



An Effect of Product Quality, Price, and Word of Mouth on Buying Interest : A case of Tretes Porridge in Binjai

Selfira¹, M Umar Maya Putra², Syafrida Damanik³

¹Information System Program, STMIK Kaputama, Binjai, Indonesia

²Economic Department, Universitas Al Azhar, Medan, Sumatera Utara

³Engineering Department, Universitas Al Azhar, Medan, Sumatera Utara

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ABSTRACT

Small and medium enterprises (SMEs) is one of the supporting economic growths of a region. It can be developed by increasing the buying interest of the people around. Buying interest will be the factor for consumers to result the observation by eating the product. This research is quantitative research with a sample of 109 respondents. This study focuses on the effect of product quality, price, and word of mouth on interest buying : a case of Tretes Porridge Binjai. This research was conducted in Binjai . The population of this study is the customer of Bubur Tretes that is located in Binjai. The researcher concluded that taking a sample of 109 respondents. Primary data were gathered by using questionnaires. The data were analyzed by using structural equation modeling-partial least squares (SEM-PLS) with Smart PLS software. The result of this study indicated that the variable product quality (X_1) partially had a significant effect on buying interest, the price variable (X_2) partially had not significant effect on buying interest, and word of mouth variable (X_3) partially had a significant effect on buying interest. Simultaneously, product quality, price, and word of mouth influence buying interest on the traditional product of Bubur Tretes in Binjai. From the results of data processing, it was found that the coefficient of determination was 69.2% which indicates that among the variables in X_1 , X_2 , and X_3 were able to influence Y by 69.2% with a moderate category, the remaining 30.8% was influenced by other factors. The Recommendation is the additional in taste and branding can be improved frequently.

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Corresponding Author:

Selfira,
Lecturer,
STMIK Kaputama,
Jl. Veteran no.4A-9A, Binjai, 20714, Indonesia,
Email: yapselfira@gmail.com

INTRODUCTION

As we know, MSMEs are the most important pillar in the Indonesian economy. The number of the in Indonesia is approximately 64.19 million with the proportion is majority about 64.13 million or around 99.92% of the entire business sector (<https://www.ekon.go.id/>, n.d.).

Binjai is the strategic city location is a Medan, Binjai, Deli Serdang or called MEBIDANG with many unique infrastructures have been built quickly as well as the populations've improved rapidly so that the potential for culinary products is both promising and improving for the opportunity in business development and investment. This is related to the vision and mission of The Binjai Government " Becoming a Cultured and Religious Advanced City in the development of the tourism sector" based on culinary and culture to support the economy of Sumatra Utara. The Culinary Product gives the attractions and branding that must be considered as to observed in knowledge and local pride. It brings into the progress both Traditional food as well as drink as the taste of cultural heritage and can be used as a machine of the regional economy improvement. It can make the breakthrough in culinary wisdom for Green Mung Beans and Black Pulut Porridge that is so legendary named Tretes Porridge in Binjai.

It is both a special pleasure taste and a nice view for for culinary lovers. It is one of the traditional native to the Indonesian found in Indonesia. It can be said to be foods that is known from Sabang to Merauke. Based on observation the the owner of Tretes Porridge has been turning out this business since 1965 which is located right in the middle of Binjai. As if never timeless, the business of Bubur Tretes still survives and is one of the choices for Binjai residents who want to find breakfast. However, the rapid development of the times and the occurrence of Covid 19 has made the business run so slow for two years. It has had a significant impact on these business actors which has caused their sales to decline. People's consumption patterns have also begun to shift from offline to online by using digital provider. It changed in the pattern digitally to the both producers and consumers in order to survive and develop.

It can be accustomed to sell with the old concept. It is certainly difficult for them to switch and adapt to the new patterns that occur. Even though the Minister of Tourism and Creative Economy revealed that digitalization is the main key in the recovery of the *parekraf* sector in Indonesia after the COVID-19 pandemic. He said the COVID-19 pandemic has had a huge impact on various sectors of life in Indonesia and around the world, especially in the tourism and creative economy (*parekraf*) sector. Its sector is decline of up to 80 percent in 2020 and 75 percent in 2021 (<https://www.ekon.go.id/>, n.d.).

Based on the data in Center of Statistics Institution that Sumatra Utara has made the progress in open unemployment from February (6,01%) to August (6,33%) in 2021. It means that the problem in Open Unemployment made the problem in the economic development. In 2022, The Open Unemployment tends to better in February (5,47%) but there is the progress in august (6,16%). The covid 19 made the impact in all sector and need to be built strategy in MSMEs' Focus (*BPS Binjai* n.d.).

The COVID-19 pandemic has had a devastating impact on MSMEs. According to the Katadata Insight Center (KIC) release, the majority of MSMEs (82.9%) felt the negative impact of this pandemic and only a small portion (5.9%) experienced positive growth. The rapid competition in the business world today, of course, MSMEs are required to be able to increase competitiveness. MSMEs can be developed by increasing the buying interest of the surrounding community. Buying interest is a desire that arises from consumers for a product as a result of consumer observations of a product (Siagian et al., 2019),

Buying interest is formed from customer attitudes towards the product which consists of customer trust in the brand and brand evaluation, so that from these two stages comes the interest to buy. The lower the level of customer trust in a product, the lower the customer's buying interest (Schlechtendahl et al, 2015). Education for SMEs can make the breakthrough in. t short-term objectives and the system level objectives (along with organizational objectives) as the most valuable to create the business plan. Finally, the best idea of organizational goals increased with the level of education such as business goal in Inodnesia (Syarifah., Putra, 2017)

Buying interest is the behavior of consumers who have a desire to buy a product or take actions related to the purchase of a particular product. It is formed from consumer attitudes

towards brands and try to get the market penetration so that The interest in making the local prode in social economic forming. (Putra & Aginta, 2019), (Putra & Damanik, 2020). Product quality makes an assessment of its conformity to a predetermined measuring standard. The higher quality the product will be considered. Price is a monetary unit or other measure that is exchanged in order to obtain the right to ownership or use of a good and service so as to create consumer satisfaction. (Malawat;, Putra, 2019), (Uchechukwu & Uche, 2015).

Word of Mouth (WOM) is fundamental to the product discovery process of consumers. WOM is a form of promotion in the form of recommendations and spread to get the advantages of a product. WOM occurs when a consumer talks about his or her opinion of a product or service to another person. Consumers who spread information about the goodness of the product are referred to as positive WOM, but if the consumer disseminates information about the badness of the product it is referred to as negative WOM. (Ariani & Utomo, 2017), (Sofiyah., Ami, 2017)

WOM is often said to be called viral marketing, a marketing technique used to spread a marketing message from one user to other users, which can create potential exponential growth like a virus. With the description of these experts it can be concluded that eWOM has an important role in delivering product information to consumers. Putra et al., 2019), (Ariani & Utomo, 2017).

The success of business education system in the the knowledge creation process in higher education to be made a new creation. Methodology system allows us to explore the knowledge invention in many products, The organizations may be controlled may be required to enable such generalizations (Putra., Damanik, 2020), (Putra., Ami, 2017).

Programs and activities can be develop its members through training for MSEs feel and assess how all marketing concepts are made in the city so that it can provide inspiration to increase business innovation. It will be formed through collaborative activities between entrepreneurs who have been successful in price and word of mouth. Improving the quality of MSMEs, It needs to improve how they achieve optimal results of business continuity (Putra & Damanik, 2020)

As the development of entrepreneurs, They will face the tremendous obstacles due to the rise of the cultivated depending on intelligence to create a strong production. Good WOM in presenting product must have a concept based on customers based. They must certainly look at the psychology by getting the behaviour techniques so it can prove how to convince customers to buy in good quality and close proximity between sellers and customers (Syarifah., Putra, 2017).

The concept of the best entrepreneurship development that leads to mentor Cracker. It is the value centered on leaders. It is essential an enduring belief that can be a mean or an end that individually or jointly takes precedence or becomes a handle. So Values is basically a belief that is applied in the whole order of life, cutting the boundaries of objects (Wahyuni., Putra, 2017). Problems commonly faced by most MSMEs in Indonesia is the level of productivity in producing output, the quality of human capital that affects the business income of MSMEs less than the maximum. Human capital which is the main point in improving the quality of MSMEs needs a support of socio-economic mapping in the form of a network of relations between community actors, identification of forum mechanisms used by the public in discussing public issues, analysis of community needs to support sustainable living. (Dilham., Putra, 2017), (Dilham., Sofiyah, 2017). As The Fact mentioned that The product, price and WOM must be indicated to make the brand can be transferred to the consumer. Human capital in making the entrepreneur knowledge can be the best marketing effect in market share. As the novelty of the research has the objective to buying interest among them with the case study in Tretes Porridge as the legendary one in Binjai that's still been staying since 1965.

RESEARCH METHOD

Population and Research Samples

The population of this study is the customer of Bubur Tretes that is located in Binjai. The researcher concluded that taking a sample of 109 respondents with the size of the sample if it is too large will make it difficult to get a suitable model, and suggested the appropriate sample size between 100-200 respondents in order to be used interpretation estimates. Independent variables used were Product Quality, Price, and Word of Mouth. Dependent variable was Buying Interest. Data analysis was carried out with Structural Equation Model (SEM) PLS tools.

Outer Model Evaluation

a. Validity and Reliability Test

The results of the research questionnaire validity and reliability test for variables as seen in Table 1.

Table 1. Validity Test Results

	X_1	X_2	X_3	Y
BI1				0.827
BI2				0.882
BI3				0.859
BI4				0.743
BI5				0.872
BI6				0.870
BI7				0.869
P1		0.607		
P3		0.749		
P5		0.719		
P6		0.741		
P8		0.680		
PQ10	0.720			
PQ3	0.559			
PQ6	0.668			
PQ7	0.730			
PQ9	0.737			
WoM5			0.920	
WoM6			0.933	

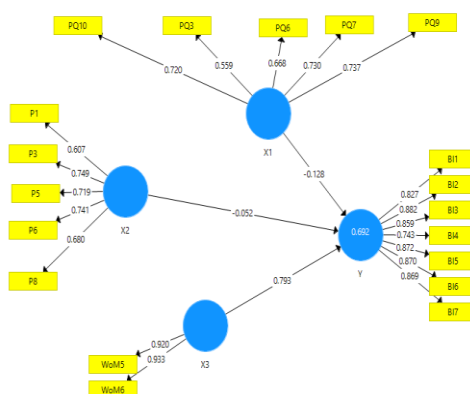


Figure 1. Outlier Data Processing Model

Based on the table of outer loadings above, it can be seen that all items of the indicator on product quality, price, word of mouth and buying interest have an outer loadings value above 0.5 after some indicators that have an outer loading value under 0.5 already being dropped.

Table 2. Composite Reliability Test Results

Composite Reliability	
X1	0.815
X2	0.828
X3	0.924
Y	0.947

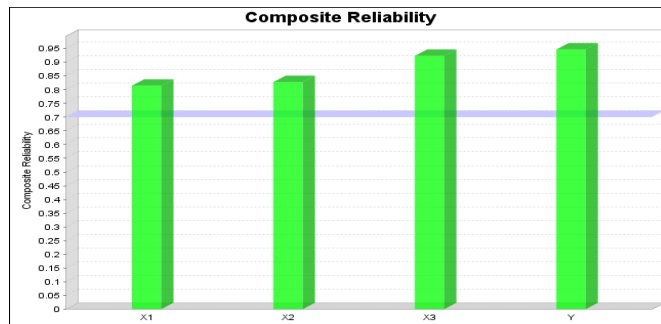


Figure 2. Reliability Testing Based on Composite Reliability

Variables are said to have high reliability if the composite reliability value is above 0,70 Diketahui seluruh nilai CR > 0,7. The reliability test with *Composite Reliability* above can be strengthened by using the *Cronbach's Alpha* value. A variable can be said to be reliable if it has a *Cronbach's Alpha* value > 0.7. The following is the *Cronbach's Alpha* of each variable :

Table 3. Cronbach's Alpha Test Results

	X1	X2	X3	Y
X1	0.686			
X2	0.440	0.701		
X3	-0.143	-0.124	0.926	
Y	-0.264	-0.206	0.817	0.847

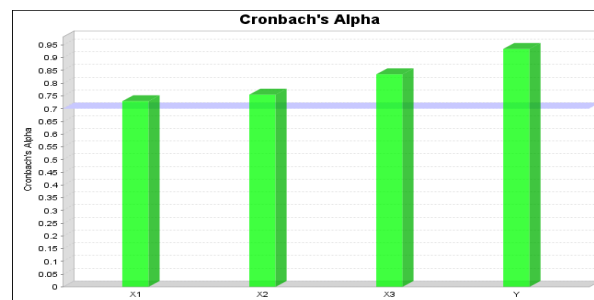


Figure 3. Cronbach's Alpha

The recommended Cronbach's Alpha value is above 0,7. It is known that most of the Cronbach's Alpha values are > 0,7, which means that they have met the reliability requirements based on Cronbach's alpha. Based on the table above, the results of Cronbach's Alpha for each variable show a value > 0.7, meaning that each variable in this study has met the Cronbach's Alpha requirements.

- b. Discriminant Validity dengan pendekatan Fornell-Larcker

Table 4. Fornell-Larcker approach test results

	X1	X2	X3	Y
X1	0.686			
X2	0.440	0.701		
X3	-0.143	-0.124	0.926	
Y	-0.264	-0.206	0.817	0.847

In testing discriminant validity, the AVE square root value of a latent variable is compared with the correlation value between the latent variable and other latent variables. It is known that the AVE square root value of each latent variable is greater than the correlation value between these latent variables and other latent variables. So it is concluded that it has met the requirements of discriminant validity.

c. Significance Testing

To assess the significance of the predictive model in structural model testing, it can be seen from the t-statistical value and P value between independent variables to dependent variables in the Path Coefficient table in SmartPLS output below:

Table 5. T-Statistic and P-Value test results

	STDEV	T Statistics	P Values
X1 -> Y	0.065	1.972	0.049
X2 -> Y	0.063	0.825	0.410
X3 -> Y	0.037	21.230	0.000

Based on the results in the table, the results are obtained:

- X1 , with a *P-Values* of $0.049 < 0.05$, and T statistics value of $1.972 > 1.96$ It is showed significant effect
 - X2 , with a *P-Values* of $0.410 > 0.05$, and T statistics value of $0.825 < 1.96$ It is showed not significant effect
 - X3 , with a *P-Values* of $0.049 < 0.05$, and T statistics value of $21.230 > 1.96$ it is showed significant effect
- d. Coefficient of determination (r-square)

In assessing the structural model with PLS, it starts by looking at the R-square value for each endogenous latent variable as the predictive power of the structural model. Changes in the R-square value can be used to explain the effect of certain exogenous latent variables on endogenous latent variables whether they have a substantive effect. Evaluation of the structural model in SEM with PLS is done by conducting the R-squared (R^2) test and significance test through the estimated path coefficient. Changes in the R-Squares value are used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect. The criteria for R-Square are: (1) if the value (adjusted) = 0.75 → the model is substantial (strong); (2) if the value (adjusted) = 0.50 → the model is moderate (medium); (3) if the value (adjusted) = 0.25 → the model is weak (poor).

Table 6. Coefficient of Determinatio (COD)

	R Square	R Square Adjusted
Y	0.692	0.684

Based on the table 6. COD, It is known that the coefficient of determination for Buying Interest (Y) is 0.692 , which means that X1, X2, and X3 together are able to influence Y by 69.2% with a moderate category, the remaining 30.8% is influenced by other factors.

RESULTS AND DISCUSSIONS

There are two calculation result evaluation of SmartPLS

Namely outer and inner model analysis. Outer model analysis measures the ability of the indicator variables that could reflect the latent variables. Meanwhile, inner analysis model shows the significance of the effect between formed latent variables in the model. After the calculation, the outer model aspect from each tested brand model has matched the standards. From the table shown the summary of outer model evaluation result.

Table 7. Summary of outer model result

No	Criteria	Standard	Result
1	Validity	Valid, if the value > 0.5	All outer model aspects have met the standards, so bootstrapping and inner model analysis can be conducted
2	Construct Reliability	Reliable, if the value > 0.7	
3	Cronbach's Alpha	Reliable, if the value > 0.7	
4	Discriminant Validity	Each indicator has higher correlation with its latent variable than other latent variable, it means that the correlation between indicator and latent variable has well discriminant validity.	

As the novelty result of the research can be defined such as both the product quality and WOM in the tretes porridge had a significant effect on buying interest as the brand mindset that has been built in Binjai since 1965. Many generations believe the quality as the trusted name that is belief. It can be the way to improve the quality by giving the other varians and get the market penetration in social media. The results of price had not a significant effect on buying interest isn't modified with the price but consisting the local pride and to correlate the taste that has been strongly stated since 1965. They like to eat it as the common habit and believe that it is as the legendary porridge in Binjai.

CONCLUSION

Based on the results of research conducted, it can be concluded that Product quality variable has partially a significant effect on buying interest variable (Y) on the traditional product of Tretes Porridge in Binjai because it can mitigate the tremendous obstacles due to the rise of the cultivated the continuous receipt and service to create good production, Price variable has not a significant effect on buying interest variable (Y) on the traditional product of Tretes porridge because the tretes porridge has a legendary porridge culinary that has been famous since 1965 in Binjai, WOM has partially significant effect on buying interest variable (Y) on the traditional product of Bubur Tretes as the common habit and believe that it is as the legendary porridge in Binjai, Among Product quality (X_1), price (X_2), and word of mouth (X_3) variables simultaneously have a significant effect on buying interest variable (Y) on Tretes porridge as the legendary culinary food in Binjai. . The Recommendation is the additional in taste and branding can be improved with social media frequently

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