

The Effect of Product Quality and Price on Buying Interest with Risk as Intervening Variables (Study on Lazada.com Site Users)

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Online purchasing decisions are preceded by the interest in the minds of consumers to make purchases, which are influenced by product quality and price. The research objective was to determine the effects of product quality and price on buying interest with risk as an intervening variable. The type of research used is explanatory research. Samples amounted to 165 respondents with a non-probability sampling method. Data collection was done using a questionnaire from a google form. Data was analysed using statistical methods with multivariate Structural Equation Modelling (SEM) techniques using the AMOS 24 application. The results showed that based on the results of the analysis on the effects of product quality directly on buying interest in Lazada, does not significantly influence the effect of prices and directly has a significant influence on buying interest. It is indicated that prices can influence high consumer buying interest in Lazada. The effect of buying interest directly on risk has a significant effect. Then, the effect of product quality on risk through buying interest has no effect, and the effect of price on risk indirectly through buying interest has a significant effect.

Key words: *Online purchasing decisions, product quality, price, buying interest, risk buying, SEM.*



Introduction

The development of internet technology is so rapid and has become one of the aspects that affects the lifestyles of most people today. The internet is an important part of almost every line of daily activities so it cannot be denied that the internet is able to facilitate the process of work, individual simple activities, and even complex problem solving. In addition, the internet allows users to do various things without knowing the limits of space and time. The description above is in accordance with the definition of the internet. According to Laudon and Traver (2012), the internet is a combination of thousands of networks connected from millions of computers that are able to connect various activities in the fields of business, government, education, and individuals.

The development of e-commerce businesses in Indonesia has changed some consumer behaviour, one of which is the habit of shopping at shopping centers or stores, with people now starting to switch to using online media (Hadiyati, 2016). As long as they are connected to the internet, consumers do not have to go to shopping centers to get the goods or services they want. The many e-commerce companies in Indonesia, as well as the various types of services offered, make consumers more flexible in choosing which online stores they want to visit (Gross, 2014). The large number of ecommerce companies in Indonesia causes intense competition for companies to attract consumers to visit and make purchases through their site. The number of e-commerce companies that have emerged in the past few years also shows that the market in Indonesia has a lot of potential. This is because the people in Indonesia are starting to be interested in using existing e-commerce services.

The phenomenon of e-commerce development that has led to the rise of online stores has emerged, and the availability of heterogeneous marketplaces turns out to be contrary to the tendency of the Indonesian people in online buying and selling activities compared to other internet usage activities. The survey results of the Indonesian Internet Service Providers Association (APJII) in 2016 revealed that the number of internet users in Indonesia reached 132.7 million out of a total population of 256.2 million people. This indicates an increase of 51.8%, compared to the number of internet users in 2014 which only reached 88 million people. The increasing development of internet users has made the e-commerce market in Indonesia a potential gold mine. This is supported by data from the Minister of Communication and Information that found that in 2016, there were 8.7 million consumers of online stores with transaction value reaching US \$ 4.89 billion and projected to continue to increase significantly in the coming year (<https://kominform.go.id>, 2016).

E-commerce is the process of buying and selling products, services and information that is carried out electronically by utilizing computer networks. One of the networks used is the internet (Gross, 2014). The internet has changed the flow of trade in the business world to



become all digital. Today's business mechanisms are built into a networked community. Slowly but surely, internet penetration has changed consumer purchasing behavior in meeting their needs (Kalpana and Shibu, 2016; Shwu-Ing et al., 2014).

Apart from the increasing ease of businesses and consumers making buying and selling relations as a result of technological and information developments, however, there are risks that must be faced especially in terms of trust. Fraud cases have happened a number of times in the online business world, so trust factors become things that individuals are very concerned about. Amron (2018) and Gunawan (2015) in their study found that the perceived risk factors and trust have a strong influence on buying interest, which leads to purchasing decisions made by the consumers.

In order to run well, a business, especially in its marketing aspects, needs to be serious in understanding the factors that can lead to a consumers interest in buying online, especially those related to trust (Lalujan et al., 2016; Rizan et al., 2014). Based on the description, it is necessary to research the role of the perceived risk factors and on consumers' online buying interests. Thus this research can be used as an input for online businesses to better understand their consumers and can be a reference for research that specifically discusses online business marketing, given the small amount of research that addresses this issue in the Indonesian market.

Based on the background, the researcher intends to conduct research on the effect of product quality and price on buying interest, with risk as an intervening variable (Study on Lazada.com site users).

Literature Review

Product quality

According to Kotler and Armstrong (2012), the meaning of product quality is "the product's ability to perform its functions, it includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes," which means the ability of a product in demonstrating its function, it includes the overall durability, reliability, accuracy, ease of operation and repair of products, as well as other product attributes.

Whereas according to Brata et al. (2017) and Djumarno et al. (2018), product quality is a technical composition based on the technical specifications of a product. According to Razak (2016) and Hussin et al. (2013), the compatibility in using a product is if the product has a long lasting use, the product used will improve the image or status of the consumer who uses it, the product is not easily damaged, and there is a guarantee of quality.

Price

Price is the amount of money needed to get a number of combinations of products and services (Amron, 2018). From the consumer's point of view, prices are often used as an indicator of value when the price is related to the perceived benefits of an item or service. Thus it can be concluded that at a certain price level, if the benefits perceived by consumers increase, the value will increase as well (Li, 2013). Often in determining the value of an item or service, consumers compare the ability of an item or service to meet their needs with the ability of goods or substitution services. Amron (2018) suggests that consumers expect prices that are commensurate with the quality of the product from the purchases they make.

Price has two main roles in influencing buying interest, namely the role of allocation and the role of information (Dolgui and Proth, 2017; Hasan, 2018). (a) The role of the allocation of prices; and (b) The role of information from the price. The price of a product or service is the main determinant of market demand that can affect the position of competition. Consumers are very dependent on the time they have to make a decision to make a purchase, while information about the product to be purchased is incomplete. Based on the price set, the consumer also determines the amount purchased based on that price.

Buying interest

Interest in buying is obtained from learning and thought processes that form a perception. This buying interest creates a motivation that continues to be recorded in a person's mind and becomes a very strong desire which in the end when a consumer must fulfill their needs will actualize what is in their mind. According to Harisno and Herby (2018), "consumer interest is how likely consumers are to buy a brand or how likely it is for consumers to move from one brand to another". Jeddi & Zaiem (2010) and Mramba (2015), states that interest is one of the psychological aspects that has a considerable influence on behavioral attitudes. The consumer's assessment of the product depends on their knowledge of the actual function of the product, thus consumers who are interested in making a product purchase are influenced by the information received.

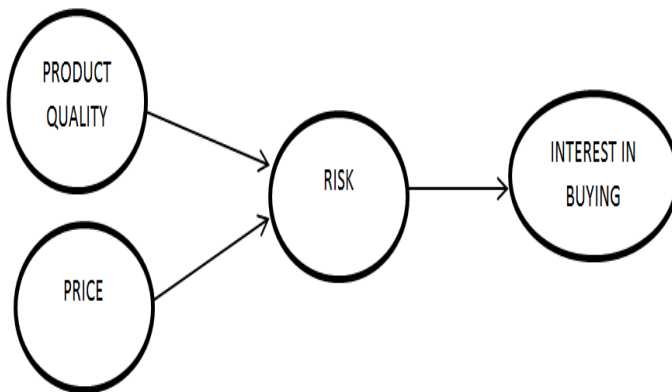
Risk

According to Maziriri and Chuchu (2017), risk is interpreted as the subjective judgment by a person about the possibility of an accident, and how concerned the individual is with the consequences or effects of the event. Whereas according to Dai et al. (2014), perceived risk is defined as uncertainty faced by consumers if they cannot predict the consequences of their purchasing decisions. In this study, the perception of risk is more inclined to consumers who shop online through internet media.

Mamman et al. (2015), describes the dimensions of perceived risk, namely: (i) Performance risk is to reflect uncertainty about whether the product or service will perform as expected. (ii) Financial risk is higher if the victim is spending more money, such as the cost of buying a house. (iii) Physical or risk security is referring to the potential danger of a product or service that might cause harm to the safety of others. (iv) Social risk is what is the potential danger for someone with social status that might arise from purchasing, using and disposing a product. (v) Psychological risk is to reflect consumers' attention regarding the extent to which a product or service is in accordance with their own way. (vi) Time risk reflects uncertainty about the length of time that must be invested in buying, using, or disposing of a product or service.

Framework of Thinking

Figure 1. Framework of Thinking



Research Methods

Types of Research

The type of research used in the study entitled "the influence of product quality and price on Buying Interest through Trust in Lazada," is an explanatory research piece that aims to explain the causal relationships (causes and effects) between variables through hypothesis testing. The research method that will be conducted is quantitative research. According to Bacon-Shone (2013), "Quantitative research methods are used to examine specific populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative / statistical in order to test predetermined hypotheses". This type of research is considered to be in line with the core of this study who wants to know the effect of product quality (X_1) price (X_2) on Risk (Z) through Buying Interest (Y) on Lazada.



Population

According to Bacon-Shone (2013), the population is a generalised area consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then conclusions drawn. The population in this study is e-commerce consumers Shopee.

Samples and Sampling Techniques

The sample is part of the population of Bacon-Shone (2013). The sample consists of a number of selected members of the population. This study uses a non-probability sampling technique. The technique taken from non-probability sampling is purposive sampling. Purposive sampling is sampling taken in accordance with the research objectives set by Bacon-Shone (2013). The criteria for the sample determined are as follows: (a) Respondents have purchased products at Lazada at least three times; and (b) Based in Bandung.

Method of Data Collecting

The data collection method used in this study was in the form of a questionnaire that would be distributed to 200 respondents, and the data collected was from 165 respondents. Distribution of questionnaires was done by sending questionnaires in the form of a google form to chat groups on social media such as line / whatsapp, if the respondent has not been fulfilled the researcher asks help from fellow researchers to spread them to the group or to people who have bought at Lazada 3 times and domiciled in Bandung. This method is done by distributing the research questionnaire to the sample that has been set. This study uses a Likert scale in answering questions on research questionnaires. Likert scale is a measuring instrument used in research to obtain interval data (Cooper & Schindler, 2011).

Data Analysis Method

The method used to analyze the data is a statistical method using the multivariate Structural Equation Modeling (SEM) technique using the AMOS 24 application. SEM is a second generation multivariate analysis technique that allows researchers to examine the relationship between complex variables to obtain a comprehensive picture of a model.

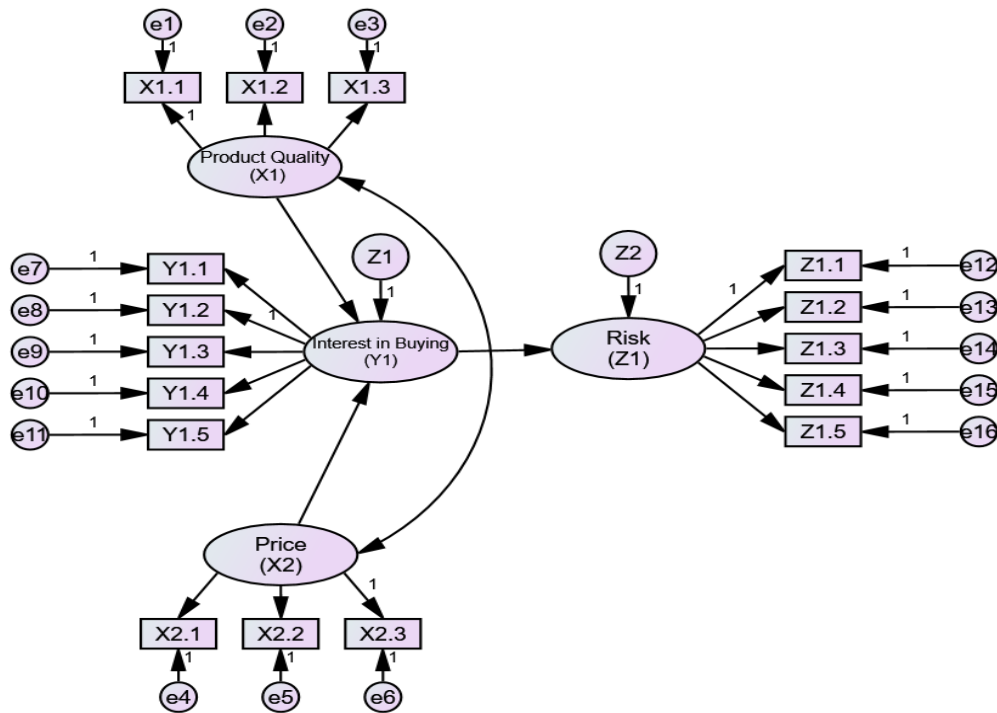
Results and Discussion

Making Path Diagram

After the model, variables and indicators are made, the next process is to create a path diagram using icons that have AMOS tools that are representations of the models, indicators, and variables that have been made before. After a confirmatory analysis is carried out, then a

structural test is carried out on the whole research model, this test is conducted to determine the relationship between latent variables and their indicators. In determining the compatibility test criteria several criteria are commonly used and have standards. If these criteria have not yet obtained a fit model, then modifications are made to produce a fit model. The path diagram in this study can be seen in Figure 1.

Figure 1. Path Diagram (Output IBM SPSS AMOS 24)



Based on the results of Figure 1, the following is a summary of the results of the suitability test for the goodness of fit for the structural model can be seen in Table 1.

Table 1: Goodness of Fit Test Results

Indicator	Standard	Result	Information
CMIN/DF	≤ 2	1.16	<i>Good Fit</i>
GFI	≥ 0.9 (<i>good fit</i>) $0.80 \leq \text{GFI} \leq 0.90$ (<i>marginal fit</i>)	0.80	<i>Marginal Fit</i>
AGFI	≥ 0.9 (<i>good fit</i>) $0.80 \leq \text{AGFI} \leq 0.90$ (<i>marginal fit</i>)	0.73	<i>Marginal Fit</i>
CFI	≥ 0.9 (<i>good fit</i>) $0.80 \leq \text{CFI} \leq 0.90$ (<i>marginal fit</i>)	0.91	<i>Good Fit</i>
TLI	≥ 0.9 (<i>good fit</i>) $0.80 \leq \text{TLI} \leq 0.90$ (<i>marginal fit</i>)	0.87	<i>Marginal Fit</i>
RMSEA	≤ 0.08 (<i>good fit</i>)	0.04	<i>Good Fit</i>

Source: Output of IBM SPSS AMOS 24

Based on Table 1, the model compatibility test shows that the model is good, because the values of CMIN / DF and RMSEA meet the predetermined requirements. Even though there are test variables below the cut of value, namely GFI, AGFI, and TLI, the marginal fit level is acceptable, but this model is still acceptable because the range of values is still close to the cut of value. According to Zeng et al. (2015), if two or more of the entire GOF used have shown a good fit, the model can be said to be good.

Relationship Analysis between Constructs

Testing is done by comparing the value of the *t*-count, namely the value of critical Result (*CR*), with the value of *t* table of 1.974 and comparing the value of *p* (probability) with a significance value of 0.05. If the *CR* value is smaller than 1.974 and the resulting *p*-value is greater than 0.05 then H_0 is accepted. However, if the *CR* value is greater than 1.974 and the resulting *p* value is smaller than 0.05 then H_0 is rejected. The *CR* and *p*-values can be seen in Table 2 below:

Table 2: Regression Weights

			Estimate	S.E.	C.R.	P	Information
Interest in Buying (<i>Y</i>)	<---	Product Quality (<i>X₁</i>)	0.086	0.087	0.987	0.323	Not Significant
Interest in Buying (<i>Y</i>)	<---	Price (<i>X₂</i>)	0.498	0.091	5.496	0.000	Significant
Risk (<i>Z</i>)	<---	Interest in Buying (<i>Y</i>)	1.226	0.122	10.060	0.000	Significant

Source: Output of IBM SPSS AMOS 24

Based on Table 2, it shows that product quality has no significant effect on buying interest, then prices significantly influence buying interest, and buying interest has a significant effect on risk.

Table 3. Indirect Effects

	Price (<i>X₂</i>)	Product Quality (<i>X₁</i>)	Interest in Buying (<i>Y</i>)	Risk (<i>Z</i>)
Interest in Buying (<i>Y</i>)	0.000	0.000	0.000	0.000
Risk (<i>Z</i>)	0.611	0.106	0.000	0.000

Source: Output of IBM SPSS AMOS 24

Based on Table 3, it shows that the magnitude of the indirect effect of prices on risk is 0.611 or 61.1%. Then the effect of product quality on risk indirectly is 0.106 or 10.6%.

Table 4: Standardized Direct Effects

	Price (X_2)	Product Quality (X_1)	Interest in Buying (Y)	Risk (Z)
Interest in Buying (Y)	0.812	0.129	0.000	0.000
Risk (Z)	0.000	0.000	0.903	0.000

Source: Output of IBM SPSS AMOS 24

Based on Table 4, it can be seen that the direct effect of buying interest on risk is 0.903 or 90.3%.

Discussion

- Effect of Product Quality on Buying Interests.

The Product Quality CR value (X_1) to the Purchase Interest (Y) is 0.987, which means it is smaller than the t table value which is 1.974. This shows that Product Quality (X_1) does not directly affect the Purchase Interest (Y). In contrast to research conducted by Rizki (2013), it shows that product quality influences consumer buying interest. This indicates that product quality is very important for increasing buying interest in Lazada. Aside from seeing prices, consumers also see the quality of their products.

- Price Influence on Buying Interests.

The value of CR Price (X_2) to the Purchase Interest (Z) is 5.496 which means that it is greater than the value of the t table which is 1.974. This shows that Price (X_2) has a direct effect on Buying Interest (Y). This research is in line with the results of research conducted by Brata et al. (2017), which proves that prices have a positive or significant influence on buying interest, where high buying interest can be formed by the price offered by service providers or products.

Significant influence of prices on consumer buying interest shows that any increase in prices will result in increased consumer decisions to make purchases at Lazada. Thus, to increase consumer buying interest, it is very necessary to pay attention to the factor of increasing prices.

- The Influence of Interest in Buying Risk.

The value of CR Purchase Interest (Y) to Risk (Z) is 10.060, which means it is greater than the value of t table, namely 1.974. This shows that Buying Interest (Y) directly influences Risk (Z).

It can be assumed that when the risk is perceived by respondents as high, it will cause low buying interest, and vice versa. Low risk perceptions will make someone not feel afraid when



making online purchases and selling transactions through social media. So that in the future they will make transactions through social media.

- Effect of Product Quality on Risk through Buying Interests.

The CR value of Product Quality (X_1) to Risk (Z) is 0.9524, which means it is smaller than the value of t table which is 1.974. This shows that Product Quality (X_1) does not have an indirect effect on Risk (Z) through Buying Interests (Y).

- Effect of Price on Risk through Buying Interests.

The value of CR Price (X_2) to Risk (Z) is 4.849 which means that it is greater than the value of the t table which is 1.974. This shows that Price (X_2) has an indirect effect on Risk (Z) through Buying Interest (Y).

Conclusion

Based on the analysis of the effect of product quality directly on buying interest in Lazada, it is not expected that Lazada can continue to improve product quality, and provide the quality that is expected by its customers. The effect of prices directly has a significant influence on buying interest, and it is indicated that prices can influence the consumers buying interest in Lazada. The effects of buying interest directly on risk has a significant effect so that consumers feel the benefits and feel comfortable when using the Lazada site and Lazada parties must prioritize security as one of the big risks in e-commerce because it will greatly affect the buying interest that customers have. Then the effect of product quality on risk through buying interest has no effect, because it will not always give a large value to risk. The effect of price on risk indirectly through buying interest has a significant effect, because price is one of the main things that will be seen by prospective consumers, whether the price will be in accordance with the quality of the product provided.



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