

The Influence of Product Quality, Word of Mouth, and Location on Consumer Purchase Interest

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ABSTRACT

Purpose: Therefore this study is intended to analyze whether product quality, word of mouth, and location can influence consumers buying interest to buy UKM product

Design/methodology/approach: This research is quantitative study

Findings: The result showed that the three hypotheses proposed had a significant and supported.

Research limitations/implications: This research is quantitative study with a sample of 190 respondentS IN wedoro Village

Practical implications: The result showed that the three hypotheses proposed had a significant and supported.

Paper type: This paper can be categorized as case study paper.

Keyword: product quality, word of mouth, location, consumer purchase interest

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1. INTRODUCTION

Competition and globalization in the current era greatly affect the development of UKM. UKM is one of the sectors with a very large role for the economy in developing countries such as Indonesia, besides having a role in national economic development, UKM also play a role in absorbing employment for the surrounding population. But most of the UKM have not developed optimally because some problems have become the main obstacles

Along with the increasing number of shoes business will provide an alternative for consumers to choose shoes that suit their needs. On the other hand the increasing number of types of shoes can lead to increasingly competitive competition among similar businesses. Wedoro is a place for shoes bussines that has long been in Sidoarjo, BPS Sidoarjo noted that the number of bussines units in Wedoro village in 2016 was 125 units with a workforce of 435 people (BPS Kabupaten Sidoarjo, 2016). Compared to 2011, there were 147 units with a workforce of 882 people (BPS Kabupaten Sidoarjo, 2011). There are a number of factors that have caused UKM in Wedoro village to not develop optimally and have caused many business people who have begun to fold, including not paying enough attention to the quality of product they have produced, in addition to paying attention to the quality of their product, UKM also require promotions that are low in cost but are able to attract consumer purchase interest.

A. LITERATURE REVIEW

Product Quality

Product quality is the ability of an item to deliver results or performance that is suitable even more than what the customer wants (Kotler & Keller, 2012)

Word of Mouth Communication (WOM)

Word of Mouth communication (WOM) is a communication process in the of giving recommendations both individually and in groups to a product or service that aims to provide information personally (Kotler & Keller, 2012)

Location

Location is where the company operates or where the company carries out activities to produce goods and services that emphasize its economic aspects (Tjiptono, 2002)

Purchase Interest

Purchase interest is consumer behavior that emerges as a response to an object that shows a desire to buy in order to have it (Kotler & Keller, 2009)

Previous Research

(Kalele, Oroh, & Sumarauw, 2015) The results showed that word of mouth, the attractiveness of advertising, the perception of price and quality of prices simultaneously or together had a significant and positive influence on the interest in buying Suzuki Satria FU motorcycles at PT. Sinar Galesong Mandiri. (Guen, Produk, Dan, Of, & Terhadap, 2018) The results of the study show that product quality, price and word of mouth simultaneously influence mobile consumers 'buying interest in FEB UNSRAT students and product quality does not significantly influence consumers' mobile phone buying interest in FEB UNSRAT students. (Salfina, Gusri, Tinggi, & Sumbar, 2018) The results of this study indicate brand image, product quality, and price have a positive effect on consumer buying interest in Rizky and Afdal stores, indicated by the results of simultaneous tests obtained Fcount of 511,484 with a probability of $0,000 < 0,05$. Collective contribution of brand image, product quality, and price to buying interest is 93.9% while the remaining 6.1% is influenced by other variables not present in this study. (Listyawati, 2017) The results of the study show that the location variables influence the purchasing decisions of the four pamella consumers in Yogyakarta, while the product completeness variables, product quality and promotion have no effect on the consumer purchasing decisions of the four pamella Yogyakarta. (Rizal, Adam, & Ibrahim, 2017) The results of the study indicate that Price, Design and Location both simultaneously and partially influence the decision to purchase housing in the city of Banda Aceh.

B. Hypothesis

H1: Product quality has a positive and significant effect on consumer purchase interest

H2: Word of mouth has a positive and significant effect on consumer purchase interest

H3: Location has a positive and significant effect on consumer purchase interest

H4: Product quality, word of mouth, and location have a significant effect on consumer purchase interest

II. METHODS**Type of Research**

This type of research is casual research (looking for a cause and effect by using a hypothesis), where the object of this research is a case study conducted on non consumers or people who have never purchased the Wedoro village UKM product. This study will use a quantitative approach, according to (Sugiyono, 2016) Quantitative method is a scientific approach that views a reality that can be classified, concrete, observable, and measurable, the relationship of variables is casual where the research data is in the form of numbers and the analysis use statistics. The independent variable in this study is product quality, word of mouth, and location and its dependent variable consumer purchase interest. The purpose of this study is more towards the results of generalizations, explaining phenomena in a more measurable manner and various evidences to be found. Data collection to obtain results of discussion, analysis and conclusions that can be accounted for.

Place and Time of Research

This research was conducted at the Wedoro village UKM in Sidoarjo. The research was conducted from March 2019 – August 2019

Population and Sample

Population in this study is non consumers or people who have never purchased the UKM product in Wedoro village. The sample is part of the number and characteristics of the population (Sugiyono, 2012). The sampling technique used is a non probability sampling technique precisely purposive sampling. According to (Sugiyono, 2013) purposive sampling is a sampling technique of data sources with certain consideration. This particular consideration, for example, the person who is considered to know the best about what we expect, or maybe he is the ruler so that it will make it easier for researchers to explore the object or social situation under study which amounted to 190 people.

Data Collection Method

The data sources used in this study use primari data and secondary data. Primary data is data obtained directly from the object of research. And secondary data, researchers get from data that has been processed by third parties, through books, libraries, and sources from the internet.

Operational Definition of Research Variable

X1: Product quality

Product quality is a product that meets spesifications that can satisfy UKM Wedoro consumers including the durability of UKM product, product reliability and ease of repair. Perception of the quality product that exist in Wedoro village UKM consumers.

X2: Word of mouth

Word of mouth is a form of marketing or promotion that tends to be included in the direct communication section to provide information, promote or recommend the Wedoro village UKM product.

X3: Location

Location is a company decision to determine the place of business, carry out business activities or operational activities and distribute UKM Wedoro village products that become business activities to consumers.

Y: Purchase interest

Purchase interest is an activity that arises from consumers of a product as an impact of a process of observing consumers of a product that exists in Wedoro village UKM consumers.

Data Analysis Method

Reliability and Validity Test

Test reliability is actually a tool to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or raliabile if someone answer to a question is consistent or stable over time. Questionnaire items are said to be raliabile (feasible) if cronbach's alpha > 0,06 and said to be unreliable if cronbach's alpha < 0,06 (Ghozali, 2012). Test validity is used to measure the validity of a questionnaire. Testing this validity using Pearson correlation is by calculating the correlation between the values obtained from the questions. A question is said to be valid if the level of significance is below 0,05 (Ghozali, 2012)

Multiple Regression Analysis Model

Analysis used in this study is multiple linear regression analysis. Multiple linear regression analysis was used to analyzse the influence of independent variable (product quality, word of mouth, and location) on the dependent variable, namely consumer purchase interest.

The mathematical formula of multiple linear regression used in this study is:

$$Y=a+b1X1 + b2X2 +b3X3 + b4X4 + e \quad (1)$$

Information : Y = Consumer purchase interest

A = Constant

b1,b2,b3 = Regression coefficient

x1 = Product quality

- x2 = Word of mouth
- x3 = Location
- e = error disturbances

III. RESULT AND DISCUSSION

Result

Reliability and Validity

Based on the research, the alpha cronbach value is 0,946, which means that is above the acceptance limit of 0,6 therefore, the research instrument for the relationship between variables shows good consistency and acceptable data. Based on the research value of the correlation index for the relationship between the independent variable (product quality, word of mouth, and location) and the dependent variable (consumer purchase interest) greater than 0,3 and below the significant level of 5% (0,05). Therefore, the data is considered valid.

Multiple Linear Regression Result

Table 1. Multiple Linear Regression Result

**Tabel 4.1
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.419	.868		5.088	.000
TOTAL_KP	.196	.032	.453	6.187	.000
TOTAL_WOM	.267	.081	.240	3.320	.001
TOTAL_L	.135	.063	.139	2.130	.035

a. Dependent Variable: TOTAL_MBK

Source: SPSS Output.

Regression equation models that can be written from these results in the form of standard form regression equations are as follows:

$$Y = 4,419 + 0,196.X_1 + 0,267.X_2 + 0,135.X_3 \pm e \quad (2)$$

Constant

Obtained Y constant value of 4,419 means Consumer Purchase Interest (Y) of 4,419 units if it is assumed that Product Quality (X1), Word of Mouth (X2), Location (X3) then Consumer Purchase Interest (Y) is 0 means if the value of the variable is independent 0 then the dependent or dependent variable will be 4,419.

The Product Quality Coefficient (X1) is 0,196, if the UKM product in Wedoro village increases Product Quality (X1) it will increase Consumer Purchase Interest (Y) by 0,196 units. Assuming the value of Word of Mouth (X2) and Location (X3) equals zero.

The Word of Mouth coefficient value (X2) is 0,267, if the UKM product in Wedoro village increases Word of Mouth (X2) it will increase Consumer Purchase Interest (Y) by 0.267 units. Assuming the value of Product Quality (X1) and Location (X3) equals zero

Location coefficient value (X3) is 0,135, if UKM products in Wedoro village increase Location (X3) food will increase Consumer Purchase Interest (Y) by 0,135 units. Assuming the value of Product Quality (X1) and Word of Mouth (X2) equals zero

Result of R Square

Table 2. Result of R Square

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Model Summary^b

Model	R	R Square	Adjusted R Square
1	.744 ^a	.553	.546

Source: SPSS Output

The value of R square is 0,553 which means that all independent variables of product quality, word of mouth, and location have a positive relationship with consumer purchase interest.

Test of Classical Assumption

Multicollinearity Result

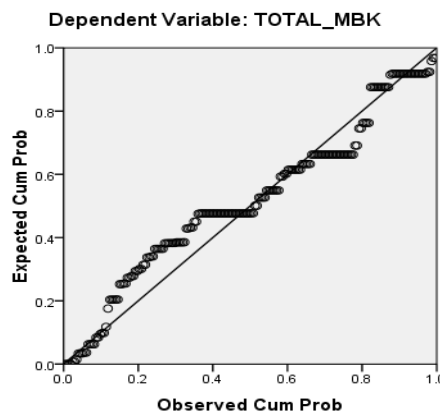
Normality

1) Normality Test

Gambar 4.1

The results of normality test calculations

Normal P-P Plot of Regression Standardized Residual



Source: SPSS Output

Based on the graph above shows that all existing data are normally distributed, because all data spreads form a diagonal straight line so the data meets normal assumptions or follows the normality line.

2) Multicollinearity Test

The multicollinearity test in this study can be seen as follows.

Tabel 4.3

Multicollinearity Test

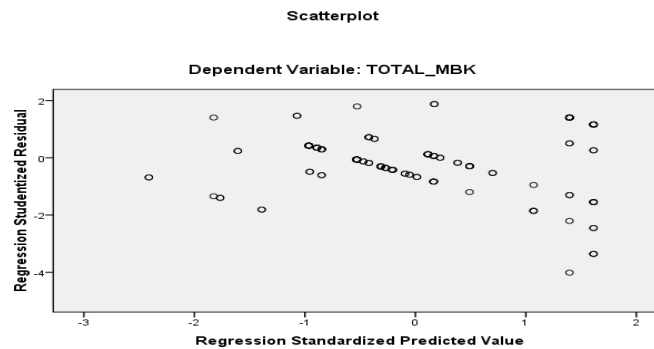
Variable	Collinearity Statistics		Information
	Tolerance	VIF	
Product quality	0,447	2,238	Free multicolourity
Word of mouth	0,460	2,176	Free multicolourity
Location	0,563	1,775	Free multicolourity

Source: SPSS Output

Based on table 4.3 it can be seen that the regression model does not experience multicollinearity disorders. This can be seen in the tolerance value of each independent variable greater than 0,1. The VIF calculation results also show that the VIF value of each independent variable is less than 10. So it can be concluded that there is no multicollinearity between the independent variables in the regression model.

3) Heteroscedasticity Test

Heteroscedasticity testing charts can be explained in the following figure:



Gambar 4.2
Heteroscedasticity
 Source: SPSS Output

Based on the graph above, it can be seen that the distribution of data is irregular and does not form a specific pattern, and spreads above and below the number 0 on the Y axis, so it can be concluded that in this regression model there is no problem of heteroscedasticity.

Hypothesis Testing

F-Test

F-test is used to determine all effect of all independent variables on the dependent variable. This test is done by comparing the Fcount value with Ftable value at $\alpha = 0,05$.

Tabel 4.4 F-Test Result

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	287.929	3	95.976	76.852	.000 ^a
Residual	232.287	186	1.249		
Total	520.216	189			

a. Predictors: (Constant), TOTAL_L, TOTAL_WOM, TOTAL_KP

b. Dependent Variable: TOTAL_MBK

F-test is used to determine all effect of all independent variables on the dependent variable. This test is done by comparing the Fcount value with Ftable value at $\alpha = 0,05$. Overall effect of product quality (X1), word of mouth (X2), and location (X3) on consumer purchase interest (Y) is very significant.

T-Test

Table 4.5 T-Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.419	.868		5.088	.000
TOTAL_KP	.196	.032	.453	6.187	.000
TOTAL_WOM	.267	.081	.240	3.320	.001
TOTAL_L	.135	.063	.139	2.130	.035

a. Dependent Variable: TOTAL_MBK

Source: SPSS Output

1. Table 4.5 shows that Tcount of product quality (X1) is 6,185 with significance 0,000 smaller than 0,05, H0 is rejected and Ha is accepted. Therefore product quality has a significant influence on consumer purchase interest.
2. Table 4.5 shows that Tcount word of mouth (X2) is 3,320 with significance 0,001 smaller than 0,05, H0 is rejected and Ha is accepted. Therefore word of mouth has a significant influence on consumer purchase interest.
3. Table 4.5 shows that Tcount location (X3) is 2,130 with significance 0,035 smaller than 0,05, H0 is rejected and Ha is accepted. Therefore location has a significant influence on consumer purchase interest.

Product Quality, Word of Mouth, and Location Againts Consumer Purchase Interest

Fourth hypothesis proposed states that product quality (X1), word of mouth (X2), and location (X3) simultaneously towards consumer purchase interest has been proven by the results of the F test value 76,852.

Product Quality Against Consumer Purchase Interest

First hypothesis proposed states that the work environment partially towards consumer purchase interest has been proven by the value of the T test results 6,187..

Word Of Mouth Against Consumer Purchase Interest

Second hypothesis proposed states that word of mouth partially against consumer purchase interest has been proven with the results of T test value 3,320..

Location Against Consumer Purchase Interest

Third hypothesis proposed states that the location partially towards consumer purchase interest has been proven by the results of the T test value 2,130..

IV. CONCLUSION

Based on the results of the research and analysis that has been done can be stated several things which are the conclusions of this study, namely:

The results of this study were obtained from the calculation of SPSS based on the F test, the value F_{count} obtained at 76,852 greater than F_{table} 2,65. This means that Ho is rejected and Hi is accepted, product quality (X1), word of mouth (X2), and location (X3), simultaneously have a significant effect on consumer purchase interest (Y). This shows that the fourth hypothesis which reads. “Product quality, word of mouth and location significantly influences consumer purchase interest“ empirically proved the truth because if the quality of the product, word of mouth, and location will increase consumer purchase interest.

The results of this study were obtained from the calculation of SPSS based on the T test.

- a. Product quality has a partially significant effect on consumer purchase interest where significant value is smaller than 0,05 which is 0,000. This means that Wedoro village UKM product quality is able to influence consumer purchase interest in Wedoro UKM product, product quality is maintained can increase consumer purchase interest.

- b. Word of Mouth has a partially significant effect on consumer purchase interest where a significant value is smaller than 0,05 which is 0,001. This shows that word of mouth is one of the important elements of marketing to create consumer purchase interest in Wedoro village UKM product.
- c. Location has a partially significant effect on consumer purchase interest where the value is significantly smaller than 0,05 which is equal to 0,035. This shows a better location will increase consumer purchase interest in Wedoro village UKM product.

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