

Customer Product Choice: The Effect of Product Quality on Relative price and Price fairness and their implication on Customer Product Choice

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Abstract

This study examines the influence of product quality on individuals' perceptions of relative prices and price justice, as well as the potential consequences for consumer decision-making in product selection. This study employs robust statistical analysis to get insights into customers' decision-making processes when purchasing products and selecting brands, particularly about product attributes and pricing.

The study employed a non-parametric Structural Equation Modeling PLS technique, which involved a sample of 100 consumers who had previously consumed cigarette goods in the urban area of Bandung. The questionnaire was distributed through social media platforms, utilizing a Google Form link. The employed sample method is convenience sampling, wherein clients are requested to complete a structured questionnaire that has been supplied. The poll encompassed inquiries about participants' perceptions regarding the quality of the product, its comparable pricing, and the appropriateness of the price. The survey data were subjected to rigorous statistical analysis, encompassing several analytical techniques such as regression analysis and hypothesis testing.

The study's findings indicate that a product's quality plays a substantial role in shaping consumers' evaluations of comparable prices and perceptions of price justice. Consumers tend to make product selections predicated upon their subjective quality assessment, shaping their perception of the product's price. The presence of excellent product quality can mitigate price barriers, as customers exhibit a greater propensity to pay elevated costs for things they believe to possess superior quality.

Furthermore, this study demonstrates that comparable costs and the perception of price justice influence consumer product choices. This condition highlights the significance of prudent pricing within a company's marketing strategy, whereby competitive and equitable pricing can catalyze consumers to opt for specific products.

However, a further noteworthy discovery is that the relative pricing and price reasonableness factors do not influence customers' brand preferences. This condition suggests that when considering the choice of a brand, several elements, such as brand image, individual preferences, or distinctive brand characteristics, may exert a more significant impact. The correlation between product and brand compatibility plays a significant part in consumers' decision-making process when it comes to selecting a brand.

The findings of this study offer significant implications for businesses in enhancing their marketing and pricing strategies. Furthermore, they contribute to a more comprehensive comprehension of consumer decision-making processes within the product and brand choices framework. In order to achieve success in a competitive and dynamic business climate, it is imperative to possess a comprehensive comprehension of the various elements that impact consumer decision-making.

Keywords : Product Quality, Relative Prices, Price Reasonability, Customer Product Choices

INTRODUCTION

The process of consumer product selection is a pivotal phase in consumers' decision-making process, encompassing the evaluation of a multitude of elements of varying kinds. These criteria involve the evaluation of product quality, the comparison of relative pricing, the

assessment of views of price justice, and the selection of brand choices. An extensive comprehension of the interplay and impact of these aspects on customer decision-making bears substantial strategic ramifications for organizations in formulating efficacious marketing strategies.

The main objective of this publication is to investigate the correlation between product quality and consumers' perceptions of relative pricing and price justice, along with their influence on consumer product preferences. The issue of product quality continually remains a crucial consideration for consumers when making decisions regarding their purchases. (Adi Wibowo et al., 2022; Alzoubi et al., 2022; Sinurat et al., 2021) In contrast, relative pricing and price fairness perceptions are paramount in influencing customers' decision-making, as they determine whether individuals choose a particular product or explore alternative possibilities.

The quality of a product is a significant determinant in the process of consumers' product selection. (Saputri & Guritno, 2021) The measure of product quality indicates the degree to which a product fulfills the expectations of consumers regarding its performance, longevity, aesthetic appeal, and user contentment. Prior studies have demonstrated that individuals generally prefer things that are judged to possess high levels of quality. The presence of high product quality has the potential to enhance consumer satisfaction and contribute to the establishment of brand loyalty. (Lina, 2022; Saad et al., 2022)

Nevertheless, it is vital to comprehend that how consumers perceive a product's quality can significantly influence their evaluation of its pricing. For example, if consumers perceive that a product possesses extraordinarily excellent quality, they may exhibit a greater inclination to spend a premium price for the thing. The significance of this factor is crucial in the process

of customer decision-making, as price frequently emerges as a critical determinant in product selection.

In the scope of this study, we want to examine the proposition that the way customers perceive the quality of a product has an impact on their opinions of relative pricing and price justice. When customers consider a product to possess good quality, there is an increased likelihood that they will perceive the product's price as acceptable and comparatively cheaper, even in cases where the actual price is high. This condition implies that the quality of a product might impact consumers' evaluation of its relative pricing and their likelihood of choosing the product.

The consideration of relative pricing plays a crucial role in product selection. (Shen & Yahya, 2021; Supriadi et al., 2023) Consumers frequently engage in price comparisons between products that possess comparable attributes and are offered by competing companies. Consumers are more inclined to select a product if they consider its pricing comparatively cheaper than similar competing products. Furthermore, the significance of pricing fairness judgments is paramount in consumer decision-making. Consumers must perceive the price they are charged as proportionate to the value they derive from the goods. (Kugler & Verhoogen, 2012; Rachmawati et al., 2019; Waluya et al., 2019)

This study examines the potential impact of relative pricing and price fairness perceptions on customer product preferences. Within this context, our hypothesis posits that when consumers perceive the relative pricing of products as low and deem these prices fair, they

will exhibit a greater inclination toward selecting said goods. This condition implies that considering comparable pricing and price fairness play significant roles in customer decision-making when selecting a particular product. (Anwar & Andrean, 2021; Waluya et al., 2019)

The process of selecting consumer products directly impacts the decisions made about brands. (Hanaysha, 2018) When making purchasing decisions, people often prefer selecting a brand that aligns with the specific product they are seeking. For instance, if individuals opt for product A, there is a higher probability that they will choose brand A that aligns with the product mentioned above. This condition underscores the significance of congruence between products and brands in consumer decision-making. Moreover, this indicates that customers tend to seek consistency and coherence in their choices of products and brands, thereby guaranteeing that the selected product is in alignment with a brand they have established trust.

Nevertheless, the degree to which comparable pricing and individuals' perceptions of price fairness impact their brand preferences remains a captivating area of inquiry. Although these criteria may influence the selection of products, it has to be investigated whether they exert the same influence on brand selections. Further research is required to address this subject.

This study bears substantial significance within a highly competitive business environment. Organizations can formulate more efficient marketing tactics by comprehending the

impact of product quality on price perceptions and consumer product choices. Understanding the impact of relative pricing and price fairness perceptions on consumer decision-making can provide valuable insights for organizations seeking to build effective pricing strategies. The findings of this study have significant consequences for businesses, as they can enhance their comprehension of consumer behavior throughout the buying journey and optimize the worth of their brands.

This study aims to examine the proposition that customers' evaluation of superior product quality will impact their judgments of comparative pricing and fairness in pricing. In addition, an investigation will be conducted to determine the potential influence of relative pricing and perceptions of price fairness on consumer product preferences. Furthermore, we will examine the degree to which the selection of products influences the decision-making process about brand preferences. By comprehending the interconnections among these variables, this study can offer significant insights to businesses in enhancing their marketing strategies.

METHOD

In order to ascertain the impact of individual variables in this study, a survey was done by employing exploratory factor analysis on participants who had utilized a cigarette product within the urban area of Bandung. The study employed a non-parametric Structural Equation Modeling PLS methodology to investigate the research topic. The sample consisted of 100 customers residing in Bandung with prior

experience with cigarette goods. The questionnaire distribution was facilitated through social media by providing participants with a Google Form link. The employed sampling technique is convenience sampling, wherein customers are requested to complete a structured questionnaire that has been made available.

The research was conducted over four months after the collection of the questionnaires. Subsequently, the responses provided by a sample of 100 participants were analyzed by researchers. Based on the conducted study, it was determined that the number of male respondents exceeded that of female respondents by around 42%. In particular, the male participants constituted 71 individuals or 71% of the sample, and the female participants included 29 or 29%.

The respondents in Bandung City who utilize cigarette products are distributed across various age groups, namely: 18-23 years (20%), 23-28 years (30%), 28-33 years (31%), and over 33 years (19%), based on age classification. The findings indicate heterogeneity in the participants' ages, with the majority falling between the 28-33-year age bracket. Specifically, 31 individuals, including 31% of the sample, belong to this age range.

In the context of employment, the individuals participating in the survey can be categorized into the following groups: The demographic breakdown of individuals in this study consists of students (8%), entrepreneurs (24%), civil servants (22%), private employees (23%), and individuals in other occupations (23%). The findings indicate that the majority of individuals engaged in entrepreneurial activities,

including 24 individuals or around 24% of the overall sample population.

RESULTS AND DISCUSSION

Table 1 below presents the demonstration of validity and reliability.

Table 1 displays the outcomes of the calculations conducted to assess the construct validity and reliability

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Brand Choice	0,885	0,917	0,690
Price fairness	0,814	0,871	0,575
Product Choice	0,929	0,940	0,613
Product Quality	0,905	0,924	0,602
Relative price	0,868	0,905	0,657

The statistical analysis results presented in Table 1 offer crucial evidence to substantiate the validity and reliability of the study construct. Cronbach's Alpha, a widely used measure for assessing construct dependability, surpasses the threshold of 0.7 in the present investigation. This finding indicates a high level of internal consistency among the various items employed to assess the research concept. The questions inside a questionnaire exhibit interrelatedness and reliably assess the same construct. This

condition implies that the data gathered possesses a high degree of reliability.

In addition, it is worth noting that the Average Variance Extracted (AVE) value is above the threshold of 0.5. A high average variance extracted (AVE) score signifies that the study construct can account for the variability observed in the measurement items. This finding suggests that the research construct has a substantial role in influencing the responses to the items in the questionnaire, hence demonstrating a robust level of convergent validity for the construct. The study construct accurately represents the specific variable it intends to assess.

The two indicators, Cronbach's Alpha and Average Variance Extracted (AVE) provide evidence supporting the validity and reliability of the research constructs employed. The robust dependability and validity of the data serve as a firm foundation for conducting further research in this study.

Furthermore, these findings enhance confidence in the validity of the research outcomes. Researchers can enhance the robustness of their study findings and derive more conclusive insights into the associations between variables by employing research constructs that are both valid and reliable. Additionally, it aids in mitigating uncertainties regarding the credibility of the data employed in the study, thereby ensuring the validity and reliability of the research findings.

The findings derived from the analysis of the processed data suggest the presence of a mediating function, as depicted in Table 2.

Table 2. presents the outcomes of the path coefficient, R square, and hypothesis computation

	Coefficients	Standard Deviation	T Statistics	P Values
Price fairness -> Brand Choice	0,166	0,107	1,554	0,121
Price fairness -> Product Choice	0,134	0,114	1,180	0,239
Product Choice -> Brand Choice	0,760	0,105	7,236	0,000
Product Quality -> Price fairness	0,870	0,033	26,350	0,000
Product Quality -> Product Choice	0,506	0,099	5,113	0,000
Product Quality -> Relative price	0,616	0,063	9,847	0,000
Relative price -> Brand Choice	-0,061	0,069	0,880	0,379
Relative price -> Product Choice	0,316	0,083	3,806	0,000
R Square	R square		R Square Adjusted	
Brand Choice	0,730		0,721	
Price fairness	0,756		0,754	
Product Choice	0,749		0,741	
Relative price	0,379		0,373	

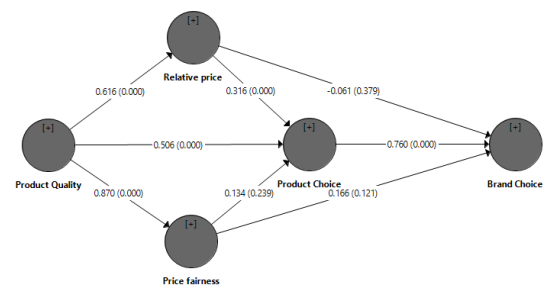
This study aims to comprehensively examine the various aspects that influence consumer behavior while making product and brand selection decisions. This study employs robust statistical analysis to unveil significant findings substantiating fundamental consumer decision-making associations.

The research findings indicate a notable correlation between the elements of Product Quality and Relative Price and Price Fairness. This finding suggests that customers tend to make product choices influenced by their subjective evaluation of product quality, alongside factors such as relative pricing and perceptions of price justice. These findings emphasize the significance of considering these factors in product marketing and pricing strategies.

In addition, it is noteworthy that the variables of Relative Price and Price Reasonableness do not exert any discernible impact on the decision-making process related to Brand Choice. This condition suggests that once customers make a product choice, the relative price and price justice criteria may diminish in importance when it comes to brand selection. This condition underscores the increased significance of brand image, branding, and individual preferences in branding choices.

Conversely, a noteworthy discovery pertains to the considerable impact of product selection on selecting a specific brand. This finding suggests that individuals select brands that align with their selected items. The findings of this study provide further support for the significance of aligning brand strategy with the product to appeal to consumers effectively.

These conclusions are supported by substantial R-squared values, suggesting that the model employed in this study is sufficient in elucidating fluctuations in consumer behavior. These findings possess robust validity and can be effectively used across several contexts. This study offers significant insights for organizations seeking to comprehend the determinants that impact consumer behavior in their product and brand selection.



The data analysis results have revealed several crucial findings in understanding consumer behavior concerning product and brand choices. In this research, we employed a robust statistical analysis approach to identify the relationships among various relevant variables. These findings assist us in gaining a clearer understanding of how consumers make purchasing decisions and brand selections.

First and foremost, the findings indicate that Product Quality significantly influences consumers' perceptions of Relative Price and Price Fairness. This is important as it suggests that consumers tend to assess product prices based on the quality of the product. If a product is perceived as high in quality, consumers may be more willing to pay a higher price. Product Quality also impacts how consumers perceive the

fairness of the price. This underscores the importance of paying attention to product quality in marketing strategies.

Furthermore, the research results reveal that Relative Price and Price Fairness influence Consumer Product Choice. This means that relative pricing and perceptions of price fairness have a significant impact on consumers' decisions when selecting a particular product. Price-related factors play a key role in the consumer decision-making process. If the price of a product is perceived as relatively low and fair, consumers are more inclined to choose that product. This emphasizes the importance of prudent pricing strategies for companies, where competitive and fair pricing can act as triggers for consumers to select your product.

However, another intriguing finding is that Relative Price and Price Fairness do not influence Consumer Brand Choice. Although relative pricing and price fairness factors impact product selection, they do not seem to affect brand choices. This indicates that in the context of brand selection, other factors may have a more dominant influence. Factors such as brand image, personal preferences, or unique brand attributes may play a larger role in brand decisions. This highlights the complexity of consumer decision-making, involving various considerations at different stages of the purchasing process.

Lastly, a highly significant finding is that Consumer Product Choice has a significant impact on Brand Choice. This implies that consumers tend to choose a brand that aligns with the product they have selected. For example, if they choose product A, they are likely to select brand A that corresponds to the product. This

underscores the importance of alignment between products and brands in influencing consumer decisions. It can also be interpreted as an indication that consumers seek consistency and harmony in their product and brand selections, ensuring that the chosen product aligns with a brand they trust.

In addition to the primary findings mentioned above, it's important to note that our analysis is supported by significant R-squared values for each of these relationships. The R-squared values indicate the extent to which our statistical model can explain the variation in the data. With significant R-squared values, we have confidence that our model effectively explains the relationships among the variables under investigation.

The findings showing the positive influence of Product Quality on price perceptions and price fairness highlight the importance of investing in product quality. Companies that focus on developing high-quality products may better overcome price barriers, as consumers may be willing to pay more for products they perceive as high quality. This also reinforces that product quality development and maintenance should be a priority in business strategies.

The results indicating the influence of Relative Price and Price Fairness on Consumer Product Choice underscore the importance of careful pricing strategies. Companies need to consider their prices not only in the context of absolute pricing but also in relation to competitor prices and how consumers perceive fairness. Competitive and fair pricing can serve as triggers for consumers to choose your product.

These research findings provide valuable insights for companies in developing more effective marketing and pricing strategies. They also contribute to a deeper understanding of how consumers make decisions in the context of product and brand selection. With constant changes in consumer preferences and a competitive business environment, a profound understanding of the factors influencing consumer decisions is essential for business success.

CONCLUSION

The conclusions derived from examining the data have provided significant insights into the comprehension of customer behavior about product and brand preferences. The present study utilized a rigorous statistical analysis methodology to ascertain the associations between many pertinent factors. These findings contribute to our comprehension of consumer behavior in purchasing decisions and brand choices.

The primary result of the study suggests that Product Quality dramatically influences consumers' judgments of Relative Price and Price Fairness. The finding holds significance as it indicates that consumers tend to evaluate the costs of products about the perceived quality of the product. Consumers may exhibit a greater propensity to pay a premium price if they believe a product possesses superior quality. The quality of the product influences the perception of price fairness. This result highlights the need to prioritize product quality within marketing tactics.

Moreover, the study's findings indicate that both Relative Price and Price Fairness impact consumers' decision-making process when selecting a product. This result implies that the cost relative to other products and the perceived fairness of the price substantially influence consumers' choices when purchasing a particular product. Price-related aspects are of significant importance in the decision-making process of consumers. Consumers are more likely to select a product if they believe its pricing to be comparatively modest and equitable. This condition highlights enterprises' need to employ judicious pricing tactics, as competitive and equitable pricing can catalyze consumers to choose their products.

However, a further noteworthy discovery is that the variables of Relative Price and Price Fairness do not significantly influence Consumer Brand Choice. While the selection of products can be influenced by factors such as relative cost and price fairness, these factors do not significantly impact brand preferences. This result suggests that other factors exert a more significant influence within the framework of brand selection. Various factors, including brand image, personal preferences, and distinctive qualities, may influence brand decisions. This result underscores the intricacy of customer decision-making, encompassing diverse factors at distinct phases of the procurement procedure.

Finally, it is essential to discover that the selection of consumer products substantially influences the choice of brands. This condition suggests that individuals tend to select a brand congruent with their chosen product. For instance, if individuals go for product A, they

will probably choose brand A, which aligns with the product above. This condition highlights the significance of the congruence between products and brands in shaping consumer choices. This result can also be construed as an indicator that consumers prefer consistency and coherence in their choices of products and brands, ensuring that the selected product is in line with a brand they have confidence in.

Furthermore, it is noteworthy to emphasize that our analysis is bolstered by substantial R-squared values for each correlation, as mentioned above. The R-squared values measure the degree to which our statistical model can account for the variability observed in the data. When the R-squared values are substantial, it instills confidence in the effectiveness of our model in elucidating the links among the variables being examined.

The results indicating the favorable impact of Product Quality on pricing perceptions and price fairness underscore the need to allocate resources toward enhancing product quality. Companies that prioritize the development of items with superior quality may possess a more remarkable ability to overcome pricing obstacles since consumers are willing to pay a premium for products perceived as being high quality. Furthermore, this underscores the need to prioritize product quality creation and maintenance within corporate objectives.

The findings demonstrating the impact of Relative Price and Price Fairness on Consumer Product Choice highlight the significance of meticulous pricing tactics. Companies must consider not just the absolute pricing of their products or services but also the relative pricing

compared to competitors and the perceived fairness by consumers. Competitive and equitable pricing can act as catalysts for consumers to select goods.

The research mentioned above offers significant insights that organizations may utilize to enhance the efficacy of their marketing and pricing strategies. Additionally, they enhance comprehension regarding customer decision-making within the realm of product and brand choices. In order to achieve success in a competitive corporate climate characterized by ever-changing consumer preferences, it is imperative to possess a comprehensive comprehension of the various elements that influence consumer decision-making.

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