

**THE EFFECT OF PRODUCT QUALITY AND PRODUCT REPUTATION ON
PURCHASE INTENTION: CASE ON MSME SOY MILK AT
EAST LAMPUNG PROVINCE**

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Abstract

Expansion growth and competition in the Micro Small and Medium Enterprises (MSME) business products are very varied and highly innovative, therefore consumers have a variety of choices and alternative products according to what consumers intention. A lot of competitive products in the MSME requires business owners to use all their abilities to be able to dominate and conquer the market. The research aims to examine the effect of product quality and product reputation on consumer purchase intention. The sample for this research is consumers of MSME Soy Milk products in Way Jepara Regency, East Lampung Province. Using multiple regression analysis techniques proves that there is a significant impact for product quality and reputation simultaneously on consumer purchase intention. The research results reveal that individually product quality and reputation have an effect on consumer purchase intention in MSME soy milk products. This research provides evidence that MSME are of great importance to improve product quality for increasing consumer purchase intention, and also intensify innovation, various sales strategies to improve the reputation of the products sold.

Keywords: *Product Quality, Product Reputation, Purchase Intention, MSME*

1. INTRODUCTION

Business development in the era of globalization is growing very rapidly and experiencing continuous development. Currently, the number of products competing in the market has become diverse and very large so that consumers have a variety of choices and alternative products and services according to the needs that consumers want (Agmeka, et al. 2019). An important role in the economy Micro, small and medium enterprises (MSME) are proven to have the most important part in the Indonesian economy and can be said to have become the biggest driving force of the economy during the monetary crisis. Promotion and product quality are important things that can influence potential consumers' purchase intention. The better the product quality that is owned and supported by attractive promotions, the more it will encourage consumers to be intentioned in purchase a product being marketed (Kamilah & Yono, 2023). With increasingly tight business competition, especially competition originating from the soy milk MSME industry, the soy milk industry is increasingly being asked to move faster in terms of attracting customers (Jatiningrum, et al, 2021). Small businesses are the foundation that is expected to take strategies by making businesses independent, healthy, strong, competitive and developing themselves to increase economic growth (Tambunan, 2019). This small and medium business is one of the businesses that can help the community's economic growth.

In case the soy milk business continues to develop in East Lampung Regency, soy milk MSME must work hard to retain existing customers. The point of attracting customers is not only to show the existence of the industry, but also to maintain the sales level in the soy milk MSME industry whether it is in line with the set targets. This is very important because there is very tight competition from other soy milk home businesses, each of which tries to showcase the products they produce, the quality and superiority of the products starting from the deliciousness of the soy milk itself. With so much competition for soy milk home businesses, it shows the large market prospects and consumer intention in this product. One of them is the soy milk MSME in Labuhan Ratu Satu Village, Way Jepara, East Lampung, which produces soy milk and markets it to the community around the Way Jepara East Lampung area. Product quality is an important thing that every company must strive for if it wants the products it sells to be able to compete in the market to satisfy consumer needs and desires (Jatiningrum et al, 2022; Fadhillah et al, 2023). Nowadays, most consumers are increasingly critical in consuming a product. Good product quality is a consideration for consumers who want to buy certain products, especially soy milk products.

In marketing results the product industry requires a good marketing network in the region and outside the region to build customer trust, what must also be considered is the company's reputation (Shin, 2016). If a company has a good reputation, then customers will show a liking for the company and be cooperative towards the company in question. So that in whatever conditions customers will remain trusting and loyal to the company. For a company where the main product produced is about taste, reputation and good name are very important. UMKM Soy milk is one of the soy milk products that has been circulating on the market. This MSME has introduced soy milk products which are claimed to have high quality and a good reputation. However, even though we have marketed soy milk products with various promotions, consumer purchase intention in soy milk products is still relatively low. The following is sales data for Pak Faruq's soy milk in Labuhan Ratu Satu Way Village, Jepara, East Lampung:

Table 1. Soy Milk Sales Data at UMKM Way Jepara, East Lampung:

No	Month	Sales data	Customer Data / month
1	September	Rp. 21,000,000	500
2	October	Rp. 18,000,000	400
3	November	Rp. 18,000,000	400
4	December	Rp. 15,000,000	300

Source: Soy Milk MSME in Labuhan Ratu Satu Village, 2021

Based on the table above, it can be seen that there was a decrease in sales and the number of customers for soy milk in September, sales amounted to IDR 21,000,000 and the number of customers was 500 people, in October sales amounted to IDR. 18,000,000 and the number of customers was 400 people, in November the sales amount was Rp. 18,000,000 and the number and number of customers was 400 people and in December the number of sales was IDR 15,000,000 and the number of customers was 300. Even though soy milk is well known by the public, in terms of marketing this soy milk product, the industry in making soy milk still have many obstacles. Based on the results of information and interviews with soy milk MSME owners, the problem is that customers' purchase intention in soy milk has decreased. This is

based on the researcher's initial observations that there are various symptoms regarding soy milk products and business reputation. Regarding packaging that is less attractive, soy milk does not last long in consumption and does not even have an expiration date, causing purchase intention to tend to decrease. Based on the problems above, this research aims to examine the influence of product quality and reputation on consumer purchase intention in MSME in Labuhan Ratu Satu Way Village, Jepara, East Lampung.

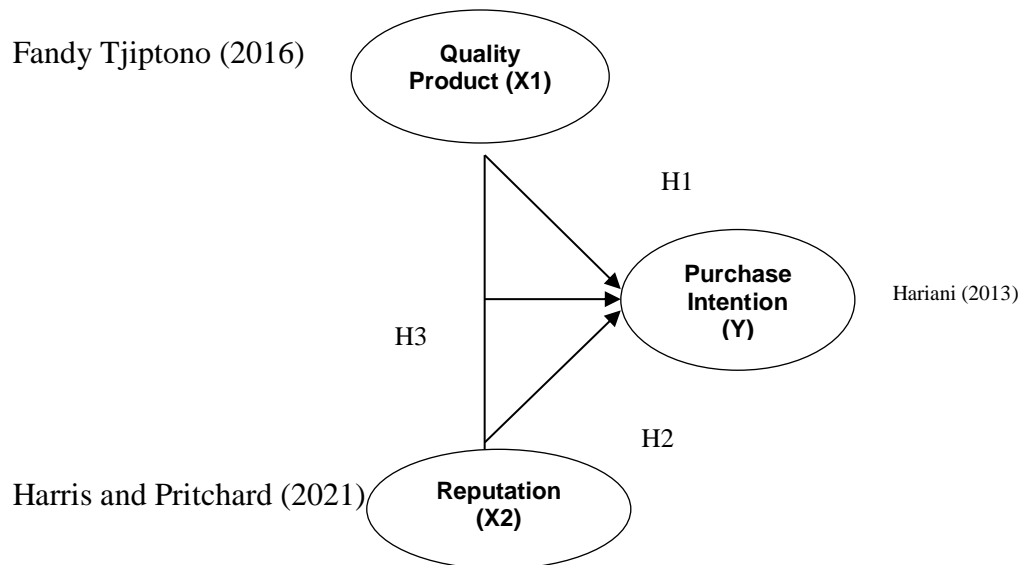
Kotler and Keller (2016) define purchasing intention as someone's desire to buy or use a product or service. Purchase intention is influenced by internal and external factors, including needs, preferences, experience, income, and product price. Meanwhile, according to Schiffman and Kanuk (2010), purchase intention is an action to visit a shop, search for information, and consider purchase or using a product or service. Purchase intention is influenced by factors such as product quality, company reputation, price, promotions and consumer preferences. Corporate reputation can be defined as the perception formed in the minds of consumers, employees, suppliers and other stakeholders regarding the image and credibility of a company (Bromley, 2018). According to Fombrun and Shanley (2018), company reputation consists of three main aspects, namely product or service reputation, company reputation, and company leader reputation. According to Carroll and McCombs (2019), aspects of company reputation include financial performance, ethics and social responsibility, product and service quality, innovation, brand reputation, and environmental performance. On the other hand, Hutton and Richardson (2017) stated that aspects of company reputation include product quality, reliability, service quality, timeliness, price and company image. According to Harris and Pritchard (2021), there are four main indicators that can be used to measure a company's reputation: 1) Credibility: The company's ability to maintain the integrity and trust of consumers by fulfilling the promises and obligations it has taken. 2) Openness: The company's ability to communicate clearly and openly to consumers, investors and other stakeholders about company policies, products and performance. 3) Accountability: The company's ability to admit mistakes and be responsible for the consequences of actions taken, and make efforts correct and prevent similar errors in the future. 4) Corporate citizenship: The company's ability to contribute to society and the surrounding environment, and fulfill its social responsibilities with real and sustainable actions.

Several numbers of studies have been done related with product quality and reputation. Susanti, et al (2016) tested the effect of Service, Reputation, Preference Intention and Word of Mouth on Repurchase Intention. The result state that reputation and wordof mouth influential positive and significant to repurchase intention. Agustin (2020) also prove the impact Reputation Regarding Intention in Purchase Skincare Products on Shopee. Research result show that reputation, quality seller service, and trust own significant influence in a way simultaneous to purchase intention skincare products on Shopee. If seen partially, reputation No influential significant to purchase intention, meanwhile quality seller service and trust own significant influence to purchase intention.

H1: Quality product has positive effect and significant to purchase intention at Soy Milk MSME in Way Jepara , East Lampung.

H2: Reputation has positive effect and significant to purchase intention at Soy Milk MSME in Way Jepara , East Lampung.

H3: Quality products and reputation simultanly have positive effect and significant to purchase intention consumers at Soy Milk MSME in Way Jepara, East Lampung.



Gambar 1. *Framework Research*

2. RESEARCH METHODS

This type of research is descriptive correlational which reveals in fact the extent of the relationship between product quality and reputation variables as independent variables (X) and purchase intention as the dependent variable (Y). The approach used in this research is a quantitative approach. Based on the problem formulation and research hypothesis, this research consists of two variables which include the independent variable product quality (X1), reputation (X2) and the dependent variable, namely purchase intention (Y). This technique uses multiple regression analysis techniques, where the technique will test the hypothesis which states that there is an influence between the independent variable and the dependent variable. As stated by Suharsimi (2016) that multiple regression analysis is an analysis of the relationship between one dependent variable and or more independent variables.

In this research, the criteria taken are all MSME Soy Milk consumers in Labuhan Ratu Satu Way Village, Jepara, East Lampung, the number of which is unknown and can be categorized as an infinite population. The research sample is a part taken from the entire object being studied and is considered to represent the entire population. According to Purba Sujarweni (2015), if the population size is unknown, the minimum sample size is determined using the Rao Purba formula, namely:

$$n = \frac{z^2}{4(moe)^2}$$

Information :

n = Sample size

z = Normal distribution level at 5% significance level = 1.96

moe = Margin of error max , namely the maximum tolerated error level of 100

Definition Operational Variable and Indicators:

Operational variable in study This is as following:

1. Quality product (X1), the indicators :
 - a. *Performance* (performance)
 - b. *Features* (features or characteristic features addition)
 - c. *Reliability* (reliability)
 - d. *Conformance to Specifications* (conformity with specifications)
 - e. *Durability* (power stand)(Purnama & Rialdy (2019).
2. Product Reputation (X2), the indicator
 - a. Credibility
 - b. Openness
 - c. Accountability answer
 - d. Corporate citizenship (Agmeka et al, 2019) :
3. Purchase Intention (Y), the indicator :
 - a. Transactional intention
 - b. Reference intention
 - c. Preferential intention
 - d. Explorative intention (Shahnaz & Wahyono, 2016) :

Then indicator the made as point reject For arrange items- items instrument Which can form statement or question .

Validity and Reliability

Arikunto (2012) stated that *validity* is a measure that shows the levels of validity or validity of an instrument. A valid or valid instrument has high validity, while an instrument that is less valid means it has low validity. Testing construct validity is carried out by testing a questionnaire. According to Sudjana (2015), instrument *reliability* can be interpreted as the instrument's ability to provide consistent and reliable results when used in various situations and the same conditions. Instrument reliability can be measured using several techniques such as validity tests, reliability tests, and factor analysis.

3. RESULTS AND DISCUSSION

Research result

The population of this research is all Soy Milk MSME in East Lampung. The research sample is one of the soy milk MSME in Way Jepara, East Lampung. In this research, samples were taken from consumers who were purchasing Soy Milk MSME in Labuhan Ratu Satu Village using a *non-probability* sampling technique, namely *incidental sampling technique*. The incidental sampling technique is sampling by chance, that is, anyone who meets the researcher by chance can be used as a sample, if the person they meet by chance is suitable to be a respondent or data source. Based on this formula, the following calculations are obtained:

$$\begin{aligned}n &= \frac{1^2}{4(0,1)^2} \\&= 96\% \\&= 96 \text{ respondents}\end{aligned}$$

Based on the calculation results above, the number of samples obtained was 96 respondents. However, the researchers rounded it up to 100 respondents to anticipate that the questionnaire could not be used in the research.

Validity and Reliability Test Results

Table 2. Validity of Product Quality Instruments

Items	R. Count	R. Table	Information
Item 1	0.633	0.1966	Valid
Item 2	0.786	0.1966	Valid
Item 3	0.800	0.1966	Valid
Item 4	0.737	0.1966	Valid
Item 5	0.441	0.1966	Valid
Item 6	0.621	0.1966	Valid
Item 7	0.883	0.1966	Valid
Item 8	0.883	0.1966	Valid
Item 9	0.772	0.1966	Valid
Item 10	0.495	0.1966	Valid

Source : Primary data processed

Table 3. Validity of the Product Reputation Instrument

Items	R. Count	R. Table	Information
Item 1	0.809	0.1966	Valid
Item 2	0.928	0.1966	Valid
Item 3	0.873	0.1966	Valid
Item 4	0.827	0.1966	Valid
Item 5	0.731	0.1966	Valid
Item 6	0.796	0.1966	Valid
Item 7	0.700	0.1966	Valid
Item 8	0.586	0.1966	Valid
Item 9	0.922	0.1966	Valid
Item 10	0.731	0.1966	Valid

Source : Primary data processed

In table 2 and table 3 above, it can be seen that the calculated R value is greater than the R table, so the research instrument for the product quality and reputation variables can be said to be valid.

Table 4. Reliability Quality Product

Cronbach's Alpha	N of Items
,863	10

Table 4 results calculation the obtained mark *Cronbach's Alpha* more big than mark critical ($0.863 > 0.6$) then all instruments are reliable.

Table 5. Reliability Reputation

Cronbach's Alpha	N of Items
,932	10

Table 5 results calculation the obtained mark *Cronbach's Alpha* more big than mark critical ($0.932 > 0.6$) then all instruments are reliable.

Table 6. Reliability of Purchase Intention

Cronbach's Alpha	N of Items
,959	10

Based on Table 6 results calculation the obtained mark *Cronbach's Alpha* more big than mark critical ($0.959 > 0.6$) then all instruments are reliable .

Hypothesis Test Results

Testing Hypothesis For test influence Quality Products and Reputation Against Consumer Purchase Intention used formula multiple linear regression with help *SPSS program for Windows release 26.0*, results as following:

Table 7 Summary model test (R test)

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,763 ^a	,582	,573	2,406	1,981

a. Predictors: (Constant), reputation, quality product

In this table, the R2 result is 0.582, meaning that there is an influence of product quality and reputation on consumer purchase intention of 58.2%, while 41.8% is influenced by other factors.

Table 8. Multiple Linear Regression Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3,875	3,373		1,149	,253		
Quality product	,470	,083	,417	5,644	,000	,788	1,269
Reputation	,440	,069	,475	6,421	,000	,788	1,269

a. Dependent Variable: purchase intention

Based on the test results table above , you can withdrawn conclusion that mark coefficient regression variable quality products and reputation give contribution to purchase intention Soy milk MSME consumers in Labuhan Ratu Satu Way Village, Jepara , East Lampung.

$$Y = a + bx_1 + bx_2$$

$$Y = 3.875 + 0.470 + 0.440$$

Coefficient test results on own meaning i.e. $a = 3.875$ is If quality products and reputation considered constant so purchase intention have mark still . $bx_1 = 0.470$, $bx_2 = 0.440$ has meaning If quality products and reputation improved , then purchase intention increase . Partial test results For hypotheses 1 and 2, based on the table above the results of the hypothesis test (H1) show sig value for influence Quality Product (X1) to Purchase Intention (Y) is $0.000 < 0.05$ and the calculated t value more big from the t table ($5.644 > 1.985$) so can concluded that H1 is accepted means there is influence quality product (X1) to Purchase Intention (Y). Based on the table above the results of the hypothesis test (H2) show that significant value for influence Reputation (X2) on Purchase Intention (Y) is $0.000 < 0.05$ and the calculated t value more big from the t table ($6.421 > 1.985$) so can concluded that H2 is accepted means there is influence reputation (X2) to Purchase Intention (Y).

Table 9. Anova Model Test Results (F Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	781,345	2	390,672	67,514	,000 ^b
	Residual	561,295	97	5,787		
	Total	1342.640	99			

a. Dependent Variable: purchase intention

Predictors: (Constant), reputation , quality product

Based on the table 9 test results, the *Anova model* (F test) is known mark significance For influence quality product (X1) and Reputation (X2) respectively simultaneous to purchase intention is of $0.000 < 0.05$ and the calculated F value $67.514 > F$ table 3.089, so can concluded that H3 is accepted which means There is influence quality product (X1) and Reputation (X2) respectively simultaneous to purchase intention (Y).

Discussion

According to Foster (2019), purchasing decisions are always preceded by intention in consumers' minds to make purchases which are influenced by product quality and price. That is why the important role of product quality and price components in consumer purchasing decisions. This research. The results of this research indicate that product quality has an influence on purchasing intention in soy milk MSME products in East Lampung. These results are in line with the results of previous research conducted by Fernando & Aksari (2017) and Purnama & Rialdy (2019). namely, there is an influence of product quality, price, promotion on purchasing decisions.

The results of this research show that it is proven that brand reputation has an influence on purchasing intention among soy milk MSME in East Lampung. These results are in line with research by Widjajanta et al. (2020) that brand reputation have influence immediately intentioned in purchase. Brand reputation is a term to characterize consumer attitudes towards a brand good and reliable (Agmeka et al., 2019). Brand reputation is considered an asset valuable so that companies are willing to spend resources Power them so they can improve reputation company become positive (Gatti et al., 2012). In study Shahnaz & Wahyono (2016) stated that a solid reputation *is* formed through a distinctive organizational identity, projection of a consistent public image and communication positive persuasiveness in all types of constituencies. Circumstances reputation will depend to What Which done company as entity. According to Arif (2019) repurchase intention is a commitment formed between consumers and sellers that arise due to consumers' positive impressions of something brand after consumers purchase a product or service. that positive impression appear Because consumer feel satisfaction after do purchase so that repeat purchases occur.

4. CONCLUSION

Based on the results of research testing the Influence of Product Quality and Reputation on Soy Milk MSME Consumer Purchase Intention in Labuhan Ratu Satu Way Village, Jepara, East Lampung . Based on the results of the regression coefficient analysis, the significance value (sig) of product quality and reputation partially has a significant influence on purchasing intention. Meanwhile, based on the results of the ANOVA test, the significance value for the joint influence of product quality and reputation on purchase intention indicates that there is a joint influence of product quality and reputation on purchase intention. The results of this research contribute to soy milk MSME in East Lampung to improve product quality and innovate products by paying attention to and maintaining a reputation that can satisfy consumers starting from the taste of the product and carrying out good packaging, so as not to change the name or brand of products that are already known to consumers. . In this way, soy milk MSME are able to increase sales

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