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The Influence of Product Quality and Promotion on Purchasing Decisions at a used car company

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Abstract

The purchasing choice significantly impacts marketing and can be influenced by various aspects, including product quality, promotions, and other variables. This study examines the impact of product quality, advertising, and buying decisions on used automobile sales at a particular used car dealership. This study aims to assess and evaluate the influence of product quality and promotional activities on consumer purchasing choices within the selected used automobile firm.

This study utilizes descriptive and confirmatory analysis techniques with a sample size of 97 participants. The chosen analytical technique is path analysis, and the software utilized is SPSS version 16. The study's findings indicate that, according to path analysis, the variable of product quality (X1) exerts a direct influence of 33.1%, an indirect influence through its association with promotions of 13.4%, and an overall influence of 47.2%. The promotion variable (X2) has a direct impact of 7.2% and an indirect impact through its correlation with product quality of 13.4%, and a total impact of 20.6%. The combined impact of the variables product quality (X1) and promotion (X2) on the purchase decision (Y) amounts to 67.8%, with the remaining 32.2% being ascribed to unexamined variables in this study. The study's findings indicate that it is advisable to prioritize product quality and promotions to improve buying decisions.

Keywords : Product Quality, Promotions, Purchasing Decisions

INTRODUCTION

The corporate landscape has evolved tremendously, resulting in severe competition among enterprises. In an age characterized by rapid progress and decreasing limitations, individuals have become increasingly discerning in their consumption habits. Hence, entrepreneurs and organizations must acquire a more profound comprehension of consumer preferences to maintain their businesses' longevity. Marketing is a method that companies can utilize.

Amid fast societal progress, the COVID-19 pandemic abruptly emerged towards the end of 2019. The initial identification of this epidemic occurred in Wuhan, China. The virus presents a grave peril to human well-being, with the potential to result in mortality, and it rapidly disseminated to many nations, including Indonesia. The epidemic has profoundly affected

several facets of human existence, including the economy, politics, education, and business. The COVID-19 pandemic has imposed limitations on human mobility, necessitating the adherence to social distancing measures and the avoidance of social interactions. The outbreak has dramatically impacted the used car sales market, leading to a sharp decline in sales. Many consumers prioritize saving their money for emergencies rather than investing in cars, which are perceived as a substantial financial commitment. (Lina, 2022; Mishra et al., 2020)

Transportation is an essential instrument that facilitates individuals' day-to-day endeavors. In recent times, cars have gained popularity as a preferred means of transportation due to their perceived safety and ability to shield individuals from air pollution and unpredictable weather. Consequently, numerous individuals intend to purchase automobiles, regardless of whether they

are new or pre-owned. The change in mobility habits presents a challenge and an excellent opportunity for the used automobile sales sector to grow and adapt to new consumer preferences.

A specific pre-owned automobile dealership offers a trade-in service that is easy for customers who wish to purchase a new vehicle. (Adi Wibowo et al., 2022; Saad et al., 2022) This service allows customers to sell their previous vehicle and pay the remaining amount for the new car. In addition, Nazwa Motor offers a service where customers can sell a car that is still being financed and use the proceeds to purchase a new car from their showroom. This process involves settling the customer's existing loan with the leasing company and using the remaining value as a down payment for the new car.

The cars available at this store exhibit a commendable level of excellence. The dealership does not purchase vehicles with a history of accidents or collision damage or have previously served as taxis. Buying an automobile from this pre-owned car dealership includes multiple stages of inspection. Initially, a field officer, who is in charge of procuring cars, inspects the vehicle. The officer informs the branch manager about the state of the car for subsequent measures. During the second phase, the branch manager conducts a personal inspection of the car once more. Once the car completes the inspection and obtains the branch manager's permission, it is reported to the owner for final authorization to proceed with the purchase. Once the owner consents, the car will only be purchased at the agreed-upon price.

The proliferation of diverse pre-owned car stores has heightened the rivalry within the used

car sector. To thrive in the fiercely competitive automotive industry, every showroom must have a unique offering that sets it apart from its rivals. Typically, buyers who are buying their first car take into account the price. Aside from price, the buying decision is also influenced by product quality and promotional activities.

Purchase choice is a component of consumer behavior. It examines how individuals, groups, and organizations choose, acquire, utilize, and discard goods, services, ideas, or experiences to fulfill their needs and wants (Supriadi et al., 2023). Purchase choice is intricately linked to consumer behavior, implying that each consumer exhibits distinct patterns when making a purchase. (Sopiani et al., 2022)

Product quality plays a crucial role in shaping a consumer's buying decision by providing insights about the comfort and durability of a car's performance, thereby serving as a vital influencing element. Product quality encompasses tangible and intangible characteristics, such as packaging, color, pricing, and overall quality, collectively contributing to its usefulness (Saputri & Guritno, 2021). Product quality measures how well a product meets consumer expectations and performs its intended function. (Alzoubi et al., 2022; Sinurat et al., 2021; Waluya et al., 2019)

The product quality at this showroom is not just on par, but equivalent to that of competitors who sell identical cars in the Bandung region. This store goes beyond by providing cars with diverse license plates, encompassing more than just those from Bandung. In general, there is a direct correlation between the quality of a product and its price, meaning that higher-quality products usually have a higher price. This

showroom's commitment to maintaining high product quality is a testament to their dedication to customer satisfaction.

Used automobiles are evaluated based on the manufacturing year, mileage, physical condition of the inside and exterior, engine health, tire condition, color, and other characteristics that can impact the car's value. The quality of a product is a crucial factor for consumers when assessing whether an automobile is suitable for purchase. Car showrooms compete to provide cars of superior quality.

Although there is a focus on quality, it is inevitable that secondhand cars have limitations. At this showroom, any car that sustains damage is not promptly fixed, but instead, it is held until a potential buyer expresses interest. Upon expressing interest, if a buyer observes any damage, the store guarantees to rectify it. In addition, the showroom provides a warranty of only two weeks after the car is purchased and taken off the premises. In relation to taxes, if a car remains unsold for a prolonged duration and the tax registration expires, the dealership occasionally delays renewing the tax until a buyer is found. These policies are in place to ensure that buyers are fully satisfied with their purchase, reflecting the showroom's commitment to customer satisfaction and product quality.

Furthermore, promotion has a vital role in affecting outcomes. Promotion is a type of marketing communication that involves activities intended to spread information, influence, and raise awareness among the target market about the company and its products. The goal is to encourage acceptance, purchase, and loyalty towards the products offered.

Within the realm of automotive sales, promotions can be a game-changer. They may encompass price reductions or supplementary offerings, such as streamlining the administrative procedures for transferring ownership of pre-owned vehicles acquired by customers. The incentives offered provide benefits that surpass those of comparable items from other organizations, which often prioritize sales without cultivating lasting connections with their clients. One kind of promotion involves providing a reduced initial payment in comparison to rivals, in addition to lower costs and comparable quality. The company's objective is to enhance consumer purchase decisions and improve the volume of products sold. The company's primary objective is to influence people to choose their products by offering enticing incentives, ultimately leading to increased sales.

Based on the information supplied, researchers are interested in examining the specific role of the used car company and the challenges in ensuring product quality and effective promotion. Researchers also want to investigate how these factors influence customers' decision to purchase automobiles at the showroom. The research problem is: How do Product Quality and Promotion impact Purchase Decisions at a specific used vehicle company.

METHOD

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Given the significance of the automotive sales industry and the role of promotion in influencing consumer behavior, it is crucial for researchers to delve into the specific challenges faced by a used car company in maintaining product quality and implementing effective promotion strategies. This research problem holds immense importance as it aims to understand how these factors, Product Quality and Promotion, impact Purchase Decisions at a specific used vehicle company.

A sample is a subset of the population that is chosen deliberately, unambiguously, and comprehensively to accurately represent the entire population. Sample as a subset of the entire population exhibiting the same characteristics. The research sample comprises clients who have

bought pre-owned vehicles from Nazwa Motor Showroom.

The sampling technique employed is random sampling, which selects samples based on chance encounters. Put simply, each individual who encounters and fulfills the requirements of being a customer of Nazwa Motor is regarded as a suitable data source for this research.

The research incorporates robust data testing methodologies, including validity and reliability tests. These tests are crucial in ensuring the accuracy and reliability of the data, thereby establishing a strong foundation for the study. They play a key role in studying the impact of product quality and promotions on purchase decisions at Nazwa Motor Showroom.

Validity pertains to the degree to which an instrument accurately and precisely measures. Validity testing is performed to ascertain the accuracy of the measurements of variables. Each question item in the questionnaire will undergo this test. Greater validity values suggest a more substantial alignment between the data and the research objectives.

Reliability pertains to the steadfastness and uniformity of participants' responses to inquiries in the survey. Reliability refers to the degree of consistency in measurements, showing the level of trustworthiness or dependability of the measurement. Reliability is generally good when the variable replies in the questionnaire show minimal deviation from the average responses. The reliability coefficient value is used to measure reliability in reliability testing.

These tests, validity and reliability, are instrumental in ensuring that the data obtained from the sample is both precise and reliable. They form the bedrock of this research,

establishing a strong basis for studying the impact of product quality and promotions on purchase decisions at Nazwa Motor Showroom. This methodology enables the researcher to derive significant inferences on the correlation between these variables and consumer behavior in the pre-owned automobile market.

RESULTS AND DISCUSSION

This study aims to uncover the impact of product quality and advertising on consumer purchasing choices for used cars at a particular used car dealership. The research findings demonstrate that the coefficient of determination (r^2) reveals that the variables of product quality (X1) and promotion (X2) combined exert a 67.8% impact on purchase decisions (Y). In comparison, the remaining 32.2% is influenced by other factors not examined in this study.

Tjiptono's (2012) theory, which forms the basis of this study, posits that the purchase choice process is a consumer-centric journey with several stages. Customers identify a problem, gather knowledge about particular items or brands, and then assess various alternatives to address the problem prior to reaching a conclusion. This suggests that consumers have a tendency to engage in research and comparisons of different possibilities prior to making a purchasing decision. High product quality inspires consumer confidence in the reliability and quality of the used automobiles they purchase, while smart promotion can boost consumer awareness and interest in the items offered by the used car firm.

The results of this study validate that the factors of product quality (X1) and promotion

(X2) have a considerable impact on purchase decisions (Y) at Nazwa Motor Showroom, accounting for 67.8% of the variation. This highlights that consumers are highly attuned to the products' quality and are quick to respond to the showroom's promotional activities. Superior product quality guarantees consumers the worth and dependability of the pre-owned vehicles they acquire, while impactful advertising can enhance consumer knowledge and enthusiasm for the supplied products.

The findings of this study underscore the practical implications for the used car industry. It is crucial for the industry to consistently enhance the quality of its products and create appealing promotions to attract consumer attention. To increase the showroom's position in the competitive market, it is advisable to prioritize improving customer service and performing additional research on other elements that influence purchasing decisions. Implementing these strategies is anticipated to enhance client happiness, foster brand loyalty, and augment sales of pre-owned vehicles for the car dealership.

Products encompass all the items and services available in the market that aim to fulfill consumers' wants and wishes. The quality of a product is a critical determinant of consumer acceptance. Kotler and Keller (2016) define product quality as satisfying consumer expectations and potentially surpassing them. This notion highlights the importance of firms implementing a robust quality strategy to attain sustainable growth and revenues. Consumers typically opt for high-quality products as they believe they offer good value and reliability, instilling confidence.

The study conducted by Yeni Andriyani and Wandy Zulkarnaen on the "Influence of product quality on the purchasing decision of Toyota Yaris cars at Wijaya Toyota Dago Bandung" demonstrates that product quality has a substantial impact on purchasing decisions. This suggests buyers are more inclined to acquire a product if they believe it is high quality.

Aside from product quality, promotion also plays a crucial role in influencing consumer purchasing decisions. Promotion is a strategic method sellers employ to acquaint potential consumers with products, enhance their knowledge, and sway their purchasing choices. Laksana (2019) asserts that good promotion can alter the attitudes and actions of consumers who may initially be unfamiliar with a product, making them more inclined to consider purchasing it.

A study by Muhammad Andi Setiawan and Aniek Wahyuati on the "Impact of product quality, price, and promotion on the purchasing decision of used cars at Saputra Motor" reveals that promotion is crucial in influencing purchasing decisions. This highlights the fact that a skillfully implemented advertising campaign has the potential to increase consumer interest and intention to make a purchase.

In general, both the quality of a product and the effectiveness of its promotion greatly influence consumer purchasing decisions. In order to achieve success in the market, companies should prioritize enhancing the quality of their products and developing impactful promotional strategies to target potential clients effectively. Companies can enhance the appeal of their products, foster

consumer loyalty, and boost sales in a competitive market by implementing a robust product quality strategy and employing suitable promotional tactics.

CONCLUSION

Ultimately, this study emphasizes the significance of product quality and promotion in shaping consumer buying choices for pre-owned vehicles at a used car company. The analysis findings suggest that the combination of product quality and promotion has a substantial and statistically significant influence on purchase decisions, as evidenced by a coefficient of determination (r^2) of 67.8%. This demonstrates that buyers typically consider these aspects before making a purchasing decision. According to Tjiptono's (2012) thesis, the purchasing choice process is intricate and includes problem recognition, information search, and alternative appraisal before reaching a final decision. Hence, a product's quality and its promotion's effectiveness play a vital role in molding consumer views and impacting purchase choices.

This research underscores the importance of a used automobile company consistently enhancing the quality of its products and creating attractive promotions to capture consumer interest. It is equally important to prioritize improving customer service and conducting comprehensive research on other factors that influence purchase decisions to strengthen the company's position in the highly competitive market. By implementing these strategies, the company can anticipate an increase in customer satisfaction, a boost in brand loyalty, and a rise in sales of their pre-owned vehicles, thereby enhancing their market share and profitability.

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