

The Influence of Customer Testimonials and Product Quality on Purchasing Decisions in MSMEs in Pancasila Field, Palopo City

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Abstract

Keywords: *Testimonials, Product Quality, Purchase Decisions*

This study aims to analyze the influence of customer testimonials and product quality on purchasing decisions of Micro, Small, and Medium Enterprises (MSMEs) in the Pancasila Field area, Palopo City. This study uses a quantitative approach with a purposive sampling method. The sample consists of 100 respondents who are consumers of various MSMEs in the area. Data collection was carried out by distributing questionnaires, while the data analysis technique used the help of SPSS version 26 software. The independent variables in this study are customer testimonials and product quality, while the dependent variable is purchasing decisions. The results of the analysis show that both customer testimonials and product quality have a positive and significant effect partially on purchasing decisions. In addition, simultaneously, both variables also have a significant effect on increasing purchasing decisions. These findings indicate that customer experience-based marketing strategies and improving product quality can be key factors in driving consumer decisions to purchase. Therefore, MSMEs are advised to pay more attention to product quality and utilize customer testimonials as an effective promotional tool.

INTRODUCTION

In Indonesia, the growth of small and medium enterprises (SMEs) is very important and profitable for the country because it has the ability to create jobs, be creative and drive the country's economic growth. With the increasing number of entrepreneurs, there will be competition in the marketing field that will affect the success of the business, so that businesses need leaders who are able to handle the competition that arises (Quran ul Uyun., 2024).

Testimonials are suggestions, so it's a good idea for customers to tell you how long they've been using the online retailer, why they do so, and how they plan to use it. This will help emphasize that the service and offerings are satisfactory. Word of mouth marketing is a testimonial. Testimonials are essential to building customer trust in a product and enticing them to buy. (Quran ul Uyun., 2024).

For MSMEs, the testimonial system is very important to help promote and make their services accessible to many people. Therefore, a system that stores testimonials is built on the internet. Because of the construction of this system, it is expected to add value to current services in MSMEs and make customers more interested in using their services. This system will later store all comments or evidence from customers. Customer comments are visible (Alim Tajri., 2019).

Product quality is the features and characteristics of a product that bear on its ability to satisfy stated or implied requirements. (Hidayat, 2022). Product quality is a collection of properties and characteristics that indicate how well the quality and characteristics meet customer needs or whether the product meets their desired requirements. When customers feel that the goods or services are needed, they may decide to buy the goods or services. To attract customers, unique items are the perfect choice (Pertiwi et al., 2023).

Product quality meets the needs and expectations of prospective buyers when deciding to buy something, so MSMEs must continue to work hard to improve and create new innovations when prospective buyers decide to buy something. Thus, MSMEs must prepare high-value product quality. (Aghistni, 2022).

Buyer choice is often a complex process involving many decisions. After all, a decision is a choice between two or more behavioral or action options. In essence, marketers often say they are choosing between specific things, such as goods, brands or stores, but they are actually choosing between related behaviors. (Nurmalasari, 2021). Several factors influence purchasing decisions; these include product quality, price, location, and efforts to encourage small and medium enterprises (SMEs). (Sofiah et al., 2023).

In the process of selecting a product or brand to be purchased, consumers sometimes face problems due to the types and brands of products that are familiar or even nearly similar. In addition to the problem of product similarity, the quality and quantity of the product are certainly different, Customers seek information about a particular product or brand after they understand their problem and assess how well each alternative can solve their problem. This process is how they make their purchasing decisions. (Pratiwi et al., 2021). In order to improve purchasing decisions, MSMEs are expected to be able to observe current technological advances. By utilizing this technology, MSMEs can market their products. The goal is for customers to know the goods being marketed so that they can influence their decision to buy. (Mustapa et al., 2022).

Testimonial appeal can manifest as written comments, ratings, or reviews displayed on e-commerce product pages, thus product testimonials increase consumer value by offering comprehensive and unbiased information about the product before purchase. Product testimonials offer valuable information about the quality, usability, benefits, and drawbacks of a product that may not be apparent from the seller's official description. Product testimonials play a significant role in influencing consumer impressions of a product and brand in the e-commerce space. Consumers generally trust testimonials from other consumers more than formal marketing statements from merchants. Positive experiences can increase consumer trust and confidence in a product, increasing the likelihood of making a purchase. On the other hand, negative testimonials can serve as a warning for consumers to re-evaluate their purchasing choices. (Ryan & Muhammad Rizqi, 2024).

On the other hand, product quality remains a fundamental factor in maintaining customer loyalty. Good product quality not only reflects the value of the product itself, but also becomes an indicator of the reliability and credibility of MSMEs. Customers tend to choose products that meet their expectations in terms of taste, design, and durability, especially in the culinary sector which relies heavily on taste. (Pertiwi et al., 2023).

Purchasing decisions are a complex process and are influenced by various factors such as quality, price, location and promotion. (Sofiah et al., 2023). Consumers are now more selective, especially when faced with many similar product choices on the market. In this condition, testimonials from other customers are often an important consideration because they are considered more objective than official advertisements. (Ryan & Muhammad Rizqi, 2024). However, in other studies, product quality, price, place and trust have a positive but insignificant effect on online purchasing decisions, while promotion has a significant positive impact on online purchasing decisions (Muslimah et al., 2020). In addition, other research shows that influencer marketing, online customer reviews and content marketing have a direct positive relationship with purchasing decisions for a product on Instagram media (Herman et al., 2023).

Seeing this phenomenon, MSMEs need to take advantage of advances in information technology optimally. A digital system that allows the storage and display of customer testimonials can increase consumer confidence in the products offered. In addition, consistent product quality that is relevant to market needs is the main attraction in increasing purchasing decisions.

This research will focus on culinary MSMEs in the Pancasila Field area, Palopo City, where the number of MSMEs as of 2024 was recorded at 14,804 units. This area was chosen because it has a variety of culinary products with high competition, so customer testimonials and product quality are important variables that influence purchasing decisions. Based on this background, the author raised the research title: "The Influence of Customer Testimonials and Product Quality on Purchasing Decisions in MSMEs in Pancasila Field, Palopo City."

RESEARCH METHODS

Types of research

The type of research used in this study is a quantitative research type. Quantitative research can be interpreted as a research method based on positivism, used to research a particular population or sample, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative or statistical in nature with the aim of testing the established hypothesis. (Gunarsih & Tamengkel, 2021).

Location and Time of Research

The research was conducted at Pancasila Field, Palopo City from November 20 to December 20, 2024.

Population and Sample

All small and medium enterprises (SMEs) of Pancasila Field, Palopo City were involved in this study, with a sample of 100 SMEs. Using the purposive sampling method, purposive sampling is a sampling determination technique with certain considerations.

The MoE formula with a 10% error rate is used to calculate the number of samples used in this study. The sampling error rate is still tolerable in this study. The formula used to calculate the sample size is as follows:

$$n = \frac{Z^2}{4(MoE)^2}$$

Information

n= number of samples

Z = 95% confidence level for sample determination (so $z = 1.96$ and $\alpha = 5\%$)

MoE= Margin of Error, the maximum tolerable level of error, which is set at 10% (0.1).

N = so it can be calculated as follows:

$$\begin{aligned} n &= \frac{1,96^2}{4(0,1)^2} \\ &= \frac{3,84}{4(0,1)} n = \frac{3,842}{0,04} n = 96,04 \\ &\text{sufficient to be } 100 = 96,04 \end{aligned}$$

The results of the calculation of the formula above show that the number of samples in this study is 96.04 or 100 people can be considered as consumers of MSMEs in Pancasila Field, Palopo City can be calculated.

Data and Hypothesis Validity Test

This study uses validation and reliability tests for data validity. For hypothesis testing, this study uses Multiple Linear Regression Test, T Test and F Test with the help of SPSS26 Application as a data testing tool.

Hypothesis:

H1: Customer testimonials have a positive and significant effect on purchasing decisions in MSMEs.

H2: Product quality has a positive and significant effect on purchasing decisions in MSMEs.

H3: Customer testimonials and product quality simultaneously have a positive and significant effect on purchasing decisions in MSMEs.

RESULTS AND DISCUSSION

A. Research Respondent Profile

Age of respondents used in the consumer research at Pancasila Field, Palopo City are expected to provide a fairly clear picture of the condition of the respondents.

Table 1.1 Respondents by Age

Age	Amount	Percentage %
15-20	25	25%
21-25	64	64%
26-30	6	6%
31-40	3	3%
41-50	2	2%
Total	100	100%

Source: processed questionnaire (2024)

Table 1.2 shows that the characteristics can be classified based on age: 15-20 years old represents 25% of respondents, 21-25 years old represents 64%, 26-30 years old represents 6%, 31-40 years old represents 3%, and 41-50 years old represents 2% of respondents.

B. Data Processing Methods

Instrumental Test

a. Validity Test

Table 1.2. Validity Test Results

Variable	Item	r count	r table	Description
Testimony X1	X1.1	0,862	0,195	Valid
	X2.2	0,836	0,195	Valid
	X3.3	0,790	0,195	Valid
Product Quality X2	X1.1	0,700	0,195	Valid
	X2.2	0,830	0,195	Valid
	X3.3	0,816	0,195	Valid
	X4.4	0,761	0,195	Valid
Purchasing Decision Y	X1.1	0,571	0,195	Valid
	X2.2	0,806	0,195	Valid
	X3.3	0,822	0,195	Valid
	X4.4	0,799	0,195	Valid
	X5.5	0,806	0,195	Valid

Source: processed questionnaire (2024)

Based on the data in table 1.2. above, it appears that all statements used in the questionnaire indicate all valid instruments.

b. Reliability Test

Coefficient formula *Cronbach's Alpha* used to check the reliability of each statement.

Mark *Cronbach's Alpha* compared to the standard and if the value is greater than 0.60 then the statement is considered reliable.

Table 1.3 Reliability Test Results

Variables	<i>Cronbach's Alpha</i>	Limits of Reliability	Information
Testimonials	0.774	0.60	Reliable
Product Quality	0.781	0.60	Reliable
Buying decision	0.822	0.60	Reliable

Source: processed questionnaire (2024)

Table 1.6 above shows that the Cronbach's Alpha value of each variable in this study is more than 0.60. Thus, it can be concluded that reliable and trustworthy item statements consist of testimonial factors, product quality, and purchasing decisions.

Research Hypothesis Testing

a. Persian Test (T-Test)

Table 1.4 T-Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8,298	2,319		3,578	,001
	Testimonials	,515	,144	,324	3,567	,001
	Product Quality	,420	,119	,322	3,545	,001

Source: processed questionnaire (2024)

The results of the analysis in table 1.7 above:

1. The fact that the testimonial variable (X1) has a significant and positive impact on purchasing decisions, the calculated t value of 3.567 is greater than the t table value (1.985), and the significance value of 0.001 is less than 0.05 ($p < 0.05$). Thus, the regression coefficient is positive.
2. It turns out that the product quality variable (X2) has a positive and significant effect on purchasing decisions; the calculated t value of 3.545 is greater than the t table value (1.985) and the significance value of 0.001 is less than 0.05 ($p < 0.05$). Thus, the regression coefficient is positive.

b. Simultaneous Test (F Test)

Table 1.5 F Test Results

ANOVA						
Model		Sum off Squares	Df	Mean Squares	F	Sig
	Regression	163,357	2	81,679	18,204	,000b
	Residual	435,233	97	4,487		
	Total	598.59	99			

Dependent Variable: Purchase Decision Variable

Predictors: (Constant), Product Quality, Testimonials

Source: processed questionnaire (2024)

The f-table value of 3.090 may be smaller than the calculated f-value of 18.204, and the significance value of 0.000 is smaller than 0.05 ($p < 0.05$). This shows that testimonials and product quality influence each other.

DISCUSSION

The Influence of Testimonials on MSME Performance

The results of the hypothesis test on the testimonial variable show an increase in MSME performance. This finding is in line with research conducted by (Tololiu & Roring, 2022) with the title "the influence of promotion and customer testimonials on consumer interest in buying Samsung cellphones in the Facebook marketplace (case study at the Manado Mozamart store)" shows that consumer testimonials influence purchasing decisions significantly and positively. Therefore, customer input is one of the driving factors for MSMEs to maintain the quality of the products and services they offer. The more positive feedback given by customers, the greater the customer's trust in the brand and store. This shows that seeing reviews of products sold by MSMEs on social media accounts or marketplaces that they use to sell goods is an important factor when customers want to buy goods. Consumers are interested in what they see so they want to have it and make decisions to act (Fachri Husaini et al., 2023). This is in line with the theory of testimony "Testimonials are comments or recommendations that are spread by customers based on the experiences they have received and have a strong influence on decision-making by other parties. (Sa'adatun Nafisah et al., 2021).

The Influence of Product Quality on MSME Performance

The results of the hypothesis test of the product quality variable show an increase in MSME performance. This finding is in line with research conducted by (Ivanka Priska, 2023) in the article entitled: "the influence of product quality, advertising, and brand image on purchasing decisions for tolak angin sidomuncul products in the city of Semarang" product quality is an important part of the decision to buy a product because it shows the image of the product. Products can be assessed based on features, completeness of materials, and consumer benefits. This shows that the quality of the products of UMKM Lapangan Pancasila Kota Palopo influences buyer decisions, as can be seen from the fact that most buyers buy products because they have a taste that suits customers, are made from natural ingredients, and are healthy, and have attractive packaging (Pertiwi et al., 2023). This is in line with the theory of product quality. "Product quality is one of the marketer's primary positioning tools. Quality has a direct impact on the performance of a product or service; therefore, quality is closely related to customer value and satisfaction. In a narrower sense, quality can be defined as 'freedom from defects.' But most customer-centric companies go far beyond this narrow definition. Instead, they define quality in terms of customer value creation and satisfaction." (Ii, 2019).

The Influence of Testimonials and Product Quality on Purchasing Decisions

This study provides an illustration that testimonials and product quality are two complementary factors and are very relevant in creating customer satisfaction and wanting to visit UMKM Lapangan Pancasila. This is proven based on the results of the F test (Simultaneous). Based on the simultaneous test in table 1.8 above, it can be concluded that the calculated f value obtained is 18.204 which is greater than the f table (3.090) and the significance value obtained is 0.000 0 which is less than 0.05 ($p < 0.05$). This shows that the testimonial and product quality variables have a simultaneous (together) influence.

CONCLUSION

Based on the results of hypothesis testing and discussion, this study reached several conclusions: (1) testimonials have a positive and significant effect on purchasing decisions in MSMEs in Palopo City; (2) product quality has a positive and significant effect on purchasing decisions in MSMEs in Palopo City; and (3) both testimonials and product quality have a positive and significant effect on purchasing decisions in MSMEs in Palopo City simultaneously.

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