

The Effect of Product Quality, Digital Marketing, and Price On Purchase Decisions at Budhi Ayu Silver SME in Gianyar Regency

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Abstract

Objective: This study aims to analyze the influence of product quality, digital marketing, and price on purchasing decisions at the Budhi Ayu Silver SME in Gianyar Regency. **Research Design & Methods:** In this study, a quantitative approach with a survey method was used to collect data from 105 consumers who had purchased Budhi Ayu Silver products. The collected data were analyzed using multiple linear regression to test the influence of the third variable on purchasing decisions. **Findings:** The results of the analysis indicate that product quality, digital marketing, and price significantly influence consumer purchasing decisions. **Implications & Recommendations:** These findings emphasize the importance of improving product quality, digital marketing quality, and appropriate pricing to improve purchasing decisions and the competitiveness of the Budhi Ayu Silver SME.

Keywords: *Product Quality; Digital Marketing; Price; Purchasing Decisions*

Introduction

Small and Medium Enterprises (SMEs) play a crucial role in the Indonesian economy, particularly in creating jobs and boosting regional economies (Lengkong et al., 2021). One example of an SME playing a role in the silver craft industry is Budhi Ayu Silver, located in Gianyar, Bali. However, with increasingly fierce competition, this SME faces significant challenges in maintaining its competitiveness and attracting consumers. Consumer purchasing decisions are crucial in determining the success of SMEs, as they can increase company profits through the products they market (Alfiah et al., 2023). Therefore, it is crucial for Budhi Ayu Silver to understand the factors that influence purchasing decisions, such as product quality, digital marketing, and price.

Product quality is one of the main factors influencing consumer purchasing decisions. Good quality products will provide greater customer satisfaction and increase their loyalty (Lengkong et al., 2021). However, although Budhi Ayu Silver offers quality products, the challenge is how to educate consumers about the benefits of its products and differentiate them from competitors' products. Research conducted by Rizky Dwijantoro et al. (2021) shows that higher product quality leads to higher consumer purchasing decisions. Conversely, if product quality is perceived as low, this can decrease consumer interest in making a purchase.

In addition to product quality, digital marketing also plays a significant role in attracting consumers. Digital marketing is a marketing strategy that utilizes digital technologies, such as social media and websites, to reach a wider market (Hendrawan et al., 2019). However, in practice, Budhi Ayu Silver only utilizes a few social media platforms, such as Instagram and its website, to promote its products. This indicates that they have not maximized the potential of other social media platforms that can reach a younger audience, such as TikTok, which is currently very popular. Research by Prisma Miardi Putri et al. (2022) proves that digital marketing has a positive influence on online purchasing decisions, and greater platform usage can increase sales.

Price is also an important factor influencing consumer purchasing decisions. According to Tjijptono (in Yogi Nurfauzi et al., 2023), excessively high prices can reduce consumer appeal, while excessively low prices can reduce company profits. In the context of Budhi Ayu Silver, several consumers have complained about perceived overpricing if the product received does not meet expectations (Sudaryo et al., 2020). Therefore, it is crucial for Budhi Ayu Silver to align prices with the product quality offered, so consumers feel they are receiving value for money. This aligns with research conducted by Alvina Rahma Anggraeni et al. (2020), which showed that price perception has a positive influence on purchasing decisions.

This study aims to analyze the influence of product quality, digital marketing, and price on purchasing decisions at Budhi Ayu Silver SMEs in Gianyar Regency. Using quantitative methods and multiple linear regression analysis, it is hoped that this study will provide deeper insight into the factors influencing purchasing decisions and how Budhi Ayu Silver SMEs can improve their marketing strategies. The findings of this study are expected to help Budhi Ayu Silver SMEs in formulating more effective policies to increase competitiveness and attract more consumers.

Research Method

This study used a quantitative approach with a survey method to examine the influence of product quality, digital marketing, and price on purchasing decisions at the Budhi Ayu Silver SME in Gianyar Regency. Quantitative research was chosen because it allows for data collection that can be statistically analyzed to obtain objective results (Sugiyono, 2019). Data were collected through a questionnaire distributed to consumers who had purchased Budhi Ayu Silver products. This questionnaire included questions related to consumer perceptions of product quality, digital marketing, price, and purchasing decisions. The selected respondents were consumers who had previously purchased Budhi Ayu Silver products in Gianyar City, with a sample of 105 people selected using purposive sampling.

Data collection was conducted by distributing questionnaires to respondents who met the research criteria: those aged at least 17 years and who had previously purchased Budhi Ayu Silver products. The questionnaire used a 5-point Likert scale to measure the research variables: product quality, digital marketing, price, and purchasing decisions. Product quality variables were measured using 9 indicators, digital marketing using 4 indicators, price using 4 indicators, and purchasing decisions using 4 indicators. The data analysis technique used was multiple linear regression analysis to test the effect of each independent variable on the dependent variable, namely purchasing decisions (Ghozali, 2020).

The data analysis process was carried out using SPSS version 26 software to calculate validity and reliability values, and to test classical assumptions such as normality, multicollinearity, and heteroscedasticity. F-tests and t-tests were used to examine the simultaneous and partial effects of product quality, digital marketing, and price on purchasing decisions (Ghozali, 2020). This study aims to provide a clear picture of the factors influencing consumer purchasing decisions and provide strategic recommendations for the Budhi Ayu Silver SME to increase its competitiveness in the market.

Result and Discussion

The Influence of Product Quality on Purchasing Decisions

The results of the multiple linear regression analysis indicate that product quality has a positive and significant influence on consumer purchasing decisions. The regression coefficient for product quality is 0.178, indicating that improving product quality will increase purchasing decisions. This indicates that consumers tend to choose products with better quality, which meet or exceed their expectations.

The Influence of Digital Marketing on Purchasing Decisions

Digital marketing has also been shown to have a positive influence on purchasing decisions, with a regression coefficient of 0.244. This means that the better the promotion through digital media, the higher the consumer's interest in purchasing the product. These results indicate that marketing strategies through digital platforms such as social media and websites are crucial in attracting consumer attention.

The Influence of Price on Purchasing Decisions

Price also has a significant influence on consumer purchasing decisions, with a regression coefficient of 0.265. This indicates that competitive prices commensurate with product quality can increase purchasing decisions. Prices perceived as too high or inappropriate for quality can reduce consumer interest in purchasing the product.

F-Test and t-Test

Table 1. F-Tset and t-Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	743.371	3	247.790	37.648	.000 ^b
	Residual	664.762	101	6.582		
	Total	1408.133	104			

Source: Processed data, 2025

F-test shows that product quality, digital marketing, and price simultaneously have a significant effect on purchasing decisions, with the calculated F-value of 37.648 being greater than the F-table of 2.69 ($p < 0.05$). The t-test shows that each independent variable (product quality, digital marketing, and price) has a positive and significant effect on purchasing decisions with calculated t-values of 4.099, 2.429, and 3.125, respectively ($p < 0.05$).

Coefficient of Determination (R^2)

The coefficient of determination (Adjusted R^2) value of 0.514 indicates that 51.4% of the variation in purchasing decisions can be explained by product quality, digital marketing, and price. The remaining 48.6% of purchasing decisions are influenced by other factors not examined in this study. This indicates that although the factors tested in this study are highly influential, other factors still influence consumer purchasing decisions.

Interpretation Research Results

The results of this study indicate that product quality significantly influences consumer purchasing decisions at the Budhi Ayu Silver SME. The higher the product quality, the more likely consumers are to make a purchase, which aligns with previous research findings that suggest that good product quality increases consumer satisfaction (Lengkong et al., 2021). Quality products can build customer trust and loyalty, ultimately strengthening the position of SMEs in a competitive market. Therefore, ensuring that the products offered meet or exceed consumer expectations is crucial for maintaining market competitiveness.

Digital marketing has also been shown to play a significant role in improving consumer purchasing decisions. These results support previous research showing that the use of digital media, such as social media and websites, can expand market reach and increase brand awareness (Prisma Miardi Putri et al., 2022). In the digital era, consumers increasingly rely on the internet to find product information, and companies that utilize digital platforms effectively can attract a wider audience. Therefore, the Budhi Ayu Silver SME needs to be more proactive in utilizing various digital platforms to increase product visibility and appeal.

Price also has a significant influence on purchasing decisions. This study found that a price commensurate with product quality can encourage consumers to purchase, while a price perceived as too high can discourage purchase interest (Tjiptono & Nurfauzi, 2023). This demonstrates the importance of an appropriate pricing strategy to strike a balance between quality and price. The Budhi Ayu Silver SME must ensure that the price offered is commensurate with the quality provided so that consumers feel they are getting value for their money.

Furthermore, a multiple linear regression analysis showed that all three variables—product quality, digital marketing, and price—simultaneously significantly influenced purchasing decisions. The F-test, which showed an F-count greater than the F-table, indicated that product quality, digital marketing, and price all play a role in influencing consumer decisions. This suggests that the success of the Budhi Ayu Silver SME in attracting consumers does not depend solely on a single factor, but rather on a combination of several mutually supporting factors.

However, although these three factors significantly influence purchasing decisions, this study also demonstrates that other factors influence consumer behavior. The coefficient of determination (Adjusted R^2) of 0.514 indicates that 48.6% of the variation in purchasing decisions is influenced by other factors not examined in this study. Therefore, further research incorporating other variables, such as brand image and

consumer experience, would be very useful to provide a more complete picture of the factors influencing purchasing decisions.

Conclusions, suggestions and limitations

Based on the research results, it can be concluded that product quality, digital marketing, and price have a significant positive influence on purchasing decisions at the Budhi Ayu Silver SME. Good product quality can increase consumer satisfaction, which in turn drives purchasing decisions. In addition, a more effective digital marketing strategy and the use of various digital platforms can increase product visibility, attract consumers, and increase purchase opportunities. Competitive prices that are in line with product quality also play a significant role in influencing purchasing decisions. Therefore, the Budhi Ayu Silver SME is advised to continue improving product quality, maximizing the use of digital marketing, and setting prices that are in line with the value received by consumers to increase competitiveness and increase purchase volume.

Budhi Ayu Silver is advised to continuously improve product quality through design innovation and consistent production standards, in order to meet consumer expectations and enhance customer loyalty. The company should maximize the use of other digital platforms, such as TikTok or e-commerce marketplaces, to reach a wider consumer segment, especially younger generations. Pricing strategies should consider competitors' benchmarks and consumers' perceived value, so that prices remain competitive while still ensuring business profitability. Future research is recommended to include additional variables such as brand image, customer experience, or consumer trust to provide a more comprehensive understanding of purchasing decisions.

This study only examined three independent variables (product quality, digital marketing, and price), so it does not fully capture all factors influencing purchasing decisions. The respondents were limited to 105 Budhi Ayu Silver consumers in Gianyar, which may reduce the generalizability of the findings to a broader population. The cross-sectional design of this research only reflects consumer behavior at a single point in time and does not capture long-term dynamics. The use of self-reported questionnaires may lead to perception bias, as results can be influenced by respondents' subjectivity.

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