



The Influence of Price, Quality, and Business Location on Fruit Buying Interest

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Abstract

Understanding the factors influencing consumer buying interest is necessary to attract and retain new customers. Consumers consider several factors before buying, such as price, quality, and business location. This research aims to examine the influence of price, quality, and business location partially and simultaneously on consumer buying interest from fruit traders in Badung Market. The sample was obtained using the accidental sampling method with 45 respondents. The data analysis technique is Partial Least-Structural Equation Modelling with SmartPLS4. The results conclude that price, quality, and business location significantly affect consumer buying interest. Quality and Business Location are known to influence substantially consumer buying interest, while the price variable does not significantly affect consumer buying interest.

Keywords: Buying interest, fruit traders

A. Introduction

UMKM has a massive role in the Indonesian economy. Apart from being the backbone of the national economy, UMKM also provides employment opportunities for the majority of the workforce in Indonesia. According to the data from the United Nations Conference on Trade and Development (UNCTAD) on the ASEAN Investment Report (2022), it shows that the growth of UMKM in Indonesia will reach 65.46 million UMKM in 2022, contributing 60.3% to GDP and absorbing 97% of the workforce in Indonesia. It is known that around 48.85% of them are engaged in the agriculture, livestock, forestry, and fisheries sectors. The classification of UMKM included in the agricultural sector includes businesses that utilize biological objects or goods from nature for their business (Sarwono, 2015). One of the UMKM actors operating in this sector is fruit traders in the market.

Every business activity wants maximum profits. The same goes for fruit traders at Badung Market. Badung Market is the largest traditional market in Denpasar City and has been around since the royal era. The location of Badung Market is very strategic. It is located in the Gajah Mada Heritage area, making this market accessible and busy with visitors who want to buy their daily necessities and tourists who want to buy handicrafts as souvenirs. From its inception, Badung Market has become the economic lifeblood of small traders and providers of basic needs, and it still exists today (Wijayanthi & Satam, 2022). Badung Market offers a variety of people's needs, one of which is fruit. Fresh fruit is quite popular with consumers in Bali Province. Besides being a daily consumption for the community, fruit is used in Hindu prayer activities, which is the majority religion in Bali Province (Sari & Kartika, 2019). The large number of tourists, restaurants, and hotels in this province also influences the need for fruit in Bali Province.

The existence of Badung Market to fulfil the needs of the people in Denpasar City is starting to shift due to the emergence of modern markets. The changing social situation threatens traditional markets, where urban residents generally have careers, so they do not have much time to shop at traditional markets. The spread of modern markets, which offer a wider variety of commodities, discounted prices, comfort, and ease of access, has made urban communities turn away from traditional markets to modern markets. Consumer buying interest has a crucial role in the success of the fruit trader's business at Badung Market. Understanding the factors influencing consumer buying interest will help merchants develop more effective strategies for retaining and attracting new customers.

Research conducted by Setena (2022) shows that the product's price influences consumer buying interest. Likewise, with product quality, it was found that there was a positive and significant effect between product quality and consumer buying interest. It shows that consumers consider the price and quality of a product before making a buying decision. On the other hand, the impact of location on consumer buying interest is very diverse. Research by Juwita (2020) shows that location has a positive influence on consumer buying interest. A strategic and good location planning can increase consumer interest in making purchases. Overall, previous research shows that aspects of price, quality, and location significantly impact consumer buying interest. Based on that, researchers are interested in analyzing the price, quality, and business location influence on consumer buying interest from fruit traders in the Badung market.

A. Methodology

Population and Research Sample

This research was conducted at Badung Market in the Heritage Gajah Mada area, Denpasar City, from December 2023 to March 2024. The research location was chosen deliberately (*purposive*) considering that Badung Market is the largest market in Bali Province and has existed since the kingdom era. Hence, its existence is closely linked to community trading activities, especially in Denpasar City.

In this research, the population is all consumers who purchase fruit from fruit traders at Badung Market. The sample used in this research is anyone who meets by chance, is deemed suitable based on previously established criteria (*accidental sampling*), and is at least 17 years old. The sample size was determined using the Hair formula (2021), where the minimum sample size is 5-10 times the number of indicators. Thus, the sample size for this research is $5 \times 9 = 45$ respondents.

Data Analysis Techniques

The data used in this research is both quantitative and qualitative. The quantitative data used is the tabulation of questionnaires that have been answered by respondents. Meanwhile, the qualitative data used is a literature of the Badung market and observation results. The data collecting method used in this research is a survey using questionnaires, observation, and documentation. The questionnaire data using a Likert Scale and processing data with Partial Least Squares-Structural Equation Modelling (PLS-SEM) using SmartPLS4.

According to Hair (2021), PLS-SEM Analysis is divided into two evaluation stages: the measurement model (outer model) and the structural model (inner model). The measurement model is divided into convergent validity, discriminant validity, and reliability. The structural model has a Q-square test, R-square test, F-square test, path coefficient through the bootstrapping process, and simultaneous test.

Path coefficient is used to determine partially the significant effect of price, quality, and business location on consumers' buying interest. The simultaneous test determines the magnitude of the influence exerted simultaneously. In the path coefficient test, conclusions are drawn based on the significance value if the value is $\text{sig.} < 0.05$, then there is an influence of the

exogenous variable on the endogen variable (Hair et al., 2021). In the simultaneous test, conclusions are drawn based on the F-calculate value if the F-calculate value > F-table, then there is an influence of the exogen variable on the endogen variable simultaneously.

B. Findings and Discussion

Measurement Model (Outer Model)

The evaluation analysis outer model measures the relationship between latent constructs and their indicators. The standard loading value of the reflective indicator must be more than 0.5; if it does not meet the required value, the indicator will be removed from the measurement model. The outer model is tested using two main tests: validity and reliability, which are measured using the PLS Algorithm. Table 1 below shows the loading factor value after processing data with the PLS Algorithm.

Table 1. Loading Factor Value

No	Variable	Indicators	Loading Factor
1.	Price (X1)	X1.1	0.666
		X1.2	0.834
		X1.3	0.819
		X1.4	0.761
2.	Quality (X2)	X2.1	0.744
		X2.2	0.734
		X2.3	0.820
		X2.4	0.792
		X2.5	0.811
		X2.6	0.795
		X2.7	0.759
		X2.8	0.707
3.	Business Location (X3)	X3.1	0.698
		X3.2	0.727
		X3.3	0.832
		X3.4	0.796
4.	Buying interest (Y)	Y.1	0.829
		Y.2	0.895
		Y.3	0.902
		Y.4	0.888
		Y.5	0.600
		Y.6	0.745

Source: Processed primary data (2024)

Table 1 shows that the indicators used to measure the construct variables in this research already reflect the measurement of the variables or are completely valid. The magnitude of the loading factor values of each indicator shows that they have a value greater than 0.60 (Ghozali, 2016).

Table 2. Heterotrait–monotrait ratio value

	X1	X2	X3	Y
X1				
X2	0,800			
X3	0,431	0,400		
Y	0,692	0,695	0,701	

Source: Processed primary data (2024)

According to Hair (2021), evaluation discriminant validity is more recommended using the heterotrait–monotrait ratio (HTMT) because it has a better level of sensitivity and accuracy than the fornell lacker and cross-loading. Table 4.7 shows that the HTMT value of all indicators in this study is ≤ 0.90 , so all the indicators used are valid.

Table 3. Cronbach’s alpha and Composite reliability value

Variable	Cronbach's alpha	Composite reliability
Price (X1)	0.776	0.855
Quality (X2)	0.902	0.921
Business Location (X3)	0.769	0.849
Buying Interest (Y)	0.896	0.922

Source: Processed primary data (2024)

Table 3 shows that each item or indicator used to measure buying interest is consistent or reliable with the overall value of Cronbach’s alpha and Composite reliability > 0.70 . Thus, all measurement items or indicators used in this research have met the validity and reliability test requirements for using the data in significance or hypothesis testing.

Structural Model (Inner Model)

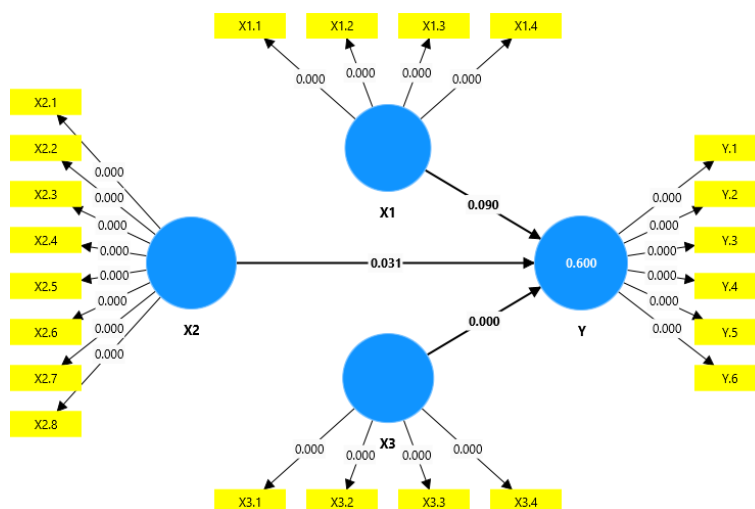


Figure 1. The result of PLS Bootstrapping

The evaluation inner model is used to see the relationship or causality between latent variables and each other per the previously formulated hypothesis. Evaluation of the inner model is done through a process of Bootstrapping, with the type of test used in this research consisting of the R-square (R^2), Q-square (Q^2), F-square (F^2), path coefficient, and simultaneous tests.

Table 4. Q-square and R-square value

	Q^2 predict	R-square (R^2)
Buying Interest (Y)	0.481	0,600

Source: Processed primary data (2024)

Based on the calculation results in Table 4, the Q-square value is more than 0 ($0,481 > 0$). It showed that price, quality, and business location have good predictive relevance. Therefore, every change in price, quality, and business location can predict the consumer’s buying interest. The level of prediction accuracy obtained in the Q test was categorized as medium to high (Hair *et al.*, 2021). The R-square (R^2) value that can be seen in Table 4 obtained of 0.600. The value of the R-square shows that the price, quality, and business location can explain 60% of the variability of the construct of the factors that affect consumer buying interest from fruit traders

at Badung Market. While 40 per cent are explained by other constructs that are not examined in this research.

Table 5. F-square test output

	f-square	Description
Price (X1)	0.086	low
Quality (X2)	0.110	moderate
Business Location (X3)	0.374	high

Source: Processed primary data (2024)

According to Hair (2019), test results are classified into three categories, namely low (0.02), moderate (0.15), and high (0.35). According to Table 6, it is known that a high substantive influence occurs in the business location variable on buying interest with the F^2 value of 0.374. The quality variable has a moderate substantive influence on buying interest, with an F^2 value of 0.110. Meanwhile, low substantive influence occurs in the relationship between the price variable and buying interest with the F^2 value of 0.086.

Based on the R-square value in Table 4, while this research has 3 exogenous variables (k) and 45 respondents (n), the calculation of simultaneous tests is below.

$$\begin{aligned}
 &= \frac{R^2(n - k - 1)}{(1 - R^2)k} \\
 &= \frac{0,6^2(45 - 3 - 1)}{(1 - 0,6^2)3} \\
 &= \frac{14,76}{1,92} = 7,69 \\
 &= F_{\alpha} (k; n - k - 1) \\
 &= F_{0,05} (3; 45 - 3 - 1) \\
 &= F_{0,05} (3; 41) \\
 &= 2,83
 \end{aligned}$$

The result shows that the F-calculate value obtained is 7.69 times bigger than the F-table value (2.83). It can be concluded that simultaneously, the price, quality, and business location influence consumer buying interest from fruit traders at Badung Market.

Table 6. Path Coefficients output

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Price -> Buying Interest	0.258	0.267	0.152	1.695	0.090
Quality -> Buying Interest	0.298	0.287	0.138	2.152	0.031
Business Location -> Buying Interest	0.418	0.432	0.120	3.492	0.000

Source: Processed primary data (2024)

From the statistical results in Table 4, known that the price variable does not significantly influence consumer buying interest at fruit traders in Badung Market, where the p-value obtained is $0.090 > 0.05$. Most respondents are regulars who often buy fruit at Badung Market, so when making a purchase, the prices offered by sellers tend to be the same as in other places. Based on

price fairness theory, consumers assess that the price set by the seller is reasonable compared to the prices of other parties based on the benefits obtained so that it is acceptable or justified. Thus, the personal relationship between sellers and buyers not only influences consumer behaviour in purchasing (buying interest) but also supports the price fairness theory by strengthening consumers' perceptions of the value provided in transactions. Meanwhile, the p-value obtained for the other variables shows the opposite result, where the p-value obtained for the Quality variable is $0.030 < 0.05$, and the Business Location variable value obtained is $0.000 < 0.05$. So it can be concluded that partially, the Quality (X2) and Business Location (X3) significantly affect the consumer buying interest from fruit traders at Badung Market (Y).

C. Conclusion

Partial statistical test results show that quality and business location significantly and positively influence consumer buying interest. In contrast, the price variable does not significantly affect consumer buying interest. The results of statistical tests showed that price, quality, and business location simultaneously have a significant and positive influence on consumer buying interest from fruit traders at Badung Market.

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