



The Influence of Innovation and Product Quality on Consumer Purchasing Decisions (Survey of Toyota Avanza Car Consumers in Padang City)

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Abstract: This research aims to determine the relationship between product innovation variables, product quality and purchasing decisions. The current research aims to find out whether product innovation and product quality influence purchasing decisions. Based on these objectives, the type of research carried out is hypothesis testing. This research uses quantitative methods. This analysis aims to determine the differences between the independent variables and the dependent variable. The analytical tools used in this research are Excel software and the Statistical Program for Social Science (SPSS 25.0) to determine differences between variables and obtain percentages and frequencies of respondent data. From the results of research 1. there is a positive and significant influence between Product Innovation on Purchasing Decisions for Toyota Avanza Car consumers. 2. There is a positive and significant influence of product quality on purchasing decisions for Toyota Avanza car consumers.

Keywords: Innovation, Product Quality, Consumer Purchasing Decisions .

INTRODUCTION

In the current era of globalization, many developments in the business world are taking place in the Indonesian market. One of them is in the automotive sector, which is increasingly demanding that every company compete with each other in attracting consumers. With this, increasingly competitive competition and consumers becoming more critical in choosing and deciding to purchase a product will require companies to be able to offer new products that are much better than those offered by similar companies. This requires business actors to implement good marketing strategies in order to attract consumers to shop at the company. The broadest definition clearly explains the meaning of marketing put forward by William J. Stanto as an overall system of business activities aimed at planning, setting prices, promoting

and distributing goods or services that can satisfy the needs of both existing buyers and consumers. potential buyers.

By implementing a clear marketing strategy, it will make it easier for the company to develop in today's business world. Changes and developments in the global economy continue to move in a very short time. The development of increasingly sophisticated technology has become a challenge for business people and encourages business people to be able to master technology. Apart from that, business people must be able to adapt to consumers because in marketing activities consumers play an important role, which means purchasing decisions are in the hands of consumers. Consumer decisions in using products are identical to purchasing decisions.

A purchasing decision is a process of action carried out by consumers to make a decision to purchase a product or service. By going through the stages of problem recognition, information search, alternative evaluation, purchasing decisions, and post-purchase behavior (Kotler, 2008: 184). With the variety of consumer demands, entrepreneurs are competing to gain sympathy and loyalty from potential customers. If consumers have decided to become customers, they can be sure that they will return to buy products produced by that company (Habibah and Sumiati, 2016).

In recent years, many companies have realized the importance of protecting consumers for the continuation of their business. One of the main keys to retaining consumers is to create product innovation. Hills (2008) defines innovation as an idea, practice, or object that is perceived as something new for the individual or relevant unit being adopted. Product innovation will create various designs, thereby increasing alternative choices, increasing the benefits or value received by customers, which will ultimately improve product quality in accordance with customer expectations (Prajogo & Sohal, 2003). Companies can carry out various innovations by creating various product designs and adding value to an item.

Apart from carrying out product innovation, companies must also pay attention to the quality of the products they produce, because product quality can influence how to win the competition. According to Kotler & Armstrong (2005), product quality is closely related to the product's ability to carry out its function, including the overall product, reliability, accuracy, ease of operation and repair, and other improvement attributes. Product quality can be measured using yield, appearance, reliability, and suitability. Consumers tend to prefer companies that produce interesting and innovative products and features. Companies must really understand what consumers need for the products they produce. The quality of the company's products must be maintained properly, because the better the product quality in a product, the more interested customers will be in buying and even repeat buying the product. This can be a company strategy in maintaining competitive advantage.

Indonesia has various industries in the automotive sector, especially four-wheeled vehicles (cars). According to data from the Association of Indonesian Automotive Industries (GAIKINDO), in 2019 car sales in Indonesia reached 1,026,921 units, a decrease of 10.81% from 2018 sales which reached 1,151,413 units. In this data, the 5 companies with the highest sales are companies such as Toyota, Daihatsu, Honda, Mitsubishi and Suzuki. These 5 companies will create very tight competition to obtain higher sales. The highest car sales were obtained by the Toyota company with sales reaching 331,797 units in 2019 and followed by Daihatsu and Honda in second and third positions with sales reaching 177,284 and 137,339 units respectively in the same year. This makes the Toyota company the top or ruler of the car market in Indonesia.

The company with the name Toyota Motor Corporation (TMC) (Toyota Jidōsha kabushiki-gaisha), is a car manufacturer from Japan, headquartered in Toyota, Aichi. Currently, Toyota is the largest car manufacturer in the world. Toyota Motor Corporation was founded in September 1933 as the automobile division of the Toyoda Automatic Weaving

Factory. Initially the Toyota company was a textile industry called Toyoda Automatic Loom Works, Ltd. which was founded by Sakichi Toyoda in November 1926. Four years of waiting were deemed enough to give birth to their own automotive company and break away from their textile industry. Then in 1937 they inaugurated the automotive division and used the name Toyota, not Toyoda like the name of the textile industry.

As the Toyota company develops, the company will enter the global market. One of the strategies carried out by Toyota is to open a branch in Indonesia. In Indonesia itself, Toyota uses the name PT Toyota-Astra Motor which was inaugurated on April 12 1971 . TAM's initial role was only as an importer of Toyota vehicles, but a year later it was functioning as a distributor. On the official Toyota website, PT Toyota-Astra Motor is a merger of three companies, including: PT Multi Astra (assembly factory, founded in 1973), PT Toyota Mobilindo (factory body components , founded in 1976), and PT Toyota Engine Indonesia (factory machine , founded in 1982). This merger was carried out to unite steps and efficiency in responding to demands for quality and facing intense competition in the automotive world. PT. Toyota-Astra Motor has played an important role in the development of the automotive industry in Indonesia as well as opening up job opportunities, including in its supporting industries.

The first Toyota car produced by Toyota Astra Motor / Toyota Indonesia was the Toyota Kijang car. The name Kijang is an abbreviation of Indonesia-Japan Cooperation and coincidentally, deer are agile animals in accordance with the goals and design concept of the Toyota Kijang itself. In 1977 the Toyota Kijang was created with the concept of a commercial vehicle model, then over time with extensive research it was transformed into a Minibus (MPV) vehicle because Toyota Indonesia saw the character of Indonesian society which places great importance on family.

By using the minibus (MVP) concept and seeing the huge opportunities, the Toyota company can dominate marketing in Indonesia. Every product released by Toyota will sell well in Indonesia. This makes Toyota's sales top of car sales in Indonesia. However, in the following years, the Toyota company experienced a decline in sales starting in 2013. This decline was due to the increasing number of car companies starting to enter Indonesia, plus the many choices for consumers in choosing and deciding on a purchase as well as consumer tastes changing according to the times. This makes the automotive industry competitive. With this, Toyota must innovate its products and improve product quality so that consumers decide to purchase from the Toyota company.

If product innovation can run well, it will automatically improve product quality. Improving product quality will attract consumers to return to interest in the products produced by Toyota. The quality of the products offered by the Toyota company will be seen by consumers as added value to the product. With this, product creativity can be done by providing the latest design for a product. Currently, the decline in Toyota sales is due to the creative spirit possessed by entrepreneurs gradually decreasing, because entrepreneurs feel that there is nothing that needs to be updated and improved. Everything is considered enough. In today's global world which is full of competition and rapidly developing, creativity is not only an important source for creating a competitive advantage, but also a necessary source for developing business resilience. This creativity should be based on an advanced way of thinking, full of new ideas that are different from products that have been on the market so far.

Based on this phenomenon, researchers are interested in conducting research on purchasing decisions for Toyota Avanza car products with the title "The Influence of Innovation and Product Quality on Consumer Purchasing Decisions (Survey of Toyota Avanza Car Consumers in Padang City). This research refers to research conducted by Nindia Alliyasa, Nina Maharani and Septiana Estri (2018) entitled The Influence of Product Quality

on Purchasing Decisions on Ozone Perfume Fragrace. The contribution to this research is adding the product innovation variable. The reason for choosing the product innovation variable refers to previous research conducted by Andri Tri Setiawan, Achmad Fauzi DH and Brillyanes Sanawiri (2018) stating that product innovation is something that absolutely must be done so that the company is able to survive in the face of competition which is getting tougher day by day to attract customers. consumers in making purchasing decisions.

METHODS

This research uses quantitative methods. Quantitative research can be calculated in quantity using statistical models and research whose specifications are systematic, planned and clearly structured from the beginning until the creation of the research design (Sugiyono, 2004). Quantitative research is used to get the right answer in hypothesis testing (Sekaran, 2011). The type of investigation used in this research is a correlational study, where the researcher wants to find important variables related to the problem or related to variables (Sekaran, 2011).

This research aims to determine the relationship between product innovation variables, product quality and purchasing decisions. The current research aims to find out whether product innovation and product quality influence purchasing decisions. Based on these objectives, the type of research carried out is hypothesis testing. Hypothesis testing explains the nature of certain relationships, determines differences between groups, or the freedom (independence) of two or factors in a situation (Sekaran, 2011).

The type of research used is explanatory research. According to (Sugiyono, 2014) the explanatory research method is a research method that explains the position of the variables being studied and the influence between one variable and another variable. Based on this type, this type of research is included in associative research. Associative research is research that aims to determine the relationship between or more variables.

This data analysis aims to determine the differences between the independent variables and the dependent variable. The analytical tools used in this research are Excel software and the Statistical Program for Social Science (SPSS 25.0) to determine differences between variables and obtain percentages and frequencies of respondent data.

RESULTS AND DISCUSSION

Based on the statistical test results obtained, the variables product innovation, product quality as independent variables and Purchase Decision as the dependent variable show the influence of each variable and describe the results of the research hypothesis as follows:

Table 1. Hypothesis Testing Results

Hypothesis	Research result	Information
H1: It is suspected that there is an influence of product innovation on purchasing decisions for Toyota Avanza car consumers	Product innovation has a significant influence on purchasing decisions for Toyota Avanza consumers	H1: accepted
H2: It is suspected that there is an influence of product quality on purchasing decisions for Toyota Avanza car consumers	Product quality has a significant influence on consumer purchasing decisions Toyota Avanza car	H2: accepted

Source: Processing Results with SPSS 25.0

The Influence of Product Innovation on Purchasing Decisions

From the hypothesis testing in this research, the Product Innovation variable has a significant effect on Purchasing Decisions where it is known that the significance value of Product Innovation has a calculated t value of 4.077 which is the size of the t table of 1.98027

with a significance of 0.000 which means it is smaller than 0.05 so This hypothesis is accepted. This means that product innovation has a significant influence on purchasing decisions. This means that Toyota Avanza car consumers consider the product innovation factor in purchasing decisions.

This is in line with the results of research from Dery Bagus Candra Ardiantika and Asminah Rachmi (2017) entitled the influence of product innovation and brand image on purchasing decisions at Olivia Cake and Bakery Mojokerto. By looking at the t test table, it can be seen that partial hypothesis testing using the t test states that the Product Innovation variable (X1) partially has a positive and significant effect on Purchasing Decisions (Y). This can be seen from the calculated t value of 5.657 which is greater than the t table with a value of 1.986 and the significance level is smaller than 0.05, namely 0.000.

In research conducted by Elprida Silalahi (2020) regarding the influence of product innovation on purchasing decisions for Oppo Smartphone products. The results of the research state that product innovation has an influence on purchasing decisions. This can be seen in the t test which states that it has a calculated t value $>$ t table ($9.417 > 1.984$) and sig $0.000 < 0.050$. And research conducted by Amelia Almira and JE Sutanto (2018) regarding the influence of product innovation on purchasing decisions for Maison Nob. The results of the research state that product innovation has a significant influence on purchasing decisions at Maison Nob. This can be seen in the t test which states that it has a calculated t value $>$ t table with a sig value of $0.000 < 0.05$.

Based on the distribution analysis of the Product Innovation variable, the indicator regarding the ability to demonstrate excellence has an average of 3.442. This indicator is below the overall average, namely 3.699. So the Toyota Avanza should pay more attention to product advantages over other brands. Then the indicator regarding the advantages of an innovation in the Toyota Avanza car also has an average below the overall average, namely 3.483. So it is hoped that the Toyota company itself will increase the advantages of innovation that will be applied to its products so that consumers can experience the latest innovations from the Toyota Avanza Car. And also indicators regarding experience and the need for innovation are at an average value of 3.642, it is hoped that Toyota company management will carry out an analysis first before implementing the latest innovations on the Toyota Avanza car .

The Influence of Product Quality on Purchasing Decisions

From hypothesis testing in this research, it shows that the influence of Product Quality on Purchasing Decisions for Toyota Avanza Car consumers is positive and significant, which is known to have a calculated t value of $2.763 >$ from t table 1.98027 and a significance value of Product Quality of 0.007 which means more smaller than 0.05 so this hypothesis is accepted. This shows that product quality has a positive and significant influence on purchasing decisions for Toyota Avanza car consumers. The main factor that product quality has a positive and significant influence on purchasing decisions is the statement that the design of the Toyota Avanza car really attracts consumers' attention.

This is in line with research from Nandia Allysa, Nina Maharani and Sepriana Estri (2018) entitled The Influence of Product Quality on Purchase Decisions for Ozom Fragrance Fragrance. The results of this research state that the relationship between product quality and consumer purchasing decisions has a strong relationship, aimed at R Square = 0.890, meaning that variable Y can be explained by the product quality variable by 89%, which is obtained from $0.8902 \times 100\%$. The magnitude of the influence of product quality on consumer purchasing decisions is 89%, while the remaining 11% is influenced by other variables not examined in this research, such as service quality, promotions, prices, etc.

In the panel research conducted by Nurmin Arianto and Giovanni (2020) regarding the influence of product quality on Batik purchasing decisions. The results of the research state that product quality has a positive and significant effect on purchasing decisions seen from the results of hypothesis testing $t_{count} > t_{table}$ ($10.457 > 1.661$) and $sig < 0.1$ ($0.000 < 0.1$). And research conducted by Reva Maria Valianti and Raina Damayanti (2016) regarding the influence of product quality on purchasing decisions for Mitsubishi cars. The results of the research state that product quality has a positive influence on purchasing decisions for Mitsubishi cars. This can be seen from the results of the analysis using the t test, which shows that the product quality regression coefficient has a positive slope of 0.225, with a significant value of 0.027 which is smaller than alpha 0.05.

Based on the analysis of the distribution of product quality variables, the indicator regarding failure has an average of 3.642. This indicator is below the overall average, namely 3.821. So the Toyota Avanza needs to pay more attention to failures in production. Then, the indicator regarding the style or design of the Toyota Avanza also has an average below the overall level, namely 3.692. So it is hoped that the Toyota company itself will increase the advantages of the pattern or design that will be applied to its products so that consumers can feel the quality of the Toyota Avanza car. And also the indicator regarding the special features of the product's shape is at an average value of 3.758. This is expected for Toyota company management to update the shape of the Toyota Avanza car to make it more attractive to consumers.

CONCLUSION

This research aims to determine the influence of Product Innovation on purchasing decisions and the influence of Product Quality on purchasing decisions for Toyota Avanza Car consumers. Based on the testing and analysis that has been carried out, several conclusions can be drawn as follows:

1. There is a positive and significant influence between Product Innovation on Purchasing Decisions for Toyota Avanza Car consumers. This shows that the increasing product innovation of the Toyota Avanza car, the higher the purchasing decision for the Toyota Avanza car.
2. There is a positive and significant influence of product quality on purchasing decisions for Toyota Avanza car consumers. This shows that the better the quality of the Toyota Avanza car product, the higher the purchasing decision for the Toyota Avanza car.

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