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The Influence of Product Attributes and Price Perceptions on Aqua Purchasing Decisions in East Surabaya

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ABSTRACT

This study investigates the impact of product features and pricing perceptions on purchasing decisions for Aqua in East Surabaya. The study was performed on Aqua consumers in the area, with a sample of 96 respondents chosen through a purposive sampling method. Data collection was conducted using an online questionnaire disseminated through Google Forms. The results indicate that product characteristics significantly impact consumer buying choices. Elements such as packaging design, product quality, and brand reputation substantially influence consumer preferences in the selection of Aqua. Moreover, price perception exerts a substantial and important influence on purchasing decisions. Consumers typically evaluate price equity, affordability, and perceived worth when making decisions. The research emphasizes that product features and pricing perceptions influence Aqua's purchasing decisions in East Surabaya. These findings offer significant insights for organizations in the bottled water sector to refine their marketing strategies by prioritizing enhancements in product qualities and refining pricing methods to meet customer expectations.

Keywords: Price Perception, Product Attributes, Purchase Decision.

INTRODUCTION

Water is fundamental for people; therefore, access to clean and safe drinking water is essential. The satisfaction of daily water requirements can be achieved through different sources, including bottled drinking water (AMDK), currently a convenient option for the Indonesian populace. According to data from the Central Statistics Agency (BPS), Surabaya has the most excellent bottled water consumption in East Java, with a percentage of 92.89%. This percentage significantly surpasses the average AMDK consumption in East Java, which is 33.58%. Furthermore, the sales of bottled water in Indonesia have escalated significantly. According to data from the Association of Indonesian Bottled Drinking Water Companies (Aspadin), the national demand for bottled water consistently rises yearly.

The growing public awareness of the importance of consuming clean and safe water has led to the emergence of more and more bottled water companies in Indonesia. One of them is Aqua which continues to show its dominance as a brand leader. Aqua is an AMDK brand produced by PT Aqua Golden Mississippi in Indonesia since 1973. Since its inception, Aqua has been a pioneer in the bottled water industry in Indonesia and has won consumer trust with its guaranteed water quality and refreshing taste. This can be seen from its position in the top brand index which has always occupied the number one position from 2015 to the present. (Dai, Yuan, Yuan, Zhou & Zhang, 2022; Hossain, Nielsen & Islam, 2024; Kusumah & Permana, 2023)

Despite its status as a market leader, Aqua faced criticism from multiple stakeholders regarding the polycarbonate content in its gallon packaging. Polycarbonate is a plastic substance characterized by a translucent layer that can attain a thickness of 5 cm. This synthetic substance is produced from bisphenol-A (BPA) and phosgene (carbonyl dichloride/ COCl_2). Using polycarbonate for mineral water packaging poses health risks due to the migration of hazardous substances, particularly bisphenol-A (BPA), which can interfere with estrogen hormone function, damage ovarian chromosomes, and diminish sperm count. Moreover, BPA may also induce diseases such as diabetes and chronic renal problems.

The Indonesian government has set the threshold for BPA compounds released from gallons at no more than 0.6 ppm. But this figure is still quite high when compared to European countries. The European Food Safety Authority (EFSA) sets the limit of BPA compounds released at less than 0.05 ppm. Meanwhile, the daily intake of BPA that can be tolerated by the human body is much lower, which is less than 0.0002 micrograms/kg body weight per day. This means that the content in gallon packaging still exceeds the limit that can be tolerated by the body.

The reason Aqua uses polycarbonate is because it adapts to the geographical conditions in Indonesia so that it can ensure Aqua's purity is maintained during distribution to consumers and is safe to protect the water inside from damage. Aqua also claims that the use of polycarbonate packaging has been allowed by BPOM and related authorities in accordance with the rules as safe packaging for bottled water products. However, Indonesians are still concerned about the impact of using polycarbonate packaging. Thus,

many consumers feel disappointed and assume that the quality of Aqua products decreases. (Budhathoki, Campbell, Belton, Newton, Li, Zhang & Little, 2022; Rahayu, Rahman, Manik, Arisandy & Sidharta, 2023; Lawley, Birch & Dean, 2021)

Additionally, price perceptions significantly affect consumers' product selection decisions. The price is the value consumers exchange for the advantages of utilizing a product, which the supplier establishes through negotiation or uniformly fixed for all purchasers. (Alatas, Karyatun & Digdowiseiso, 2023; Juhana, 2023; Nurcholidah & Sulaeman, 2021)

From the price factor, Aqua is classified as a more expensive bottled water brand compared to other brands. This is because Aqua focuses on maintaining product quality and consistency, meaning that Aqua has high standards in every stage of production, from processing to packaging. Despite this, Aqua has managed to gain consumer trust with its quality. Consumers are willing to spend more money to buy Aqua compared to other brands. This is proven by Aqua's position which always occupies number 1 in the top brand index.

Marketing management includes the strategic selection of target markets and the processes of gaining, retaining, and expanding the customer base through creating, delivering, and communicating exceptional customer value. Marketing management is an extensive framework of commercial operations aimed at strategizing, pricing, and distributing products, services, and concepts efficiently to satisfy the target market's requirements and attain organizational objectives. (Mahmud, 2021; Onozaka, Honkanen & Altintzoglou, 2023)

Product attributes encompass the characteristics of a product or service, including its benefits. They are characteristics of products deemed significant by consumers and serve as a basis for purchasing decisions. Attributes encompass features, quality, design, and price, distinguishing the company's products from its competitors. Indicators of product characteristics include product quality, product features, product style, and product design. (Wibowo & Teguh Santoso, 2024; Saktiawan & Harsono, 2021; Xu, Wu, Budhathoki, Fang, Zhang & Wang, 2024)

Price perception refers to the consumer's evaluation of a product that fails to align with their expectations. A favorable price perception can stimulate customer purchasing interest; hence, when consumers believe a product's price aligns with its value, they are more inclined to buy. A lousy pricing perception might induce uncertainty and postpone purchasing decisions. There are four indications of price perception: price affordability, the correlation of price with quality, price competitiveness, and the relationship of price with benefits. (Yuliantie, 2021; Meng, Wang, Florkowski & Yang, 2023; Irfan, Halik & Panjaitan, 2022)

The purchasing decision is an element of buyer behavior, encompassing the analysis of people, groups, or organizations regarding the selection, acquisition, utilization, and perception of a product, idea, or experience designed to satisfy the wants and expectations of buyers. According to P, there are four markers of purchase decisions. Specifically, the assurance in a product, the tendency to acquire things, the act of endorsing to others, and the behavior of making further purchases.

METHOD

This study used a quantitative methodology to analyze the impact of product characteristics and pricing perceptions on Aqua purchasing choices in East Surabaya. The research employs both primary and secondary data to guarantee thorough analysis. Primary data were gathered directly from respondents via a structured questionnaire, whilst secondary data were sourced from pertinent literature, prior studies, and official publications concerning consumer behavior and purchase decisions. The study population comprises Aqua consumers in the East Surabaya region, with a sample size of 96 respondents selected through purposive sampling.

The data-gathering technique was executed using an online questionnaire disseminated through Google Forms to Aqua consumers in East Surabaya. The questionnaire comprised multiple sections to assess respondents' impressions of product features, price perceptions, and purchasing decisions. Participants were obligated to respond to each inquiry utilizing a Likert scale to measure their perspectives and inclinations. The gathered data were further processed and analyzed employing suitable statistical methods.

This study used a descriptive analysis method to examine the respondents' demographic features and their replies to each research variable. The study utilizes the component-based SEM (Structural Equation Modeling) approach, employing PLS (Partial Least Squares) as the analytical instrument. PLS is selected for its efficacy in analyzing intricate interactions among variables and its ability to manage tiny sample sizes proficiently. This method facilitates the evaluation of direct effects on product qualities, pricing perceptions, and purchasing decisions.

The research technique guarantees validity and reliability using multiple statistical tests, such as construct validity, discriminant validity, and reliability assessment utilizing Cronbach's alpha. This analysis will enhance comprehension of the elements affecting consumer purchasing decisions for Aqua in East Surabaya. This study's results are anticipated to offer significant insights for organizations in the bottled water sector, allowing them to optimize their marketing strategies and strengthen their competitive edge in the market.

RESULTS AND DISCUSSION

This study employs the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method for analysis, as illustrated in the picture. This model assesses the correlation between latent variables, precisely Product Attributes and Price Perceptions, and their impact on Purchasing Decisions regarding Aqua items in East Surabaya.

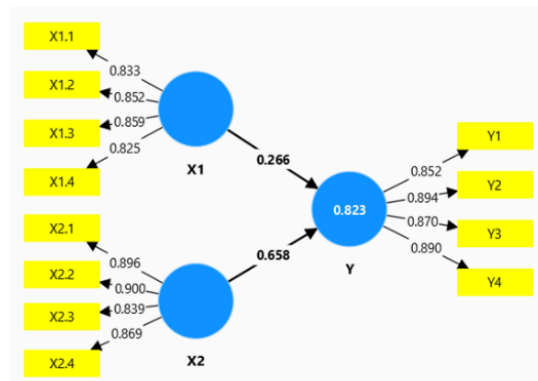


Figure 1. Inner Model

The diagram illustrates a structural model comprising two independent variables (exogenous latent variables), X1 and X2, and one dependent variable (endogenous latent variable), Y. The indicators for each variable are displayed in the yellow box, with outside loading values indicating the contribution of each indicator to its construct. The Product Attributes variable (X1) is assessed by four indicators (X1.1 to X1.4), exhibiting outer loading values between 0.825 and 0.859. This condition indicates that all indicators significantly contribute to the X1 construct. The Aqua product, as the subject of investigation, possesses features such as water quality, packaging, flavor, and brand confidence. The elevated loading factor signifies that clients prioritize these elements significantly before purchasing. The Price Perceptions variable (X2) comprises four indicators (X2.1 to X2.4), exhibiting outer loading values between 0.839 and 0.900. This condition indicates that Aqua's pricing relative to other brands, consumer perceptions of price affordability, and the alignment of price with quality offered are significant determinants in purchase decisions. A higher value of this component correlates with a more significant influence on purchasing decisions. The dependent variable Y has four indicators (Y1 to Y4), with outer loadings between 0.852 and 0.894. This result signifies that multiple factors, including buying habits, brand allegiance, product accessibility, and personal preferences, shape Aqua's shopping decisions.

The analysis indicates that Product Attributes (X1) positively correlate with Purchasing Decisions (Y), evidenced by a path coefficient of 0.266. Despite the beneficial influence, its value is comparatively lower than that of the Price Perceptions variable (X2). Aqua product qualities affect purchasing decisions, albeit somewhat less than price perception. The path coefficient between X2 and Y is 0.658, signifying that price perception exerts a more substantial impact on purchasing decisions than product features. This result suggests that people in East Surabaya prioritize price over product attributes while purchasing Aqua. This result may result from consumers' purchasing power and competitive pricing among competing mineral water brands. The R-squared value for variable Y is 0.823. Thus, 82.3% of the variation in Aqua purchasing decisions is attributable to product features and price

perception. The residual 17.7% may be affected by additional factors such as promotion, distribution, or individual preferences excluded from the model.

The study's results demonstrate that product attributes exert a favorable and significant influence on purchasing decisions. This result suggests enhanced product attributes are associated with elevated consumer buying choices. Consumers frequently assess product quality during purchasing decisions, correlating positive features with high quality. The descriptive study of product attribute variables indicates that product style is the most significant determinant. This result suggests that consumers prefer the product's visual aspects; thus, Aqua must continually refine its packaging to retain product purity and augment its aesthetic allure.

The research findings indicate that the price perception variable positively and significantly influences purchasing decisions. This influence demonstrates a correlation between pricing perception and purchasing decisions. A more favorable price perception correlates with an increased likelihood of purchase. The completed descriptive analysis indicates that the most influential factor is the correlation between price and quality. This result indicates that buyers generally perceive higher-priced things as superior quality. Consequently, numerous people are prepared to invest additional funds for superior quality.

This research yields various strategic implications. Considering that price perception significantly impacts purchase decisions, Aqua may adopt a more competitive pricing strategy than its rivals. This result can be achieved by providing promotional pricing or discounts on specific values. While the impact of product features is less significant than price perception, there is still a chance to enhance Aqua's market value through product innovation, such as improved packaging, diverse flavor options, or advanced water filtration technologies. Aqua might implement a more assertive marketing plan to enhance its brand positioning and bolster client loyalty. This result can be achieved through educational initiatives highlighting the advantages of premium mineral water and expanding distribution across diverse marketing channels. Recognizing that consumers in East Surabaya prioritize pricing, Aqua can formulate a targeted market segmentation strategy, such as providing product variants at more economical costs for the lower middle group or using bundling packages to enhance purchase volume. This study indicates that price perception is more influential than product features regarding Aqua purchases in East Surabaya. A marketing strategy that concurrently highlights price advantages and product benefits may be more effective in enhancing consumer purchasing decisions.

CONCLUSION

Research findings indicate that product features and price perceptions substantially affect purchasing decisions for Aqua in East Surabaya. Consumers are more likely to buy products that satisfy their quality standards and provide competitive prices. This condition signifies that Aqua must meticulously oversee product presentation and pricing strategy to sustain and improve its market position. Product characteristics, including packaging, branding,

and general aesthetics, are essential in capturing consumer attention. Aqua should enhance its allure by prioritizing product aesthetics, ensuring the packaging is visually captivating, and preserving its utilitarian advantages. Moreover, the development of sustainable packaging must be prioritized. This condition entails utilizing biodegradable or recyclable materials while ensuring a secure seal to safeguard product integrity and deter counterfeiting. These enhancements will bolster consumer trust and loyalty, securing Aqua's status as a preferred option in the bottled water sector.

Alongside product features, price perception is a crucial determinant affecting customer purchasing behavior. Consumers typically pursue premium products at competitive prices, necessitating Aqua synchronizing its pricing approach with consumer expectations. A balance must be established wherein the perceived worth of the product substantiates the price, guaranteeing affordability while preserving quality. Implementing competitive pricing methods, including promotional discounts, bundling, or loyalty programs, could attract price-sensitive consumers and enhance Aqua's market supremacy.

Aqua must uphold a robust brand image to influence purchasing decisions by emphasizing product quality and pricing appeal. By persistently innovating in packaging and maintaining price competitiveness, Aqua can adeptly fulfill consumer needs and uphold its dominance in the bottled water industry in East Surabaya. These initiatives will enhance consumer pleasure and cultivate enduring brand loyalty, ensuring continuous corporate success.

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