasing decisions, price becomes a significant mediating variable.

#### IV. DISCUSSION

The quality of pizza products from Pizza Hut is recognized by customers as very good, most of the respondents choose Pizza Hut because the taste and condition of the pizza is fresh and fresh. Pizza Hut has toppings that have a choice of flavors, such as Mozzarella, Beef, Chicken, black pepper to rendang, which customers recognize are only available at Pizza Hut.

The promotions carried out by Pizza Hut are also always interesting, the quality of promotions, the determination of promotional targets, promotion times, and information from various promotions carried out are on target so as to improve purchasing decisions. Regarding the price, for the people in South Tangerang City, the price offered by Pizza Hut is in accordance with the satisfaction they get, so that currently the price has a significant impact on purchasing decisions and as a mediating variable on promotions. Promotions that attract consumers to buy Pizza Hut are discounts or special discounts that Pizza Hut provides on certain special days.

#### V. CONCLUSION

The results showed that product quality, promotion and price had a significant effect on purchasing decisions. price is not significant as a mediating variable on the effect of product quality on purchasing decisions, while on the effect of promotion on purchasing decisions, price becomes a significant mediating variable. Thus it can be concluded that the product quality, promotions and prices carried out by Pizza Hut management are good.

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