

Purchase Decision through Product Innovation and Service Quality Analysis

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Abstract: This study aims to find the effect of product innovation and service quality on purchasing decisions on Batik Zhorif in Danau Teluk Jambi District, Seberang City. This research is a descriptive analytical research to examine causal or correlational phenomena, with a population of 125 consumers and 67 samples. The results of the analysis show that there is an effect of product innovation on purchasing decisions of 0.628 and the effect of service quality on purchasing decisions of 0.647. And there is a joint or simultaneous influence between the influence of product innovation and service quality on purchasing decisions of 0.693. As for the two variables studied, the product innovation variable is more dominant in influencing purchasing decisions.

Keywords: Product Innovation, Service Quality, and Purchase Satisfaction

Abstrak: Penelitian ini bertujuan untuk mengetahui pengaruh inovasi produk dan kualitas pelayanan terhadap keputusan pembelian pada Batik Zhorif di Kecamatan Danau Teluk Jambi Kota Seberang. Penelitian ini merupakan penelitian deskriptif analitis untuk mengkaji fenomena kausal atau korelasional, dengan populasi 125 konsumen dan 67 sampel. Hasil analisis menunjukkan bahwa terdapat pengaruh inovasi produk terhadap keputusan pembelian sebesar 0,628 dan pengaruh kualitas pelayanan terhadap keputusan pembelian sebesar 0,647. Dan terdapat pengaruh bersama atau simultan antara pengaruh inovasi produk dan kualitas pelayanan terhadap keputusan pembelian sebesar 0,693. Sedangkan untuk kedua variabel yang diteliti, variabel inovasi produk lebih dominan dalam mempengaruhi keputusan pembelian.

Kata Kunci: Inovasi Produk, Kualitas Pelayanan, dan Kepuasan Pembelian

INTRODUCTION

Many batik industries in the city of Jambi are not operating due to various factors, one of which is because business competition is increasingly difficult to win. From the data obtained in the field (source: Dekranas Jambi Province), of the 15 batik industries in the Teluk Teluk sub-district there are 6 batik industries that are no longer operating. One of the reasons for this is the lack of buyers. Thus this shows that for the batik industry which is not able to compete well, it is unable to operate and maintain its existence. On the other hand, for the batik industry that can keep up with the times and consumer needs, the industrial products will be favored by consumers and will certainly survive well and even grow rapidly. One of the batik industries that can survive and is even famous in the Jambi community is Zhorif batik industry.

Batik Zhorif is a family business that has been around for a long time (1980) which is located on Jl. KH. M. Saleh Rt. 01 No. 52, Teluk Teluk Jambi District, Seberang City, which produces Jambi batik. According to the owner of Zhorif batik, who was interviewed by the researcher, data obtained that Zhorif batik had experienced a significant decline in sales turnover. In fact, once in two months there was no production due to the drastic decline in the number of purchases. Therefore, batik owners innovate by conducting training, attending seminars, comparing with other batik and even studying various designs favored by consumers.

In addition to product innovation, Zhorif batik also makes improvements to service quality. The improvement was initially carried out by giving memos to each visitor to Zhorif batik to provide an assessment of the services provided. After that, Zhorif batik evaluated the service. From the evaluation results, Zhorif batik made improvements to the services provided. In terms of service, Zhorif batik arranges a space that provides comfort for buyers, the goods sold are neatly arranged, customer service complaints are also given, even using the internet as a form of marketing, payments can also be made via debit, and still many types of services are provided. Although Zhorif batik had experienced a decline in business productivity, Zhorif batik was able to survive until now because it continues to innovate and improve service quality.

Based on the description above, how important is product innovation and providing good quality service to consumers so that consumers make purchases on the products offered. For this reason, researchers are interested in conducting research with the title: "The Influence of Product Innovation and Service Quality on Purchasing Decisions on Zhorif Batik in Danau Teluk Jambi District, Seberang City".

LITERATURE REVIEW

Purchase Decision

Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand. Some purchase decisions are minor, like buying toothpaste, while other purchases are major, like buying a house. The level of dominance of each process at a particular time is the key determinant of purchasing decisions. Visitors are more likely to add a product to their cart when the emotional process takes control, as they are directed by "how it feels" and not "is it worth it".

Product Innovation

Product innovation is the process of creating a new product or improving an existing one to meet customers' needs in a novel way. Product innovation in new products involves making something that solves a problem in a new and exciting way. Product innovation in improved products involves introducing better or more functionality to existing products.

Product innovation has been around for centuries since, the wheel, which is an innovation in itself. But in today's society, where we need to be on top of every trend, it can make or break a company. And if one particular type of product isn't doing so well anymore, companies must quickly change their game plan and come up with something different before they lose out.

Service Quality Analysis

In a general sense, measuring service quality depends entirely on the context and brand promise, and service quality dimensions vary according to the industry. However, the industry standard and most widely-used metric is SERVQUAL.

1. SERVQUAL

SERVQUAL is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

- **Tangibles:** appearance of physical facilities, equipment, personnel, and communication materials.
- **Reliability:** ability to perform the promised service dependably and accurately.
- **Responsiveness:** willingness to help customers and provide prompt service.
- **Assurance:** knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy:** the caring, individualized attention the firm provides its customers.

These five SERVQUAL dimensions are used to measure the gap between customers' expectations for excellence and their perception of the actual service delivered. The SERVQUAL instrument, when applied over time, can help you understand both customer expectations, perceptions of specific services, and areas of needed quality improvements.

SERVQUAL has been used in many ways, such as identifying specific service elements that need improvement, and targeting training opportunities for service staff. Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager. The service quality dimensions evaluated by SERVQUAL should be adjusted for optimal performance in different industries, including public and private sector applications.

SERVQUAL scores are highly reliable, but when used in different industries may fail to produce a clear delineation of the five basic dimensions. Other measures, such as the Six Sigma model should be considered for applicability in quantifying the gap between service expectations and perceptions.

2. Service quality questionnaires

In order to improve service, you must understand customer satisfaction and customer expectations. This can be done by asking for feedback from your customers using service quality questionnaires. These

are typically completed after the service with a follow-up email or paper survey. Following up immediately is the best way to fix any mistakes or clear up misunderstandings before your customers become detractors.

METHOD

This type of research is a quantitative approach with an associative model. Quantitative research approach is defined as research based on the philosophy of positivism, used to examine a particular population or sample, data collection using research instruments, data analysis is quantitative/statistical. Associative research is research that aims to determine the relationship between two or more variables. Research can be built from a theory that can function to explain, predict and control a symptom. This study will explain the influence of purchasing decisions and their impact on customer satisfaction with Zhorif Batik in terms of customer based brand equity and product innovation. Research data is primary data. Methods of data collection using a questionnaire. The research population is all customers using Zhorif Batik.

FINDINGS AND DISCUSSION

Findings

The results of the study explain that there is an influence between product innovation on purchasing decisions with a regression value of 0.628 and there is an influence of service quality on purchasing decisions with a regression value of 0.647. In this case the quality of service is more dominant in influencing consumer purchasing decisions, meaning that the better the quality of service provided, the higher the interest of buyers in making purchasing decisions. For the level of significance between product innovation variables on purchasing decisions (sig. 0.000 < 0.05), the Fcount value is 3.740. This means that H_0 is rejected and H_a is accepted or there is an effect of product innovation (X1) on purchasing decisions (Y).

The regression coefficient of service quality and purchasing decisions (r) is 0.647. The level of significance between product innovation variables on purchasing decisions (sig. 0.000 < 0.05), the Fcount value is 3.731. This means that H_0 is rejected and H_a is accepted or there is an influence of service quality (X2) on purchasing decisions (Y).

the effect of product innovation and service quality variables together on purchasing decisions which is calculated by the regression coefficient is 0.693. This value shows a strong (regression) effect between variables X1 and X2 with Y. Furthermore, R Square (coefficient of determination/R²) of 0.481 indicates that 48.10% (obtained from $0.481 \times 100\%$) purchasing decisions are determined by product innovation and the quality of service provided by Zhorif batik while the rest ($100\% - 48.10\% = 51.90\%$) is a contributing factor that is not examined.

Furthermore, the significance level of the regression coefficient can be measured from the probability value of producing a sig. < 0.05, then the regression between variables is real. This means that H_0 is rejected and H_a is accepted or there is an influence of product innovation and service quality on purchasing decisions (Y).

Discussion

The results of this study state that consumer purchasing decisions are influenced by product innovation and service quality provided by Zhorif batik. This statement is in accordance with the results of data processing, the regression value of product innovation on purchasing decisions is 0.628 and sig. 0.000 < 0.05 or fcount value of 3.740. That is, there is a strong and significant influence. While the regression between service quality and purchasing decisions is 0.647 and sig. 0.000 < 0.05 or fcount value of 3.731. This means that there is a strong and significant influence between variables. The influence of these two variables (product innovation and service quality) together on purchasing decisions is 0.693 and the value of sig. 0.014 < 0.05.

The results of the research above are supported by the opinion of Tejdhakusuma, et al. (2001:48) which states that to make a purchase, consumers cannot be separated from the characteristics of the product both regarding the appearance, style, quality and price of the product. Pricing by sellers will affect consumer buying behavior, because prices that can be reached by consumers will tend to make consumers make purchases of these products.

Technological advances globally have resulted in product innovation activities experiencing significant developments. Based on this revolution, many products on the market are trying to adapt to existing developments. Product innovation is something that consumers perceive as new. As a new product, product innovation is expected to meet consumer expectations. The intended consumer expectations, among others, represent prices, lifestyles, and motivations.

When an innovative product is able to present consumer expectations, the chances of a large consumer purchase decision are made. To make a purchase, consumers cannot be separated from the characteristics of the product, both regarding the appearance, style, quality and price of the product. Price fixing by sellers will affect consumer buying behavior, because prices that can be reached by consumers will tend to make consumers make purchases of these products (Tejdhakusuma, in <http://digilib.unes> accessed on March 12, 2015).

Product innovation is something that consumers perceive as new. As a new product, product innovation is expected to meet consumer expectations. The intended consumer expectations, among others, represent prices, lifestyles, and motivations. Tjiptono (2012) states that product attributes are product elements that are considered important by consumers and are used as the basis for making purchasing decisions, where product attributes include brand, packaging, guarantee (warranty), service, and so on.

The previous research that supports is the research conducted by Lamb, et al. (2002:30) shows that innovation is part of a framework that links aspects of corporate culture with the ability to innovate and improve company performance through consumer buying decisions. Likewise, research by Tamamudin (2012: 283) shows that there is a significant effect of product innovation on purchasing decisions, the higher the product innovation, the higher the buying decision.

In addition to innovation, purchasing decisions are influenced by service quality. Service quality is very crucial in retaining customers for a long time (Aryani and Rosinta, 2010). Service that is not optimal will cause consumer dissatisfaction, not only customers but also have an impact on others because they will tell other people.

Good service, such as providing accurate and clear information, can create customer satisfaction and loyalty (Kotler, 2000:297 <http://digilib.unes> accessed on March 12, 2015). Satisfactory service quality will encourage consumers to make a purchase of the product in question or to make a repeat purchase. Consumers will choose the batik industry that is able to provide good service, because they use products made from processed batik cloth within a certain period of time so that service becomes important.

Based on the results of the research and discussion that have been described, product innovation and service quality have an influence on consumer purchasing decisions. will have a stronger influence on purchasing decisions. Batik is a national heritage that has become a national dress. Almost everyone has goods made from batik. Batik with various interesting innovations can be an option for consumers. With product innovation and supported by satisfying, fast and fulfilling consumer desires, consumers feel more valued and comfortable to make purchases and even become customers of the company. In addition, customer satisfaction with innovation and services provided is an effective form of marketing.

CONCLUSION

Based on the results of research and discussion, conclusions can be drawn including: 1) There is an effect of product innovation (X1) on purchasing decisions (Y) which is indicated by a regression value of 0.628. This value shows a strong influence. R Square (coefficient of determination/R²) of 0.394 indicates that 39.40% of purchasing decisions are determined by product innovation given by Zhorif batik, 2) There is an influence of service quality (X2) on purchasing decisions (Y) which is indicated by a regression value of 0.647. This value shows a strong influence. R Square (coefficient of determination/R²) of 0.418 indicates that 41.80% of purchasing decisions are determined by the quality of service provided by Zhorif batik, 3) There is an effect of product innovation (X1) and service quality (X2) together on purchasing decisions (Y) with a regression value of 0.693. This value shows a strong influence. R Square (coefficient of determination/R²) of 0.481 indicates that 48.10% of purchasing decisions are determined by product innovation and quality of service provided by Zhorif batik. 4) The results show that the dominant influence of the independent variable is product innovation, but the difference with service quality is very small so that the two variables if taken together will have a stronger influence on purchasing decisions so that the suggestions that can be submitted are:

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