Analysis of the Effect of Perceived Product Quality on Retail Purchase Intention: The Mediating Role of Consumer Trust and Price Sensitivity Moderation

Yoga Religia¹, Yussi Ramawati², Muhamad Syahwildan³

Abstract—Small informal retailers play a crucial role in the local economy, with consumer purchase intentions being the backbone of their sustainability. The purpose of this research is to explore the relationship between perceived product quality, consumer trust, and price sensitivity to purchase intention among small retailers. This research data was obtained from Mendeley data in the form of subsistence retail consumer data consisting of 281 respondents. The analysis was carried out using SmartPLS because it can be used as a measuring tool in SEM analysis more easily, quickly and efficiently. The test results show that perceived product quality has a significant positive effect on purchase intention. Positively perceived product quality makes a strong impression on consumers, increasing their trust in the retailer. However, low consumer confidence in retailers can result in decreased purchase intentions due to uncertainty and doubts about the quality of the products or services offered. In addition, price sensitivity also moderates the relationship between perceived product quality and purchase intention. This research provides insight into the interrelationships between perceived product quality, consumer trust, price sensitivity, and purchase intention in the context of informal small retailers, which can enrich marketing theories related to consumer behavior and purchasing decisions.

Index Terms—Perceived product quality, consumer trust, price sensitivity, purchase intention.

I. INTRODUCTION

Many recent studies have paid great attention to how companies, especially in the retail sector, pursue marketing strategy goals [1], given the significant influence the retail industry has on consumer behavior in almost every society [2]. Retail business in Indonesia is becoming a rapidly growing informal industry sector [3]. Today, however, most communities often only have access to small, informal retailers through supplementation from subsistence farms or through traditional markets [4], [5]. Some retailers in Indonesia try to package the products they sell with their own packaging and brand or private label [6]. Understanding consumer purchase intention at informal small retailers is important, but research on this is still very limited.

In relation to retail product purchase intention, perceived product quality has a significant influence on consumer purchase intention [7], [8]. The perceived quality product is also a key marketing strategy and can play an important role in explaining any change in consumer buying behavior [9]. Although many studies consider perceived product quality very important in building purchase intention, but Kitburin and Methavasaraphak [10] found that perceived product quality had the lowest influence on purchase intention. In fact, some studies have found that perceived product quality does not affect consumer purchase intentions [11], [12]. This is a research gap that needs to be solved.

Based on the previous paragraph, it can be seen that there are two research gaps to be discussed, namely: 1) There is still limited research that discusses the purchase intention of retail products among informal small retailers. 2) There are differences in previous research findings on the influence of perceived product quality on purchase intention.

According to Gil and Jacob [13], perceived product quality does not directly affect purchase intention, but leads to trust first and then influences purchase intention. Some studies have found that perceived product quality can affect consumer trust which in turn consumers will decide to make a purchase [14], [15]. Other studies say price sensitivity can also affect consumer purchase intentions [16], [17]. When product prices are high, consumers have a low perception of product quality and purchase intention [18]. According to ref. [16], price sensitivity
can significantly affect perceived product quality in shaping consumer purchase intention.

Based on the previous discussion, this study aims to discuss the role of perceived product quality in shaping retail purchase intentions with consumer trust as mediation and price sensitivity as moderation.

II. RELATED WORK AND HYPOTHESIS

This section will discuss related work on purchase intention, perceived product quality, consumer trust, and price sensitivity in hypothesis development. This section will also present the Research Model.

A. Purchase Intention

The retail industry in Indonesia has entered the global retailing era [19]. Consumer purchase intention is a very important factor in influencing consumer decisions to choose a particular retailer [20]. Purchase intention is a measure of a customer’s future contribution to a brand that reflects the actual purchase made [21]. Understanding the needs and processes of consumer purchasing decisions helps marketers in identifying stimuli that trigger consumer interest and devising appropriate marketing strategies [22]. By paying attention to consumer purchase intentions, the retail industry can develop more effective marketing strategies and increase customer satisfaction.

B. Perceived Product Quality

Perceived product quality is a perception or judgment formed by consumers regarding the quality of a product based on experience, information, or attributes that can be observed or perceived. Perceived product quality is critical in designing business strategies to form superior market share and customer retention [23]. The perceived product quality can be measured from the overall quality of the products sold well and the quality of good production [17, 24]. Several previous studies have found that perceived product quality has a significant effect on consumer purchase intention [7, 8]. Based on previous literature, we hypothesize:

H1 : The perceived quality product has a significant positive effect on purchase intention.

H2 : The perceived quality product has a significant positive effect on Consumer trust.

C. Consumer Trust

Trust is at the core of social exchange, not least in consumer behavior [25]. According to Susanto et al. [26], trust can build consumer usage intentions by considering the quality of services provided. Consumer trust can be seen from merchants who always meet expectations, are reliable, trustworthy, consistent with good service, attractive offers, and help save customer time [17, 27]. Some studies have found that consumer trust can be influenced by perceived product quality, in addition to consumer trust can build purchase intention [13]. Some studies have found that Consumer trust can act as a mediator between perceived product quality and purchase intention [14], [15]. The study would hypothesize:

H3 : Consumer trust has a significant positive effect on purchase intention.

D. Price Sensitivity

The amount of price fluctuations of a product that affect customer buying behavior is referred to as price sensitivity [28]. Price sensitivity can be seen from the willingness of consumers to continue buying even though prices rise, consumers' willingness to pay higher, and consumers' willingness not to move to other merchants [17, 29]. Some research suggests that price sensitivity can influence consumer purchase intention [16], [17]. According to Rana and Paul [18], consumers will have a low perception of product quality and purchase intention when the price of the product to be purchased is considered high. It is still very important to examine price sensitivity as a moderation variable to explore consumer insights into how it moderates the relationship between purchase intention and its determinants [30]. Wang, et al. [16] found that price sensitivity significantly affects perceived product quality in shaping consumer purchase intention. Based on these reasons, it will be hypothesized:

H5 : Price sensitivity has a significant positive effect on purchase intention.

H6 : Perceived product quality moderated by price sensitivity negatively significantly affects purchase intention.

III. RESEARCH METHOD

This research is a quantitative study to see what factors influence consumer purchase intentions in retail products. The data used in this study was taken from Mendeley Data in the form of Subsistence Retail Consumer data collected with a self-managed questionnaire from a sample of 281 consumers [31]. Data analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach using SmartPLS 3.0 tools. The PLS-SEM approach was chosen because it has the ability to overcome the problem of multicollinearity, which is a state when explanatory variables (independent variables) are closely interrelated. PLS can reduce the correlation between these variables and produce a more
stable estimation of regression coefficients, thus avoiding bias in the analysis results [32].

Based on Fig. 2 it can be seen the stages of this research. This study was started by identifying research gaps and research objectives, then carried out the preparation of hypotheses based on related literature. After the hypothesis has been compiled, secondary data collection is carried out from Mendeley Data. Finally, analysis of research data was carried out.

IV. RESULT

This section will discuss the results of the characteristics of the respondents, validity and reliability testing, the influence between research variables, discussion, and research implications.

A. Characteristics of Respondents

Respondent frequency analysis is important because it provides insight into the distribution of characteristics and preferences of the population under study, which can help illustrate relevant patterns and trends in survey data [33].

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>Loading</th>
<th>AVE</th>
<th>CA</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Product Quality (PQ)</td>
<td>Good overall product quality (PQ1)</td>
<td>0.899</td>
<td>0.782</td>
<td>0.861</td>
<td>0.915</td>
</tr>
<tr>
<td>Good quality of producer department (PQ2)</td>
<td>0.895</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good store quality (PQ3)</td>
<td>0.859</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer trust (CT)</td>
<td>The store meets expectations (CT1)</td>
<td>0.829</td>
<td>0.709</td>
<td>0.898</td>
<td>0.924</td>
</tr>
<tr>
<td>Reliable store (CT2)</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The store can always be trusted (CT3)</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store consistent good quality service (CT4)</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value for money (CT5)</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price Sensitivity (PS)</td>
<td>Store products have good value for money (PS1)</td>
<td>0.832</td>
<td>0.682</td>
<td>0.769</td>
<td>0.866</td>
</tr>
<tr>
<td>Store products have affordable prices (PS2)</td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The products offered allow for more savings (PS3)</td>
<td>0.810</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase intention (PI)</td>
<td>Intend to buy (PI1)</td>
<td>0.969</td>
<td>0.940</td>
<td>0.979</td>
<td>0.984</td>
</tr>
<tr>
<td>Want to repeat the experience (PI2)</td>
<td>0.976</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will buy in the future (PI3)</td>
<td>0.952</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommend purchases to others (PI4)</td>
<td>0.981</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: AVE = Average Variance Extracted; CA = Cronbach Alpha; CR = Composite Reliability

The characteristics of respondents to this study are seen from four categories, namely gender, age, education level, and frequency of shopping. Based on existing data, it is known that the distribution of consumers who purchase retail products is quite balanced between men and women. Based on age, most retail consumers are those aged 23 to 28 years, but in other age ranges the distribution is quite even. Based on education level, most retail consumers of small informal retailers are those with a basic education. Finally, when viewed from the frequency of shopping, it can be seen that most consumers shop for retail products only 1 to 3 times a week. Based on education level and shopping frequency, it can be seen that most retail consumers from informal small retailers are low-income residents. Check in Table 1.

B. Validity and Reliability

Validity and reliability tests are very important to do because they can provide empirical evidence about the extent to which measuring instruments or research instruments can measure accurately and consistently the variables studied [34].

The validity test of this study will be seen from the convergent validity based on the loading value on each item, and the discriminant validity which will be seen from the AVE (Average Variance Extracted) value. Tebel 2 shows that all items used in this study have been convergently valid with the loading value for all items has been greater than 0.500. Hair [35] explains that the value of the loading factor that is considered good for convergent validity is at least 0.500 or higher.

Based on testing, it is also known that the AVE value generated from each variable has been greater than 0.500 so it can be said that all variables in this study have been...
discriminantly valid. Fornell and Larcker [36] convey that the AVE value that can be considered discriminantly valid should be above 0.500. This result shows that all variables measured are able to explain the variation of the items associated with them. Table 2 also shows the Cronbach alpha and composite reliability values of each variable. It is known that all variables used in this study have cronbach alpha and composite reliability values greater than 0.700. This shows that all variables used are reliable [37], so that it can produce consistent and reliable results in measuring the variables studied.

C. Influence Between Variables

Based on the results of the relationship test between variables, it is known that the perceived product quality has a significant positive effect on purchase intention ($\beta_{PPQ->PI} = 0.462; \ P = 0.000$), so H1 is acceptable. The perceived product quality also has a significant positive effect on Consumer trust ($\beta_{PPQ->CT} = 0.747; \ P = 0.000$), it can be said that H2 is also accepted. Consumer trust is known to have a significant negative effect on purchase intention ($\beta_{CT->PI} = -0.162; \ P = 0.032$), so H3 is rejected.

<table>
<thead>
<tr>
<th>Relationships</th>
<th>$\beta$</th>
<th>M</th>
<th>St.Dev</th>
<th>T-Stat</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPQ $\rightarrow$ PI</td>
<td>0.462</td>
<td>0.457</td>
<td>0.065</td>
<td>7.154</td>
<td>$0.000^*$</td>
</tr>
<tr>
<td>PPQ $\rightarrow$ CT</td>
<td>0.747</td>
<td>0.746</td>
<td>0.029</td>
<td>25.939</td>
<td>$0.000^*$</td>
</tr>
<tr>
<td>CT $\rightarrow$ PI</td>
<td>-0.162</td>
<td>-0.155</td>
<td>0.087</td>
<td>1.858</td>
<td>$0.032^*$</td>
</tr>
<tr>
<td>PPQ $\rightarrow$ CT $\rightarrow$ PI</td>
<td>-0.121</td>
<td>-0.115</td>
<td>0.066</td>
<td>1.841</td>
<td>$0.033^*$</td>
</tr>
<tr>
<td>PS $\rightarrow$ PI</td>
<td>0.436</td>
<td>0.438</td>
<td>0.064</td>
<td>6.773</td>
<td>$0.000^*$</td>
</tr>
<tr>
<td>PPQ*PS $\rightarrow$ PI</td>
<td>0.001</td>
<td>0.001</td>
<td>0.047</td>
<td>0.029</td>
<td>0.489</td>
</tr>
</tbody>
</table>

Note: $\beta$ = Original Sample; M = Mean; St.Dev = Standard Deviation; T-Stat = T-Statistic; *) = Significant $p < 0.001$; **) = Significant $p < 0.050$; n = not significant

Perceived product quality mediated by Consumer trust had a significant negative effect on purchase intention ($\beta_{PPQ->CT->PI} = -0.121; \ P = 0.033$), so H4 is also rejected. Price sensitivity is known to have a significant influence on purchase intention ($\beta_{PS->PI} = 0.436; \ P = 0.000$), it can be said that H5 is accepted. Finally, perceived product quality moderated by price sensitivity turned out to have a significant positive effect on purchase intention ($\beta_{PPQ->PI} = 0.462; \ P = 0.000$), so H6 is rejected.

D. Discussion

Small informal retailers play a crucial role in the local economy, and purchase intention from consumers is the backbone of their sustainability. With strong intentions from customers, small retailers can continue to operate, create jobs, and strengthen social networks in surrounding communities. Supporting small retailers with conscious purchase intention is an important step to strengthen local economies and promote social inclusivity [22].

This study found that perceived product quality had a significant positive effect on purchase intention. Positively perceived product quality gives consumers a strong and impressive impression, increasing their trust in the brand or retailer. Guaranteed product quality makes consumers feel that they are getting value for money, thus increasing their satisfaction with the purchase. This result is in accordance with several studies that state that perceived product quality has a significant influence on consumer purchase intentions [7], [8].

It is known that the perceived quality product has a significant positive effect on Consumer trust. The perceived quality product positively reflects the accuracy and suitability of the product to the expectations and needs of consumers, thereby increasing their confidence in the retailer. When consumers feel that the products they buy are of high quality, they tend to feel more confident and satisfied with their purchasing decisions. Consumer trust in product quality also helps reduce the uncertainty and risk they may experience when shopping [14], [15].

The study found that Consumer trust had a significant negative effect on purchase intention. Low consumer trust in retailers can result in a decrease in purchase intention, as they feel doubtful and unsure of the quality of the products or services offered. Consumer mistrust can also affect their perception of the integrity and honesty of the company, reducing motivation to shop at the venue. Consumers who feel distrustful also tend to look for other alternatives that are considered more reliable and trustworthy [38], [39]. As a result, low consumer trust can negatively impact business growth and long-term customer loyalty.

The perceived quality product has a direct influence on Consumer trust. However, when perceived product quality is considered low, Consumer trust in retailers becomes negatively affected. Such weak trust then mediates its effect on purchase intention, as consumers tend to be reluctant or hesitant to buy products from retailers deemed less reliable. As a result, the study showed that perceived product quality mediated by Consumer trust had a significant negative influence on purchase intention. This result differs from several previous studies that suggest that perceived product quality mediated by Consumer trust has a significant positive effect on purchase intention [14], [15].

The study found that price sensitivity had a significant positive effect on purchase intention. Price sensitivity reflects the extent to which consumers respond to changes in the price of a product or service. A high level of price sensitivity means consumers are very sensitive to price changes and can have a positive effect on purchase intention. When prices are lowered or discounted, price-sensitive consumers tend to be more likely to buy those products, because they feel they are getting better value [17, 29]. High price sensitivity can also encourage consumers to look for the best deals, which can increase purchase frequency and help drive higher sales for retailers.

This research shows that perceived product quality has a significant positive influence on purchase intention when moderated by price sensitivity. That is, price-sensitive consumers tend to give a higher assessment of product quality if the price of the product is in line with their expectations. When the price is considered reasonable or in accordance with the perceived value of the product, consumers are more likely to have a strong purchase intention. Understanding the relationship between product quality, price sensitivity, and purchase intention can help retailers or manufacturers to optimize pricing strategies and increase consumer interest in buying their products. These results contradict the findings

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This research is inseparable from limitations. Limitations of the study include a lack of variation or generalization of the data because the study only focused on informal small retailers in specific locations. This research also lacks depth in exploring other aspects that influence purchase intention due to the limitations of secondary data used. Finally, the research methods used, such as survey methods or data analysis used do not include more in-depth contextual factors.

E. Practical and Theoretical Implications

The practical implication of the study is that informal small retailers should strive to increase Consumer trust in the products or services offered. Improving perceived product quality and presenting prices that are sensitive to consumer preferences can be strategies to increase purchase intention. Retailers also need to understand consumer preferences and create a positive shopping experience to strengthen consumer trust and purchase intention.

The theoretical implication of this study is that there is a relationship between product quality, Consumer trust, price sensitivity, and purchase intention in the context of informal small retailers. These findings may support and complement broader marketing theories related to consumer behavior and purchasing decisions. In addition, the study highlights the importance of considering price sensitivity factors in identifying the influence of product quality and Consumer trust on purchase intention.

V. CONCLUSION

Small informal retailers play an important role in the local economy, and purchase intention from consumers is a key factor in the sustainability of their business. The perceived quality product has a significant positive influence on purchase intention, as it can increase Consumer trust in the brand or retailer. However, low consumer trust in retailers can lead to a decrease in purchase intention due to uncertainty and doubt as to the quality of the products or services offered. The results of this study highlight the importance of increasing Consumer trust by ensuring good product quality and price sensitivity that matches their expectations. In practical terms, the study emphasizes that small retailers need to understand consumer preferences, create a positive shopping experience, and optimize pricing strategies to increase purchase intention. Theoretically, this study provides insight into the interrelationships between product quality, Consumer trust, price sensitivity, and purchase intention in the context of informal small retailers, which can support and complement marketing theories about consumer behavior and purchasing decisions.

Based on the limitations of existing research, future research is expected to expand understanding of purchase intention in informal small retailers by conducting multilocation studies involving retailers from different regions.

In addition, future research is expected to consider other contextual factors such as consumer preferences, socioeconomic characteristics, or environmental impact in analyzing the relationship between product quality, price sensitivity, Consumer trust, and purchase intention.

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