# Business Growth through Consumer Insights: The Economic Influence of Taste, Product Excellence, and Price

Fikri Haikal[1], Rita Ambarwati[2*], Kumara Adji[3]

***Abstract:***

*This research aims to analyze the influence of taste, product excellence, and cost impact or price on purchasing decisions for Sempol Gendut.Located on JL DR Wahidin GG 4 RT 011 RW 002 Bulusidokare Village, Sidoarjo District, Sidoarjo Regency, East Java, 61216. The data collection method uses a questionnaire and observation. The sampling method employed is simple random sampling, and the data analysis is conducted using the SEM PLS approach.Data processing in this study was carried out using Smart PLS version 4.0. Hypothesis testing was conducted through path direct effect tests and indirect effect tests. The analysis results revealed that the taste variable has a positive and significant influence on purchasing decisions, while the product excellence and cost variables also demonstrated positive and significant effects.*

***Keywords:*** *Taste, Quality Product, Price, Purchasing Decisions*

## 1. Introduction

MSMEs (Micro, Small, and Medium Enterprises) are rapidly growing in popularity, largely due to their practicality and lower capital requirements compared to larger businesses. This type of business is highly accessible and in great demand across all segments of society because of its significant economic potential. MSMEs have made considerable contributions to Indonesia's economy, with many growing into larger enterprises. However, some MSMEs face challenges, such as poor marketing strategies, which can result in low sales and halted capital turnover.

Sempol Gendut in Sidoarjo, unlike traditional sempol, offers unique variations such as fillings of minced meat, cheese, and quail eggs. Its affordable prices and flavors tailored to a broader market have made it popular, despite the high competition in the food industry due to the ease of making and selling sempol.

This study explores the impact of entrepreneurial traits, business capital, and marketing strategies on MSMEs in Sidoarjo. The findings aim to provide valuable

[1] *University Muhammadiyah Sidoarjo, Indonesia.*
[2] *University Muhammadiyah Sidoarjo, Indonesia. ritaambarwati@umsida.ac.id .*
[3] *University Muhammadiyah Sidoarjo, Indonesia.*

insights into these factors, which are crucial for the development of MSMEs. The research also highlights the importance of education in helping MSMEs expand and distribute their products to other cities. Given the growing significance of these businesses, researchers should be mindful in evaluating these factors.

Building on the outlined background, this study investigates how the product development strategy implemented by Sempol Gendut in Sidoarjo influences its competitiveness. The objective is to determine how this strategy impacts purchasing decisions. Purchasing decisions are shaped by consumer responses and feedback, which reflect their interest in a product. In today's globalized era, a business must closely observe and analyze consumer behavior to understand what drives purchasing decisions.

The decision to purchase a product is influenced by multiple factors, including taste, product quality, and price. Taste itself is a complex perception that includes elements such as appearance, smell, taste, and mouthfeel (Ananda & Jamiat, 2021). In the food and beverage industry, a product's success is often determined by its taste and quality. High-quality products are crucial for businesses aiming to satisfy consumers and generate buying interest (Karundeng et al., 2020).

Product quality is a key factor in purchasing decisions, as it encompasses the product's physical attributes, functionality, and features aimed at meeting customer expectations (Kotler & Armstrong, 2008; Kotler, 2012; Kotler & Lee, 2009). It includes aspects such as speed, ease of use, durability, and added features like toppings (Wahyuningsih & Ernawati, 2021). Many studies indicate that product quality positively influences purchasing decisions (Haryanto, n.d.), although some research suggests that it does not have a significant impact (Tahir, 2023), highlighting contradictions in the literature.

Taste as a variable also presents mixed results in research. Some studies suggest that taste significantly influences purchasing decisions, especially in food products, by appealing to consumer emotions (Bimbo et al., 2024; Ilmi, 2020). However, other studies argue that taste has either a negative or insignificant effect on purchasing decisions (Arif, 2020), further complicating the issue.

Price, which represents the monetary value consumers pay for a product, has been shown to influence purchasing decisions. Research indicates that price has a significant impact on consumer choices (Hendry, 2021). However, other studies challenge this view, showing that price may not significantly affect purchasing decisions (Malonda et al., 2022).

This study aims to identify the most dominant factor influencing purchasing decisions for Sempol Gendut, focusing on taste, product quality, and price. The research addresses two main questions: (1) How do taste, product quality, and price influence the purchasing decisions for Sempol Gendut? (2) Which factor—taste, product quality, or price—has the greatest impact on these decisions?

## 2. Theoretical Background

**Taste:** The taste of a food product plays a crucial role in determining whether customers will choose to purchase it, as it is closely tied to brand image and heavily influences purchasing decisions (Meryawan et al., 2023; Bimbo et al., 2024). Taste indicators—appearance, aroma, taste, and texture—identified by Philip Kotler and Gary Armstrong (2016), as quoted by Ilga Dewi Darmayanti (2023), align with prior studies that highlight taste as a significant factor in purchasing decisions (Idris & Kusasi, n.d.; Suherman, 2020). However, other research suggests taste may not always have a meaningful impact (Ilmi, 2020; Iqram, 2022). Purchasing decisions are a process involving problem recognition, information gathering, evaluation of alternatives, purchasing, and post-purchase behavior (Kotler & Armstrong, 2008; Nurhayati, 2020).

**Product Quality:** Product quality refers to the physical condition, function, and nature of a product, whether goods or services, based on the level of quality expected by customers (Almarri, 2024). A product is defined as an item or service introduced to the market for observation, acquisition, utilization, or consumption to satisfy consumer desires or needs (Kotler & Armstrong, 2008; Kotler, 2009). Key product quality indicators include performance, reliability, adherence to specifications, durability, and aesthetics (Kurniawan et al., 2022), aligning with prior studies. Previous research found that product quality positively and significantly affects purchasing decisions (Haryanto, n.d.), though this contradicts Tahir (2023), who found no significant effect of product quality on purchasing decisions.

**Price:** Price is a crucial factor in marketing a product, representing the perceived value of an exchange, typically in monetary terms, and reflecting the balance between cost and benefits received from a transaction (Tahir, 2023). Key price indicators include affordability, alignment with product quality, competitiveness, and suitability with product benefits (Kotler & Armstrong, 2008, as cited in Tahir, 2023). Previous studies have shown that price positively and significantly impacts purchasing decisions (Hidayat, 2020; Yahya & Ambarwati, 2024; Fadil, 2020), though Ernawati (2021) found that price has neither a favorable nor significant effect on purchasing decisions. Management must consider price as it directly influences sales volume and profits (Husniar et al., 2023). Producers and sellers set prices based on the benefits of the product, which may differ for the same or competing products. Indicators of purchasing decisions include making a purchase after obtaining information, choosing based on brand preference, purchasing due to personal needs, and being influenced by recommendations (Kotler & Armstrong, 2016; Fadil, 2020).

**Research Model:** Figure 1 illustrates the relationship between variables influencing Purchasing Decision. Three independent variables Trust, Quality Product, and Price directly impact the dependent variable, Purchasing Decision, as shown by the arrows.
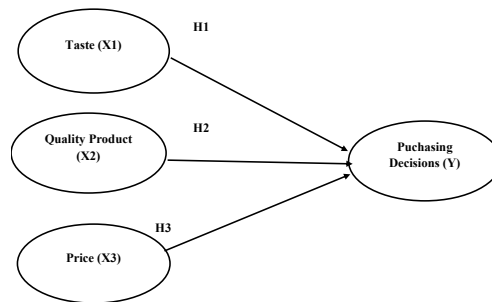
Figure 1. Research Model

The research proposes several hypotheses to understand the factors influencing purchasing decisions for Sempol Gendut. Firstly, it is hypothesized that taste significantly affects consumer decisions (H1). Secondly, the quality of the product is believed to play a crucial role in shaping purchasing preferences (H2). Thirdly, price is considered to be another key factor influencing consumer choices (H3). Lastly, the research suggests that a combination of taste, product quality, and price collectively impacts the decision-making process of consumers when purchasing Sempol Gendut (H4).

## 3. Methodology

This study employs a quantitative research methodology, which is used to examine a specific population or sample. The research focuses on all consumers who purchase and consume Sempol Gendut. The sample represents a subset of the population with characteristics relevant to the study. A simple random sampling technique was used to select participants. The sample size was determined using the Lemeshow formula, which is appropriate for estimating populations with unknown exact numbers. Based on this formula, the minimum required sample size for the study is 96 respondents; however, to enhance accuracy and completeness, the sample size was increased to 100 respondents, considering the large and fluctuating target population.

Data was collected through questionnaires distributed both via Google Forms and in printed form. The response options were based on a Likert scale, ranging from Strongly Agree (SS), Agree (S), Neutral (N), Disagree (TS), to Strongly Disagree (STS).

For data analysis, this study employs a quantitative approach. Specifically, Structural Equation Modeling (SEM) using the Partial Least Squares (PLS) method is applied as the primary analytical technique.

## 4. Empirical Findings/Result

The results of the testing process with smart PLS 4.0 can be presented in visual form and also in tables as follows:

**Figure 2. Direct Effect**

Figure 2 shows the relationships between variables affecting Purchasing Decisions, with a total influence value of 0.585. Independent variables, including Taste, Quality Product, and Price, are influenced by specific indicators (X1.1–X4, X2.1–X2.5, X3.1–X3.4). Arrows indicate direct or indirect effects of these factors on Purchasing Decisions (Y1–Y4).

**Descriptive Test**
Based on the distribution of questionnaires to 100 respondents, a picture of the item distribution was obtained which was used to determine the frequency and variation of values for the variables proposed in the study. According to (Imam, 2015) the answer score is used to measure all summarized data. Then the mean or average value is used, which is the value obtained by adding all elements in the set and dividing it by the number of elements.

## Table 1. Descriptive Test Result

|  | Average | Median | Min observed | Max observed | Standard Deviation | Number of Observations Used | Value P Test Statistik Cramer-von Mises |
|---|---|---|---|---|---|---|---|
| Taste | 0.000 | 0,319 | -3.149 | 1.104 | 100 | 100 | 0.000 |
| Quality Product | 0.000 | 0,328 | -4.199 | 0,838 | 100 | 100 | 0.000 |
| Price | 0.000 | 0,135 | -3.073 | 1.340 | 100 | 100 | 0.000 |
| Purchasing Decisions | 0.000 | 0,366 | -2.348 | 1.582 | 100 | 100 | 0.000 |

Source: 2024 processed original data

Table 1 That each variable used in this study has an average value, median, minimum value, maximum value, excess kurtosis, skewness, and Cramer-von Mises statistical test, which have different values. So it can produce a descriptive test of each variable in this study.

**Assessment of the Measurement Model (Outer Model)**
Assessment of the Measurement Model (Outer Model). Conducted to assess the validity and reliability of the test model conducted on the outer model, including convergent validity or validity test: the convergent validity value is by looking at the factor loading value and AVE value for each construct indicator, then the individual indicator is considered reliable if it has a value > 0.5.

**Outer Loading**

## Table 2. Outer Loading

|  | Taste | Quality Product | Price | Purchasing Decisions |
|---|---|---|---|---|
| X1.1 | 0,727 |  |  |  |
| X1.2 | 0,751 |  |  |  |
| X1.3 | 0,759 |  |  |  |
| X1.4 | 0,789 |  |  |  |
| X2.1 |  | 0,764 |  |  |
| X2.2 |  | 0,792 |  |  |
| X2.3 |  | 0,824 |  |  |
| X2.4 |  | 0,774 |  |  |
| X2.5 |  | 0,831 |  |  |
| X3.1 |  |  | 0,724 |  |
| X3.2 |  |  | 0,866 |  |
| X3.3 |  |  | 0,889 |  |
| X3.4 |  |  | 0,826 |  |

| | Taste | Quality Product | Price | Purchasing Decisions |
|---|---|---|---|---|
| **Y.1** | | | | **0,806** |
| **Y.2** | | | | **0,809** |
| **Y.3** | | | | **0,729** |
| **Y.4** | | | | **0,789** |

Source: 2024 processed original data

Since each variable's Cronbach's Alpha coefficient esteem is higher than the study's pivotal esteem of 0.6, the unwavering quality calculations' comes about illustrate the legitimacy of each variable utilized within the think about.

**Validity and Reliability**
Reliability is by looking at the values of Cronbach alpha and composite reliability to measure the consistency and accuracy of the data.In Cronbach's Alpha, a construct is considered reliable if its value >0.7.

**Table 3. Validity and Reliability**

| | Cronbach's alpha | Composite Reliability (rho_a) | Composite Reliability (rho_c) | Average Variance Extracted (AVE) | Critical Value |
|---|---|---|---|---|---|
| **Taste** | **0,719** | **0,774** | **0,733** | **0,719** | |
| **Price** | **0,846** | **0,856** | **0,897** | **0,687** | |
| **Purchasing Decisions** | **0,757** | **0,774** | **0,846** | **0,781** | **0,70** |
| **Quality Product** | **0,857** | **0,868** | **0,897** | **0,736** | |

Source: 2024 processed original data

Table 3 The AVE value for all variables is greater than 0.5, Therefore, it can be concluded that all valid indicators are effectively unified in shaping their respective variables. In addition, Cronbach's Alpha value is also obtained which has a value greater than 0.70 for all variables.From the analysis, it can be concluded that all the variables and items used in this study meet the validity and reliability in measuring variables.

**Coefficient of Determination**
The purpose of evaluating the structural model (inner model) is to predict the relationships between latent variables and to understand how these variables interact with each other. One of the key tests conducted on the inner model is R-Square, which helps assess the impact of specific exogenous latent variables on endogenous latent variables. The R-Square value indicates the strength of this influence, with categories

of 0.75, 0.50, and 0.25 representing (moderate, strong, and weak) influences on the model, respectively. These values provide valuable insights into the model's predictive capability and the relevance of the relationships within the data.

**Table 4. Coefficient of Determination**

|  | R-square | Adjusted R-square |
|---|---|---|
| **Purchasing Decisions** | 0.585 | 0.572 |

Source: 2024 processed original data

Table 4 shows that the R-square value for the Purchase Decision variable is 0.585, while the Adjusted R-square value is 0.572. This indicates a moderate level of explanatory power, meaning that the model can explain a substantial portion of the variability in purchase decisions. Specifically, the R-square value suggests that 58.5% of the variation in purchase decisions is explained by the independent variables in the model, while the remaining 41.5% is influenced by other factors not included in the study. Similarly, the Adjusted R-square value indicates that after adjusting for the number of predictors, 57.2% of the variation is accounted for, with 42.8% attributed to variables outside the model. These findings suggest the need to incorporate additional relevant variables to improve the model's ability to explain purchasing decisions more comprehensively.

**Path Coefficient**
The path analysis in this study was conducted using the bootstrapping method to assess the relationships between variables. The significance of these relationships is determined by analyzing the parameter coefficients and T-Statistic values of the path coefficients. A research hypothesis is considered valid if the T-Statistic value exceeds 1.96 at a 5% significance level and the p-value is less than 0.05, indicating a statistically significant effect.

**Direct Effect**

**Table 5. Path Coefficient (Direct Effect)**

|  | Original sample (O) | Sample Average (M) | Standard Deviation (STDEV) | T Statistic (|O/STDEV|) | Value P | Decisions |
|---|---|---|---|---|---|---|
| **Taste -> Purchasing Decisions** | 0,452 | 0,451 | 0,085 | 5,301 | 0.000 | Accepted |
| **Quality Product -> Purchasing Decisions** | 0,245 | 0,245 | 0,072 | 3,412 | 0.001 | Accepted |
| **Price -> Purchasing Decisions** | 0,241 | 0,247 | 0,078 | 3,088 | 0.002 | Accepted |

Source: 2024 processed original data

The results presented in Table 5 indicate that all direct effects of the variables are statistically significant, as their p-values are below the significance threshold of 0.05. Among these variables, taste has the strongest influence on purchasing decisions, with the lowest p-value of 0.000, suggesting a highly significant impact. Product quality follows closely, with a p-value of 0.001, indicating its substantial role in shaping consumer choices. Lastly, price also has a significant effect, as reflected by its p-value of 0.002. These findings highlight the varying degrees of influence each factor has on purchasing decisions, with taste emerging as the most dominant determinant.

## 5. Discussion

*The Influence of Taste on Purchasing Decisions*

The analysis indicates that taste has a positive and significant impact on purchasing decisions. Consumers tend to prioritize taste when selecting food products, as it directly affects their satisfaction and likelihood of repurchasing. In the case of small and medium enterprises (SMEs), ensuring consistent and high-quality taste can enhance customer loyalty. This finding aligns with the study by Wiranata (2021), which also concluded that taste plays a crucial role in shaping purchasing behavior. However, the results of this study do not align with those of Samsudin Arif (2020), who found that taste has a negative but insignificant effect on purchasing decisions. These differences suggest that the influence of taste may vary depending on market conditions and consumer preferences.

*The Effect of Product Quality on Purchasing Decisions*

The findings show that product quality plays a crucial role in influencing purchasing decisions. High-quality products tend to attract more consumers, as they are often associated with better durability, packaging, and overall value. The results of this study are consistent with the findings of Meryawan et al. (2023), who also reported a positive and significant relationship between product quality and purchasing decisions. For SMEs, maintaining strict quality control, especially in packaging and presentation, can help minimize customer complaints and enhance brand reputation. However, this result contradicts the findings of Tahir (2023), who argued that product quality does not have a significant impact on purchasing decisions. These conflicting results highlight the need for further exploration of how product quality interacts with other factors in consumer decision-making.

*The Effect of Price on Purchasing Decisions*

The study results confirm that price significantly influences purchasing decisions. Consumers are highly sensitive to price fluctuations, and competitive pricing strategies can affect brand loyalty and overall sales. The findings of this study align with those of Anggraeni and Sabrina (2021), who also found that price has a positive and significant effect on purchasing behavior. However, this conclusion contrasts with the study by Deisy, Malonda, and Joyce Lapian (2022), which stated that price does not have a significant impact on purchasing decisions. These differences suggest that the role of price may depend on product categories, consumer demographics, and competitive market conditions.

## 6. Conclusions

This study examined the extent to which taste, product quality, and price influence purchasing decisions. The findings indicate that taste has a positive and significant impact on purchasing decisions. In the case of the Sempol Gendut, maintaining a consistent taste is crucial, as it encourages repeat purchases from consumers. Product quality also has a positive and significant effect on purchasing decisions. Therefore, Sempol Gendut should pay close attention to product packaging to minimize consumer complaints regarding packaging quality. Lastly, price significantly influences purchasing decisions. Since price sensitivity can lead consumers to switch to competing products, it may affect brand loyalty and overall sales.

For future research, scholars are encouraged to explore additional factors that may influence purchasing decisions, such as brand image, promotions, and consumer trust. Further studies could also expand the sample size and consider different demographic groups to enhance the generalizability of the findings. Additionally, it is recommended that future researchers use both online (Google Forms) and manual questionnaires to facilitate efficient data collection and improve response rates.

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