

THE EFFECT OF PRICE, PRODUCT QUALITY, AND SERVICE QUALITY ON PURCHASE DECISIONS AT GAG PTC SURABAYA

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Abstract: The study aims to analyze the impact of price, product quality, and service quality on purchase decisions at GAG PTC Surabaya. This research employs a quantitative approach, with data collected through offline questionnaire distribution. The sample consists of 170 respondents who meet the criteria of having purchased products at GAG PTC Surabaya at least twice and being between 17 and 55 years old. The sampling technique employed is non-probability sampling using a purposive sampling approach. The data analysis is conducted using multiple linear regression analysis. The findings of this study indicate that: (1) price has a significant influence on the purchase decision of GAG products, (2) product quality significantly affects the purchase decision of GAG products, and (3) service quality also has a significant impact on the purchase decision of GAG products.

Keywords: cost, product standard, service quality, buying decisions

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1. Introduction

In this era of globalization, culinary businesses in Surabaya are growing rapidly, especially with the emergence of businesses competing to get consumer attention. Culinary business actors in Surabaya do not only focus on providing food, but also strive to create and develop innovations and follow the latest trends. Thus, competition in this sector is getting tighter so that culinary business actors must increase creativity and quality in serving culinary to suit consumer tastes.

Table 1. Number of Eateries or Restaurants in East Java 2018-2023

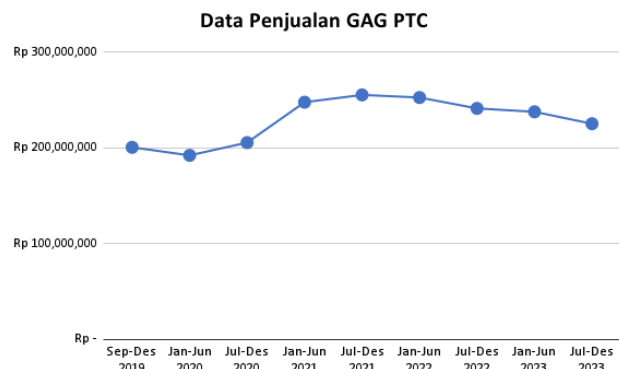
Year	Number of Restaurants
2018	4.169
2019	4.203
2020	4.323
2021	5.402
2022	4.084
2023	4.605

Source: East Java Provincial Culture and Tourism Office (2024)

Based on the data in Table 1, it shows that the number of restaurant or restaurant businesses has increased. This shows that the competition in this culinary business is very tight.

Gerobak Ayam Geprek or commonly called GAG is located in West Surabaya, precisely in a mall called PTC (Pakuwon Trade Center). This PTC branch of GAG began to be established in 2016. GAG is a restaurant that sells *geprek* chicken as its main menu. The following is the sales data of PTC branch GAG:

Graph 1. PTC GAG Sales Data

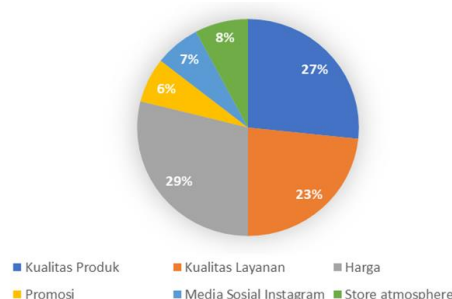


Source: PTC GAG Internal Data

Based on Graph 1, it shows that PTC's GAG revenue has decreased. In the July-December 2021 period, it was the highest income for GAG. However, in the following period, GAG's income decreased. In the first period of 2020 to the second period of 2021, GAG experienced an increase in sales, but in the first period of 2022 to the second period of 2023 GAG experienced a decrease in sales. The cause of this decline in sales is still unknown, so researchers are interested in conducting research.

Before conducting further research, the researcher conducted a pre-survey of 30 consumers with the aim of finding out what factors affect the purchase decision of GAG products.

Graph 2. PTC GAG Consumer Pre-Survey Results



From the results of the pre-survey conducted by the researchers in graph 2, the biggest factor is price with 29%, then the second is product quality with 27%, then the next is service quality with 23%, the fourth is the store atmosphere with 8%, the fifth is Instagram social media with 7% and the last is promotion with 6%. Based on the number of percentages, the main factor that most influences and is considered by consumers in purchasing food products at GAG PTC is price.

Price is a product value, has an important impact on producer profits and is a major factor in consumer considerations when purchasing (Halim & Iskandar, 2019). Factors that influence

pricing do not only come from internal aspects. Pricing is also influenced by various external aspects such as market conditions, consumer behavior, and macroeconomic conditions (Lubis et al., 2022). The current GAG PTC menu prices are not in line with the prices desired by most consumers for food, especially geprek chicken.

Apart from the price factor, the second largest presentation is product quality. Product quality is one of the main factors in purchasing decisions because superior quality will create, maintain and generate consumer loyalty (Fatmaningrum et al., 2020). From consumer responses, the geprek products sold still contain bones, the corn fritters are burnt and the noodles still use instant noodles.

Not only product quality, but there are other aspects that influence consumer purchasing decisions at GAG PTC, namely service quality. The standard of good or bad service levels provided by the company must be in accordance with consumer expectations so that consumer purchasing decisions increase (Manoy et al., 2021). The services offered are perceived by GAG PTC customers as being less prompt, professional, and amiable.

Based on the phenomena that have occurred in the culinary business in Indonesia, particularly in Surabaya, as well as the issues faced by GAG PTC through the pre-survey results, the researcher intends to conduct further research with the title: "The Effect of Price, Product Quality, and Service Quality on Purchase Decisions at GAG PTC Surabaya."

2. Research Method

This research uses a quantitative method. The study focuses on consumers of GAG PTC Surabaya who have either made a purchase or visited the store. The ideal number of samples should be at least 10 times the total number of indicators used (Hair et al., 2018). Since there are 17 indicators items in this study. Price has several indicators, including price affordability, appropriateness of price to product quality, price competitiveness, and appropriateness of price to benefits (Elmiliyasi, 2020). Product quality is measured using indicators such as freshness, appearance, taste, and food innovation (Alvian, 2020). Service quality includes indicators like reliability, responsiveness, assurance, empathy, and tangibles (Siswadi et al., 2019). Purchase decision is identified through indicators such as commitment to a product, buying habits, giving recommendations to others, and repeat purchase (Kotler & Keller, 2020).

The required sample size is 170 respondents (17 x 10). The sampling method used is purposive sampling, meaning the respondents must meet specific criteria. They must have purchased products at GAG PTC Surabaya at least twice and be between 17 and 55 years old.

3. Results and Discussion

3.1. Results

Characteristic of Respondents

This research includes 170 respondents who have purchased products at GAG PTC Surabaya at least twice and are between 17 and 55 years old.

Table 1. Characteristic of Respondents

Respondent Profile		Frequency	Percentage (%)
Gender	Male	69	39
	Women	101	61
	Total	170	100
Age	17 – 25 year	70	39

	26 – 35 year	55	33
	36 – 45 year	18	10
	46 – 55 year	27	18
	Total	170	100

Source: Output (2025)

Based on Table 1, it can be observed that there are 69 male respondents and 101 women respondents, indicating that the majority of GAG's customers are women. Additionally, most customers are between the ages of 17 - 25 years, with total of 70 respondents

Validity and Reliability

Validity Test

The validity test aims to evaluate the accuracy of an indicator in measuring the research variable. An indicator is considered valid if the Significant value < 0.05 . The following are the results of the validity test using Pearson correlation

Table 2. Validity Test Result

Variable	Indicator	Pearson Correlation	Significant Value	Remark
Price (P)	P 1	.824	.000	Valid
	P 2	.782		
	P 3	.727		
	P 4	.764		
Product Quality (PQ)	PQ 1	.649		
	PQ 2	.733		
	PQ 3	.686		
	PQ 4	.754		
Service Quality (SQ)	SQ 1	.716		
	SQ 2	.614		
	SQ 3	.642		
	SQ 4	.614		
	SQ 5	.607		
Purchase Decision (PD)	PD 1	.726		
	PD 2	.720		
	PD 3	.762		
	PD 4	.813		

Source: SPSS Result (2025)

Based on Table 2, the Pearson correlation values for all indicators show a significant value < 0.05 , indicating validity.

Reliability Test

Table 3. Reliability Test Result

Variable	Indicator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Remarks
Price (P)	P.1	.663	.769	Reliable
	P.2	.693		
	P.3	.768		
	P.4	.733		
Product Quality (PQ)	PQ.1	.625	.650	
	PQ.2	.571		
	PQ.3	.626		
	PQ.4	.507		
Service Quality (SQ)	SQ.1	.520	.633	
	SQ.2	.586		
	SQ.3	.584		
	SQ.4	.586		
	SQ.5	.620		
Purchase Decision (PD)	PD.1	.742	.744	
	PD.2	.694		
	PD.3	.673		
	PD.4	.631		

Source: Output SPSS (2025)

Table 3, indicates that all variables have a Cronbach's alpha greater than 0.60, indicating reliability. Additionally, the Cronbach's alpha if item deleted values do not exceed the overall Cronbach's alpha, confirming that the instrument provides consistent responses.

Classic Assumption Test

Normality Test

Table 4. Normality Test Result

		<i>Unstandardized Residual</i>
N		170
<i>Normal Parameters</i>	<i>Mean</i>	0.0000000
	<i>Std. Deviation</i>	0.96160815
<i>Most Extreme Differences</i>	<i>Absolute</i>	.038
	<i>Positive</i>	.038
	<i>Negative</i>	-.036
<i>Test Statistic</i>		.038
<i>Asymp. Sig. (2-tailed)</i>		.200

Source: SPSS Result (2025)

Based on Table 4, the Kolmogorov-Smirnov test probability value is 0.200, which is greater than 0.05, indicating that the data in this research follows a normal distribution.

Multicollinearity Test

Table 5. Multicollinearity Test Result

Variable	Tolerance	VIF
Price (P)	.995	1.005
Product Quality (PQ)	.995	1.005
Service Quality (SQ)	.999	1.001

Source: SPSS Result (2025)

Referring to Table 5, all three predictor variables have VIF values below 10 and tolerance values exceeding 0.1. Thus, it implies that the regression model does not exhibit multicollinearity.

Heteroscedasticity Test

Table 6. Heteroscedasticity Test Result

Variable	Spearman Correlation	Probability
Price (P)	-.032	.675
Product Quality (PQ)	-.099	.198
Service Quality (SQ)	.029	.703

Source: SPSS Result (2025)

The Spearman correlation test results indicate probability values of 0.675 for X1 (Price), 0.198 for X2 (Product Quality), and 0.703 for X3 (Service Quality). Since all values exceed 0.05, it can be concluded that the regression model does not exhibit heteroscedasticity.

Linearity Test

Table 7. Linearity Test Result

Relation	F Linearity	Probability
Price and Purchase Decision	34.224	0.000
Product Quality and Purchase Decision	24.036	
Service Quality and Purchase Decision	66.764	

Source: SPSS Result (2025)

The linearity test outcomes confirm that the probability value of F-linearity for all three relationships is below 0.05. This indicates that price, product quality, and service quality each have a linear relationship with purchase decisions.

Hypothesis

Multiple Linear Regression Equations

Table 8. Multiple Linear Regression and t Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.377	.877		.430	.668
	X1	.325	.037	.441	8.895	.000
	X2	.275	.037	.370	7.455	
	X3	.309	.029	.531	10.742	

Source: SPSS Result (2025)

Referring to Table 8, the t-test results, which evaluate the partial effect of price, product quality, and service quality on purchase decisions. The probability values for price (X1), product quality (X2), and service quality (X3) are all 0.000. Since these values are lower than 0.05 ($\alpha = 5\%$), it can be concluded that each of these factors significantly influences the purchase decisions of GAG PTC customers. Based on the regression coefficient values, price has the highest coefficient of 0.325, suggesting that price is the most influential factor in shaping purchase decisions at GAG PTC.

F Test

Table 9. F Test Result

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	228.839	3	76.280	81.028	.000
	Residual	156.273	166	.941		
	Total	385.112	169			

Source: SPSS Result (2025)

Table 9 shows that the F-test resulted in an F-value of 81.028 with a Sig. of 0.000, which is below 0.05. This indicates that the regression model fits the data, leading to the conclusion that price, product quality, and service quality simultaneously have a significant impact on purchase decisions at GAG PTC.

Value of Correlation Coefficient and Determination Coefficient

Table 10. Value of Correlation Coefficient and Determination Coefficient

Model	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.771 ^a	.594	.587	.970

Source: SPSS Result (2025)

Table 10, indicates that the correlation coefficient (r) of 0.771 signifies a strong relationship between price, product quality, and service quality with purchase decisions. Additionally, the coefficient of determination (R-Square) of 0.594 suggests that these three variables collectively account for 59.4% of the variance in purchase decisions, while the remaining 40.6% is influenced by other factors not examined in this study.

3.2. Discussion

Effect of Price on Purchase Decision

The regression analysis outcomes prove that the t-test probability value for price in relation to purchase decisions is 0.000, which is below 0.05. This confirms that product price has a significant impact on purchase decisions at GAG PTC. These findings suggest that the better the pricing of GAG products—considering affordability, alignment with quality, price competitiveness, and perceived value—the higher the likelihood of purchase decisions increasing. Price, which encompasses affordability, quality, benefits, and competitiveness, is a key factor influencing customer visits to a restaurant. In other words, price plays a significant role in shaping purchase decisions (Afifi & Widodo, 2021). This research is consistent with

prior studies, which likewise concluded that price significantly influences consumer purchase decisions.

Effect of Product Quality on Purchase Decision

The regression analysis shows that the t-test probability value for product quality on purchase decisions is 0.000, which is < 0.05 . This confirms that product quality has a significant impact on purchase decisions at GAG PTC. The findings indicate that better product quality—freshness, attractive appearance, great taste, and innovation—leads to higher purchase decisions (Ningtias & Paludi, 2023). When a product's appearance, color, shape, and taste meet consumer expectations, they are more likely to make a purchase (Iskandar, 2021). These results align with previous studies, confirming that product quality significantly influences consumer purchase decisions.

Effect of Service Quality on Purchase Decision

Based on the regression analysis, the t-test probability value for service quality on purchase decisions is 0.000, which is < 0.05 . This signifies that service quality significantly influences purchase decision at GAG PTC. These findings suggest that the better the service quality—including competence, responsiveness, politeness, appearance, and facilities—the higher the purchase decision. Staff consistently strive to provide the best service to ensure customer comfort and continuously improve service quality. Good service plays a crucial role in increasing customer satisfaction and encouraging repeat visits (Ningtias & Paludi, 2023). The service quality provided is already good for all consumers who purchase the products, thereby influencing consumers purchasing decisions for the products (Wicaksono & Sutanto, 2022). These results align with previous studies indicating that service quality significantly influences consumer purchase decisions.

The Effect of Price, Product Quality, and Service Quality on Purchase Decisions

The regression analysis results indicate that the probability value of the F-test for the simultaneous effect of price, product quality, and service quality on purchase decisions is 0.000, which is < 0.05 . Therefore, it can be inferred that price, product quality, and service quality collectively have a significant impact on GAG's purchase decisions. Price is one of the main reasons people choose to visit a restaurant, meaning it significantly influences purchase decisions (Afifi & Widodo, 2021). Additionally, fresh and visually appealing products, combined with delicious taste, play a crucial role in consumer purchasing decisions (Ningtias & Paludi, 2023). Moreover, good service enhances customer satisfaction and encourages repeat visits (Ningtias & Paludi, 2023). Purchase decisions are significantly influenced by product quality, price, and service quality (Cahyani & Hidayat, 2020). These findings confirm that price, product quality, and service quality significantly affect purchase decisions.

4. Conclusion

Based on the analysis results and the discussion presented, the following conclusions can be made:

- 1) Price significantly influences purchase decisions.
- 2) Product quality has a notable impact on purchase decisions.
- 3) Service quality plays a crucial role in purchasing decisions.
- 4) Price, product quality, and service quality collectively have a significant effect on purchase decisions.

The suggestion for the next researcher is that if it is done in the same location, the next researcher is expected to be able to examine other factors that affect the purchase decision. In addition, the next researcher can also use the variables that have been studied in this study, but with different research objects to obtain more in-depth results.

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