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# **Effect of Word of Mouth, Price Perception, and Product Quality on Purchase Decision *Pempek* the Local Culinary Products in Palembang City**

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**Abstract---***This study aims to determine whether or not there is an effect of word of mouth, price perception, and product quality on purchasing decisions for Pempek as the local culinary product in Palembang city, South Sumatra, Indonesia. The research results using IBM SPSS Statistics 25.0 software data were obtained from the primary data of 100 respondents. The results found that the variable word of mouth (X1) partially has a positive and significant effect on purchasing decisions, the price perception variable (X2) partially affects the purchase decision, and the product quality variable (X3) partially has a positive effect on purchasing decisions. Simultaneously, word of mouth, price perception, and product quality influence purchasing decisions on the culinary product of Pempek in Palembang City. From the results of data processing, it was found that the coefficient of determination was 77.7% which indicates that other factors influence the remaining 22, 3% as an influence on purchasing decisions. The analysis technique used in this study is to use multiple linear regression analyses.*

**Keywords---***food quality, price perception, product quality, purchase decision, word of mouth.*

#### **Introduction**

Based on data on domestic and foreign tourists' visits to Palembang City from January to December 2018. Two million one hundred ten thousand eight hundred ninety-eight tourists came from within the country, while there were as many as 12,249 people. (Department of Culture and Tourism of Palembang City, 2019). From year to year, local tourist visits in the country tend to continue to increase. The object of this research is a Palembang-specific culinary product made of fish called *pempek*. Therefore, research was conducted with the title "Analysis of the influence of word of mouth, price perception, and product quality on purchasing decisions for Pempek culinary in Palembang City."

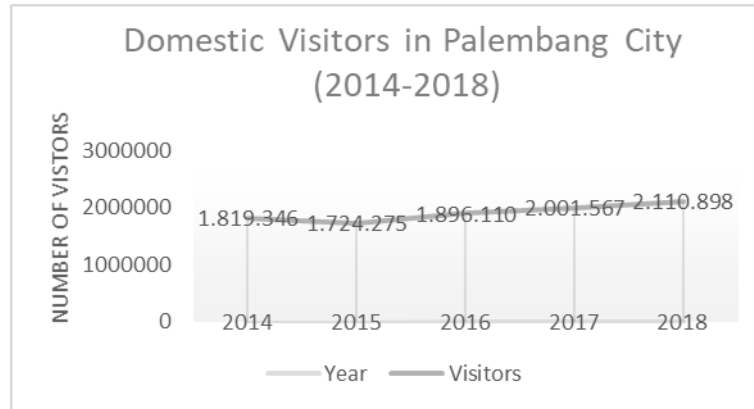


Figure 1. Domestic Visitors Trends

According to [Maulana & Prasetya \(2015\)](#) chief of the 'Palembang Pempek Entrepreneurs Association' revealed that in February 2020, there were already 150 Pempek entrepreneurs who were members of the association. In 2018 the Ministry of Culture and Tourism noted that many Pempek were sent abroad within a month, namely in the amount of 7 tons ([Hervas-Drane, 2015](#); [Zhang et al., 2010](#); [Putra, 2018](#)). On the other hand, related to production per day, Palembang culinary entrepreneurs can make as many as 6.4 tons of Pempek with various types ([Basri et al., 2016](#); [Bone, 1995](#); [Chen & Yuan, 2020](#); [Warta, 2018](#)). [Amalina & Khasanah \(2015\)](#) conducted research related to word of mouth in Indonesia, which resulted in 79% of Indonesians whose trust level was influenced by consumer recommendations. Pempek has different price comparisons in other cities in Indonesia. Besides, the quality of taste available in Palembang City also different compared to other cities. In this study, the research aims to find out how word of mouth, price perception, and product quality can or may not influence domestic tourists to make purchasing decisions.

Several previous studies that focus on word of mouth show a positive relationship between word of mouth and purchase decisions from [Murdana & Suasana, \(2020\)](#), [Zamil \(2011\)](#), and [Ahmad et al. \(2014\)](#). On the variable of price, perception shows that there is a positive relationship to purchase decisions. The research from [Felruel \(2019\)](#), and [Tridhawati et al. \(2016\)](#). Previous studies about product quality variables also show that there is a positive relationship between product quality and purchase decisions [Sipayung & Sinaga \(2017\)](#) and [Ackaradejuangsri \(2013\)](#).

## Methods

This research uses the quantitative method. The data used in this study are primary data collected through online questionnaires. Respondents who are the data source are people who do not live in Palembang City and have bought Pempek in Palembang city within the last two years. The sampling technique in this study used probability sampling in the form of simple random sampling. The population in the study is not known with certainty. Of the unknown amount, this study uses the Slovin formula with a significance level of 5%, and the number of samples used is 100 people. The questions used in the questionnaire are closed questions. The measuring instrument used is to use a semantic differential scale with a range of 1-7 intervals. The validity test is done by looking at the value of the r-count. The results of the reliability test are taken by looking at the value of Cronbach Alpha.

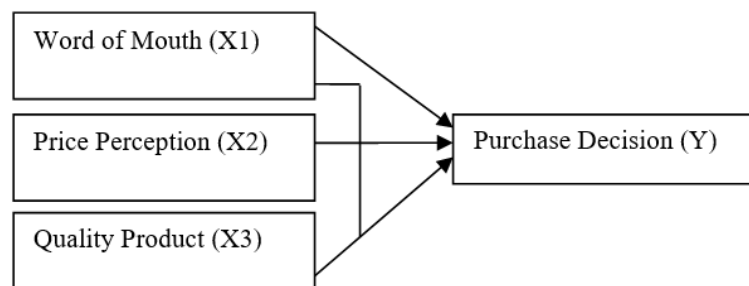


Figure 2. Conceptual Framework

## Result and Discussion

Table 1  
Result per Variable

No.	Indicator	r count	r table	information
1.	Word of Mouth			
	I have acquaintances (such as friends, family, neighbors) who are enthusiastic about talking about their experiences with Pempek products in Palembang.	0.821	0.1965	Valid
	The tone or intonation of the person conveying the information about the <i>pempek</i> product looks enthusiastic and enthusiastic.	0.832	0.1654	Valid
	In my opinion, the informer regarding the Pempek product has told the truth (no other motives).	0.781	0.1654	Valid
	I get information about special offers, price promotions, or other additional services related to the Pempek product being sold.	0.759	0.1654	Valid
	There is interesting information from the storyteller regarding the Pempek product being told.	0.827	0.1654	Valid
	There is information regarding the choice of Pempek product brands that are recommended to me.	0.783	0.1654	Valid
	Information regarding Pempek products provided is reliable.	0.815	0.1654	Valid
	There was an invitation to buy Pempek products in Palembang	0.773	0.1654	Valid
	Someone helps/directs on how to buy Pempek products in Palembang.	0.853	0.1654	Valid
2.	Price Perception			
	I feel there is a match between the price and the quality of the Pempek product.	0.805	0.1654	Valid
	I feel there is a match between the price and the quantity of these Pempek products.	0.845	0.1654	Valid
	Pempek's price is in line with its position as a Palembang typical local cuisine and as a souvenir.	0.694	0.1654	Valid
	I did a competitive price compared with other <i>pempek</i> producers selling similar products (different Palembang city brands).	0.678	0.1654	Valid
	Before buying, I compared it with similar products that I had bought before (Pempek in another city).	0.659	0.1654	Valid
	Pempek sellers offer packages with the best price that can meet needs.	0.775	0.1654	Valid
	The price of Pempek in Palembang is as portability to buy it.	0.784	0.1654	Valid
3.	Product quality			
	The presentation of Pempek in Palembang looks visually attractive.	0.796	0.1654	Valid
	The presentation of Pempek in Palembang looks clean.	0.841	0.1654	Valid
	The Pempek slices in Palembang already look to taste.	0.780	0.1654	Valid
	The variety of menu choices offered by the Pempek seller caught my eye.	0.845	0.1654	Valid
	The shape of Pempek in Palembang looks neat.	0.875	0.1654	Valid
	The presentation of Pempek in Palembang looks visually attractive.	0.923	0.1654	Valid
	The presentation of Pempek in Palembang looks clean.	0.895	0.1654	Valid
	The Pempek slices in Palembang already look to taste.	0.911	0.1654	Valid
	The variety of menu choices offered by the Pempek seller caught my eye.	0.839	0.1654	Valid
4.	Purchase Decision			
	Pempek in Palembang was just what I wanted.	0.759	0.1654	Valid
	Pempek in Palembang is suitable for needs.	0.798	0.1654	Valid
	Before buying Pempek in Palembang, I looked for the information first.	0.783	0.1654	Valid

I got recommendations from other people regarding the choice of various Pempek brands in Palembang.	0.830	0.1654	Valid
I got information regarding the selection of various Pempek brands in Palembang from the promotional media.	0.658	0.1654	Valid
Before buying, I compared the Pempek options available in Palembang.	0.733	0.1654	Valid
I made a purchase decision on Pempek in Palembang.	0.743	0.1654	Valid
I feel satisfied with the Pempek in Palembang that I have consumed.	0.823	0.1654	Valid
I would like to recommend Pempek in Palembang to other tourists who want to visit Palembang City.	0.771	0.1654	Valid

Source: Processed from primary data

In Table 1, it can be concluded that all the indicators used to measure the variables in this study have a correlation coefficient that is greater than the r table. The number 0.1654 is the value of the r table with a significance level (alpha) of 5% using the formula  $df = N-2$ . From the data collected from 100 respondents,  $df = 98$ , then the r table is 0.1654. The calculated r values are presented in Table 2. The results showed that all indicators were valid.

Table 2  
Reliability Test (n = 100)

Variable	Alpha	Information
Word of Mouth (X1)	0.913	Reliable
Price Perception (X2)	0.842	Reliable
Product Quality (X3)	0.952	Reliable
Purchase Decision (Y)	0.916	Reliable

Source: Processed from primary data

From the results of the reliability test conducted, it shows that all variables have an Alpha coefficient  $> 0.5$ , which means that the questionnaire items from word of mouth research, price perceptions, and purchase quality on purchasing decisions for *pempek* culinary products in Palembang can be declared reliable or reliable as a means of collecting data in Jakarta. Hypothesis testing in this study uses multiple linear regression analyses. Multiple linear regression analyses were performed by performing the t-test, F test, normality test, and determination coefficient test. The multiple linear regression model in this study can be shown as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

Y = Purchase Decision

a = Constant

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub> = regression coefficient

X<sub>1</sub> = Word of Mouth

X<sub>2</sub> = Perceived price

X<sub>3</sub> = Product Quality

e = Error

The results of research on 100 respondents show that the majority of respondents are dominated by the female gender, as many as 63 respondents (63%). Another 37 respondents (37%) were male. Meanwhile, based on the respondents' age, most respondents were aged 26-55 years, with 62 respondents (62%). The latest education is higher education intermediate, bachelor, master, and doctoral as many as 82 respondents (82%). In this study, multiple linear regression analyses were used to determine the effect of word of mouth, price perception, and product quality partially or simultaneously on purchasing decisions. The linear regression analysis results in this study are listed in the attachment later in Table 3 following:

Table 3  
Results of Multiple Linear Regression Analyses

Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	4,778	2,763			1,729	,087
Word of Mouth	,249	,060	,297		4,172	,000
Price Perception	,495	,108	,385		4,563	,000
Product Quality	,304	,084	,291		3,620	,000

a. Dependent Variable: Purchase Decision

Source: processed from primary data

$$Y = 4.778 + 0.249X_1 + 0.495X_2 + 0.304X_3$$

- 1) The constant (a) 4.778 regression equations above means that if all variables are omitted or in a mathematical calculation = 0, then the level of purchasing decisions that occur at that time is 4.778.
- 2) The X1 coefficient of 0.249 is positive, so mathematically, if there is a 1% change in the independent variable X1, it will result in a unidirectional change in the dependent variable of 0.249 if the other variables are constant.
- 3) The X2 coefficient of 0.495 is positive, so mathematically, if there is a 1% change in the independent variable X2, it will result in a unidirectional change in the dependent variable of 0.495 if the other variables are constant.
- 4) The X3 coefficient of 0.304 is positive, so mathematically, if there is a 1% change in the independent variable X3, it will result in a unidirectional change in the dependent variable 0.304 if the other variables are constant.

The t-test is used to determine the independent variables' effect partially after word of mouth, perceived price, and product quality on the dependent variable of purchase decisions. The following will explain the partial testing of each variable.

Table 4  
T-Test Result

Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	4,778	2,763			1,729	,087
Word of Mouth	,249	,060	,297		4,172	,000
Price Perception	,495	,108	,385		4,563	,000
Product Quality	,304	,084	,291		3,620	,000

a. Dependent Variable: Purchase Decision

Source: Processed from primary data

Table 4 shows that the t value of the X1 word of mouth variable is 4.172 with a significance level of 0.000 less than 0.05. This means that  $t_{count} > t_{table}$  with the direction of the positive regression coefficient, it can be concluded that the variable X1 has a significant effect on purchasing decisions for Pempek culinary products in Palembang City.

For the t value of the service quality variable X2, X2 has a value of 4.563 with a significance level of 0.000 which is less than 0.05. This means that  $t_{count} > t_{table}$  with the direction of the positive regression coefficient, it can be concluded that the variable X2 has a significant effect on purchasing decisions for Pempek culinary products in Palembang City. In comparison, the t value on the product quality variable X3 has a value of 3,620 with a significance level of 0,000, which is smaller than 0.05. This means that  $t_{count} > t_{table}$  with the direction of the positive regression coefficient, it can be concluded that the X3 variable has a significant effect on purchasing decisions for Pempek culinary products in Palembang City.

The F test is used to determine the independent variables, namely word of mouth, price perception, and product quality, on purchasing decision variables. The following will explain the simultaneous variable testing:

Table 5  
F Test Result

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5471,842	3	1823,947	111,475	,000b
	Residual	1570,748	96	16,362		
	Total	7042,590	99			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant) Word of Mouth, Price perception, Quality of Product

Source: processed from primary data

Based on the primary data processing above, it is known that the calculated F value is 111.475 with a significance level of 0.000 less than 0.05. With a significance limit of 0.05. This means that  $F_{count} > F_{table}$  so that it can be concluded that all variables consisting of word of mouth, price perception, and product quality together have a positive and significant effect on purchasing decisions for Pempek culinary products in Palembang City.

The coefficient of determination ( $R^2$ ) is used to determine the size of the independent variable word of mouth, price perception, and product quality on the dependent variable of purchasing decisions. This is indicated by the magnitude of the coefficient of determination ( $R^2$ ) between 0 (zero) to 1 (one) described in the following table.

Table 6  
Determination Coefficient Test Results

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	
1	,881a	,777	,770	4,045	

a. Predictors: (Constant), Word of Mouth, Price Perception, Quality of Product

b. Dependent Variable: Purchase Decision

From the results of calculations using the SPSS version 25.0 program, it can be seen that the coefficient of determination ( $R^2$ ) obtained is 0.770. This means that the variable word of mouth, price perception, and product quality contribute 77% to the purchasing decision variable, and the other 33% is influenced by other variables not examined in this study.

The normality test is carried out to determine whether the data taken in this study comes from a normally distributed population or not. A good regression model is a model whose data is typically distributed or close to normal. If the data is not around the diagonal line area and does not follow the diagonal line or does not follow a typical distribution pattern, the data is indicated by bias. Testing for normality in this study through a standard probability plot using SPSS 25.0 with the following results:

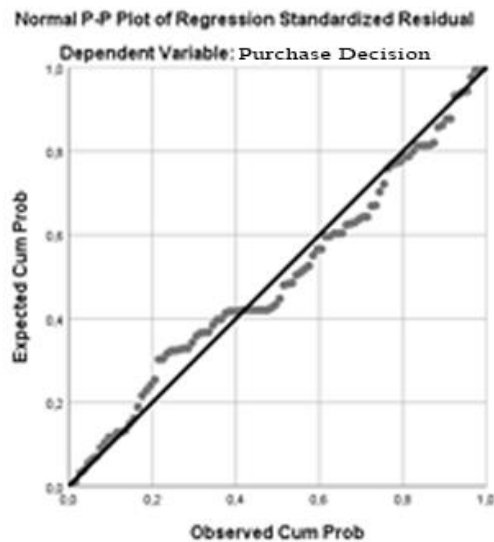


Figure 3. Normality Test

From the picture above, it can be concluded that each point or data set is still around the diagonal line. This indicates that the normal distribution or regression model fulfills the assumption of normality.

Based on the picture above, it can be concluded that the data in this study meet the requirements of the normal probability plot, so that it can be concluded that the study meets the assumption of normality or that this study comes from a normally distributed population. In research related to the variable word of mouth and price perceptions conducted by [Bauckhage et al. \(2017\)](#) the results show that word of mouth and price perception significantly affect purchasing decisions on bakery food products. This study also confirms that there is indeed a significant influence between word of mouth and price perceptions on food products. As research conducted by [Afif \(2018\)](#) product quality in Pempek products affects purchasing decisions. The results are shown in this study also show the same thing: the quality of the product affects purchasing decisions. The only difference is that the respondents in this study are tourists who live outside Palembang.

## Conclusion

Based on the results of research conducted, it can be concluded that:

- 1) Word of mouth variable (X1) partially has a significant effect on the purchasing decision variable (Y) on the culinary product of Pempek in Palembang City.
- 2) The price perception variable (X2) partially affects the purchasing decision variable (Y) on Pempek culinary products in Palembang City.
- 3) The product quality variable (X3) partially has a significant effect on the purchasing decision variable (Y) on the culinary product of Pempek in Palembang City.
- 4) Word of mouth (X1), price perception (X2), and product quality (X3) variables simultaneously have a significant effect on the purchasing decision variable (Y) on Pempek culinary products in Palembang City.
- 5) Word of mouth (X1), price perception (X2), and product quality (X3) variables have a 77.7% contribution effect on purchasing decisions of Pempek in Palembang city. The remaining 22.3% is influenced by other variables not examined in this study.

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