

# Platform Development Model "Influence of Digital Marketing and Product Quality on Buying Decisions and Sales Volume of Micro, Small and Medium Enterprises (MSMEs) Products South Sulawesi Province

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## ABSTRACT

The purpose of this study was to analyse the effect of digital marketing and product quality on buying decisions and sales volume of products for Micro, Small and Medium Enterprises (MSMEs) in South Sulawesi Province and to analyse the effect of digital marketing and product quality on sales volume through buying decisions. This research was conducted in South Sulawesi with a population 184,224 MSMEs. The determination of a sample of 399 people used a proportional random sampling technique. Questionnaire results data were analysed using Structural Equation Modeling (SEM) assisted with the Analysis of Moment Structure (AMOS) 24 program. The results of the study found that 1) digital marketing had no significant effect on buying decisions, 2) product quality had a significant positive effect on buying decisions, 3) buying decisions had no significant effect on sales volume, 4) digital marketing had no significant effect on sales volume, 5) product quality had a significant effect on sales volume, 6) digital marketing had no significant effect on sales volume through buying decisions, 7) product quality had no effect on sales volume through buying decisions.

**Keywords:** Digital Marketing, Product Quality, Buying Decisions, and Sales Volume.

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## I. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) play a large role in today's economic transactions. In this economic transition, MSMEs have been recognized as a driving force for economic growth and a source of sustainable development which is important for industrial restructuring, opening new jobs, and increasing income for the community, even though unemployment is currently still an increasing problem in society during the pandemic. This Covid-19. (Susilawati et al, 2020). Micro, small, and medium enterprises (MSMEs) in Indonesia have a very important role, especially in creating job opportunities. This is based on the fact that the workforce in Indonesia is very abundant following the large population so that large businesses (UB) are unable to absorb all job seekers, and the inability of large companies to create enormous employment opportunities is because, in general, these business groups are relatively capital-intensive, while MSMEs are fairly labor-intensive. In addition, in general, large businesses require workers with sufficient formal education and work experience, while SMEs, especially small businesses, some jobs do not require formal education. MSMEs contribute 61% of Indonesia's gross domestic product (GDP) and create jobs for 97% of the workforce in Indonesia (Damuri et al., 2020). Thus, it can be understood that if the MSME sector has problems, this will greatly impact the wider community, which is not only an economic problem but will also spread to social and even political problems. MSMEs are also more resistant to various shocks, as evidenced by the economic crisis in Indonesia in 1998. MSMEs are relatively resilient because they are not directly related to financial institutions, both domestically and globally (Bahtiar & Saragih, 2020; Aknolt, 2020 Alfrian & Pitaloka, 2020). MSMEs are currently experiencing very rapid growth for business actors today. This creates a lot of diverse types of products for a decent life. Micro, small, and medium enterprises are one way that can be taken. Because it helps increase people's income and absorb labor, reducing the number of unemployed, which is a major problem in Indonesia. The contribution of MSMEs has a clear impact on the Indonesian economy, especially in various regions.

However, in the crisis caused by the Covid-19 pandemic, there is a risk that up to 50% of MSMEs will not be able to survive and experience a significant decrease in turnover; where this has the potential to have a systemic impact on the banking financial sector (OECD, 2020 in Sugiri, 2020 ). Quoted from

Kompas Newspaper (2020 in Bahtiar & Saragih, 2020), the Chairperson of the Indonesian MSME Association (Akumindo) suspects that if the decline in turnover of MSME players occurs because sellers can no longer sell their products and services face to face. This condition is exacerbated in the MSME sector, which is dependent on the tourism sector, where MSME turnover is very dependent on the level of visits by local and global tourists. The problem of accessing the market by online means, which is expected to be an alternative solution for MSMEs, is also not without obstacles. Based on research conducted by the Ministry of Cooperatives and SMEs (Small and Medium Enterprises) of 99% of the UKM population (the remaining 1% is Large-Scale Enterprises) in Indonesia, only 13% are able to market their products online (Ministry of KUKM Webinar Material, Teten Masduki, 2020 ). Thus, the problem of market access without face-to-face meetings is a challenge for MSMEs to survive during this pandemic. This is also supported by the results of Hardilawati's research (2020) regarding the impact of the Covid-19 pandemic on MSMEs which also shows that MSMEs are recommended to trade through e-commerce and carry out digital marketing to survive during a pandemic. Based on the assessment of the community service team at Padjadjaran University in the Kumawula Community Service Research Journal, data processing was carried out for 2021 for 30 MSMEs, and the results found that 90% percent had succeeded in selling products online at least once. This means that as many as 10% have never succeeded in selling their products online. For the product photo aspect, the majority of MSME players (43.3%) have good product photos but don't sell them. In the product video aspect, the majority of MSME players (36.7%) do not have product videos at all. For the aspect of copywriting, as many as 40% feel that they have good copywriting but don't sell. The majority of MSMEs (63.3%) are recorded as not having Facebook, and as much as 53.3% do not have WhatsApp Business. For Instagram, 23.3% do not have Instagram, 26.7% have Instagram, which is not good but sells, and 23.3% have Instagram, which is good and also sells. MSME actors who do not have stalls in the marketplace are classified as many, namely as many as 56.7%, but do not have applications supporting digital transactions (Tokko, an Android-based application whose function is to make it easier for MSME players to have web-based online shops and Whatsapp), namely as many as 76, 7%.

The increasing demand for various types of MSME products is able to encourage public awareness of advances in information technology which can be used as potential business opportunities for a business. One of the MSME products that many people are interested in is food and beverages. Many people already use their cellphones to look for what food or drink menus are suitable to be enjoyed every day, so now many people order online. So that it can be said that mobile phones are a primary need or as important as clothing or housing for many people. MSMEs are legally obligated to know the wants and needs of consumers in order to be able to compete with large business actors (UB). Consumer purchase intention is a consumer's plan to buy a particular product/service as well as several units of product/service needed in a certain period Kumala (2012). Consumer buying interest is the first step that is prepared by consumers for purchasing a product by planning, taking action according to relevant proposals, and making decisions for purchases. In this process, considering the quality of a product is something that needs to be done so that the goods/services we are going to buy are in accordance with the use value of the goods/services themselves. According to Mowen (in Hamidah and Desi, 2013: 2), "Product Quality As a comprehensive evaluation of services for good performance of goods or services" as consumers will certainly choose good product quality, thus demanding all business actors, especially MSMEs, to create and make a product with good quality in order to attract consumers to buy the goods/services. Kotler and Armstrong (in Manggala, 2014:28) define product quality as the ability to perform various functions, including durability, reliability, accuracy, and ease of use. In an increasingly difficult economic situation during the Covid-19 pandemic, competition between MSME actors and large business actors was experienced in all business sectors, both the business sector in services, manufacturing, and small industry (Ayu et al., 2019: 131). In order to survive in the era of competition 4.0, business actors are seen from the aspect of distributing products to customers and also from the quality of a product. Based on this, the customer will decide to purchase the product with certain considerations. Purchasing decision is a decision taken by consumers in choosing or buying a product or service where consumers are directly involved in choosing the goods or services offered. Many things can underlie consumers in choosing a product, such as the price, promotions given to consumers, product quality, types and benefits of the product, and also the quality of the service. Product quality also greatly influences consumers in making purchasing decisions. If the quality of the product meets the needs, consumers will be satisfied and interested in buying the product, so the company's sales level will increase. The Covid-19 pandemic had a huge impact on all aspects of life, especially affecting the economy in Indonesia. The impact of Covid-19 has also greatly affected the tourism sector, causing tourists to decline due to a new policy from the government, namely PSBB, which includes micro lockdown and PPKM (Implementation of Restrictions on Community Activities). Micro lockdown is a restriction on activities that are implemented at the village, village, RW, and RT levels. At the same time, the PPKM

itself is a limitation on community activities, namely, by implementing Work From Home (WFH), online schools, limiting the quota of buyers in places to eat and operating hours, complying with health protocols in places of worship, public, and public transportation.

The new policy implemented by the government will indirectly affect the micro, small, and medium enterprise (MSMEs) sector and may even hamper national economic growth. We can see the number of local tourists starting from 2017-2019 has increased, and since the government policy regarding the Covid-19 pandemic in 2020, local tourists in Indonesia have decreased quite drastically (Novitasari et al. 2020). This decrease had a drastic impact on sales of MSME products (Novitasari and Samari 2020); in table 2, the sales volume data during the Covid-19 pandemic and the New Normal 2020 have decreased. Swastha (2020) states that sales volume can be measured in two ways, namely first, achieving sales targets, which can be measured by product units sold. Second, the increase in the number of sales increased profits obtained from the total value of the company's real sales in a certain period. There are several indicators of sales volume, according to Swastha (2020), namely: 1) Achieving Sales Volume, 2) Earning Profits 3) Supporting Company Growth. The economic development of a region or a country is the interaction of various groups of variables. One example of MSMEs in South Sulawesi is dominated by the trade sector, while for the production sector, the number is 108,785 units; specifically for SMEs engaged in the food and beverage sector, the percentage is around 65 percent. Head of South Sulawesi cooperatives and SMEs, Malik Faisal, said that the number of SMEs in South Sulawesi that has been recorded had reached 916,232 units. Of this amount, 86 percent/unit is still included in the micro business category. The risks faced by MSMEs during the Covid-19 pandemic, including the products being marketed have not been optimally integrated into the Digital platform and have not maximized the platform as a marketing medium that can influence customer buying decisions, besides that the number of turnovers continues to fall due to a lack of buyers directly caused by regulations and restrictions during the Covid-19 pandemic and even losing potential customers plus Poor Product Quality and Competition in similar businesses also affecting marketing to MSMEs. Every business or activity carried out has an inherent risk. Likewise, in MSME activities, there are various possible risks that could occur, which could interfere with the achievement of objectives and could result in financial losses if the risks are not identified and handled from the start.

The principle of implementing MSME risk management starts from the understanding that every business process has predetermined goals, where the main goal in business is to achieve profits, and each goal has risks attached to each process to achieve it. Risk is dynamic and continues to change along with changes in time and circumstances/conditions, so monitoring and evaluation are needed to oversee any changes in variables and assumptions that affect risk. The economic structure of a region is strongly influenced by various types of businesses that produce goods or services. The economic structure in the form of added value created by each business field illustrates how much a region is dependent on the productive capacity of each business field. The largest role in the formation of the Province of South Sulawesi's Gross Regional Domestic Product in 2017 was produced by the processing industry business field, which reached

52.23 percent, one of which was the food and beverage industry which increased by 2.84 percent. This shows that the MSME sector in South Sulawesi has a positive impact on the economy of a region. (BPS Sulsel, 2021). Referring to the background above, the researcher wants to conduct research entitled "Platform Development Model "The Influence of Digital Marketing and Product Quality on Buying Decisions and Sales of Product Volume of Micro, Small and Medium Enterprises (MSMEs), South Sulawesi Province".

## **II. RESEARCH METHODS**

### **Research Approach**

This study uses a quantitative approach. This study was designed using a verification descriptive research type. Descriptive research is research that aims to obtain a description of an object. In this case, it is a description of the research variables. Verification research aims to determine the effect between variables through hypothesis testing, in this case, the effect of digital marketing, product quality, and buying decisions on sales volume. Considering the type of research chosen, the research method used is a descriptive survey and an explanatory survey. The descriptive survey is a research method that aims to obtain a description of the research object, and the explanatory survey is a research method that aims to determine the characteristics and explain the relationship between the variables studied using many samples (Cooper and Schindler, 2008)

The data collection in this study is a cross-section, namely the collection of research data conducted in a certain period on MSME actors in South Sulawesi.

Data Types and Sources Data Type

In this study, the types used are:

- a. Quantitative data is data that can be counted or data in the form of numbers, such as the number of businesses and the amount of business income
- b. Qualitative data is data that is not in the form of numbers but is information related to the problem under study, including statements of respondents and a general description of the place of research

Data source

The data sources used are:

- a. Primary data, data obtained directly from respondents through questionnaires and interviews. Primary data includes data on respondents' statements on digital marketing, product quality, buying decisions, and sales volume variables
- b. Secondary data, in the form of data on the number of MSMEs, business locations, and supporting documents such as an overview of research locations and other documentation data relevant to this research. Secondary data sources were obtained from the statistical agency, the Integrated Trade and Cooperative and Licensing Industry Office

Population and Sample Population

The population is an area consisting of objects or subjects that have certain qualities and characteristics determined by research to be studied and then drawn conclusions (Sugiyono, 2017). The population in this study are MSMEs registered at the South Sulawesi Province Cooperative and UKM Office in 2021. There are 184,224 businesses that have used MSME digitization as a means of developing their MSMEs.

### III. RESEARCH RESULTS AND DISCUSSION

Based on the empirical model proposed in this study, it is possible to test the hypothesis proposed by testing the path coefficients in the structural equation model table 22, which is a hypothesis test by looking at the p-value; if the p-value is less than 0.05, then the influence between the variables is significant. The test results are presented in the following table:

**Table 22.** Hypothesis testing of the direct and indirect effects of Digital Marketing, Product Quality, variables on Buying Decisions, and Sales Volume in MSMEs in South Sulawesi

Ho	Independent Variable	Variable Intervening	Dependent Variable	Direct Effect				
				Standardize	Indirect	Total	P-Value	Is
1	X1		Y1	.137	-	.137	0.364	(+) Not Significant
2	x2		Y1	0.738	-	0.738	0.000	(+) Significant
3	Y1		Y2	0.081	-	0.081	0.507	(+) Not Significant
4	X1		Y2	0.141	-	0.141	0.369	(+) Not Significant
5	x2		Y2	0.711	-	0.711	0.005	(+) Significant
6	X1	Y1	Y2	0.141	0.009	0.15	0.588	(+) Not Significant
7	x2	Y1	Y2	0.711	0.019	0.73	0.50	(+) Not Significant

Source: data processed in 2022.

Of the five hypothesized direct path models, there are two that are significant and three that are not significant. As for the indirect path, everything is not significant. The interpretation of table 22 can be explained as follows:

#### 1. The First Hypothesis (H1)

Testing the first hypothesis assumes that digital marketing has an insignificant positive effect on buying decisions in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.137 and a p-value of

0.364 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the first hypothesis (H1) was rejected (P-value > 0.05 and coefficient = positive), which means that digital marketing has a positive but not significant effect on buying decisions of MSMEs.

## **2. The Second Hypothesis (H2)**

Testing the second hypothesis assumes that product quality significantly has a direct positive effect on buying decisions in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.738 and a p-value of 0.000 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the second hypothesis (H2) was received (P-value <0.05 and coefficient = positive), which means that product quality has a positive and significant effect on buying decisions of MSMEs.

## **3. The Third Hypothesis (H3)**

Testing the third hypothesis assumes that buying decisions have an insignificant positive effect on sales volume in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.081 and a p-value of 0.507 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the third hypothesis (H3) is rejected (P-value > 0.05 and coefficient = positive) which means that buying decisions have a positive but not significant effect on MSME sales volume.

## **4. Fourth Hypothesis (H4)**

Testing the fourth hypothesis assumes that digital marketing has an insignificant positive effect on sales volume in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.141 and a p-value of 0.369 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the fourth hypothesis (H4) was rejected (P-value > 0.05 and coefficient = positive), which means that digital marketing has a positive but not significant effect on MSME sales volume.

## **5. Fifth Hypothesis (H5)**

Testing the fifth hypothesis assumes that product quality significantly has a direct positive effect on sales volume at SMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.711 and a p-value of 0.005 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the fifth hypothesis (H5) is accepted (P-value <0.05 and coefficient = positive), which means that product quality has a positive and significant effect on MSME sales volume.

## **6. The Sixth Hypothesis (H6)**

Testing the sixth hypothesis assumes that buying decisions cannot mediate digital marketing on sales volume in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than 0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.009 and a p-value of 0.588 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the sixth hypothesis (H6) was rejected (P-value > 0.05 and coefficient = positive), which means that digital marketing has no significant positive effect on MSME sales volume through buying decisions.

## **7. The Seventh Hypothesis (H7)**

Testing the seventh hypothesis assumes that buying decisions have not been able to mediate product quality on sales volume in MSMEs. This hypothesis was tested by looking at the acquisition of p-value and coefficients on the regression path with a significance level ( $\alpha$ ) of 0.05. If the p-value is more than

0.05 and the coefficient is positive, or the p-value is less than 0.05, but the coefficient is negative, then the hypothesis is rejected; conversely, if the p-value is less than 0.05 and the coefficient is positive, then the hypothesis is accepted. Based on the output of the SEM analysis with Amos in Table 22, a coefficient of 0.019 and a p-value of 0.50 is obtained. The acquisition of the p-value is greater than the criteria for accepting the hypothesis (p-value <0.05). Thus, the seventh hypothesis (H7) was rejected (P-value > 0.05 and coefficient = positive), which means that product quality has not significant positive effect on MSME sales volume through buying decisions.

Based on the results of the analysis above, the direct effect of digital marketing and product quality on buying decisions and sales volume is obtained. Likewise, the indirect effect mediates buying decisions. This identifies that buying decisions have not been able to mediate digital marketing and product quality on sales volume at MSMEs in South Sulawesi. To test the significance of the role of buying decisions in mediating digital marketing and product quality on MSME sales volume, the Sobel test can be carried out. In the buying decisions test, it is stated that it is insignificant in mediating digital marketing and product quality on MSME sales volume if the Sobel test is <0.05

Table 23. Sobel Test Results The Role of Buying Decisions in Mediating the Indirect Effect of Digital Marketing and Product Quality on Sales Volume of MSMEs in South Sulawesi

Variable exogenous	Endogenous Variables	Mediation Variables	Nilai P Value	Information
Digital Marketing	Sales Volume	Creativity	0,588	Not significant
Product Quality	Sales Volume	Creativity	0,50	Not significant

Source: data processed in 2022

Based on the results of the Sobel test in Table 23, the p values obtained for the digital marketing and product quality variables were 0.588 and 0.50 respectively, therefore the p-value > 0.05, it can be concluded that the buying decisions of MSMEs have not been able to mediate digital influence marketing and product quality on MSME sales volume in South Sulawesi.

#### IV. Discussion

**This discussion is focused on the decisions resulting from hypothesis testing as an attempt to answer the research problem formulation.**

The results of the analysis of hypothesis testing are described as follows:

##### 1. The Effect of Digital Marketing Platform Variables on Buying Decisions

Digital marketing is the practice of promoting products and services using digital distribution channels. Digital marketing is also referred to as e-marketing. It includes digital or online advertising, which sends marketing messages to customers (Yacub & Mustajab (2020), Similarly Prasetyo, Fahimatul, and Mustaqim define digital marketing as the use of the internet and information technology whose purpose is to expand and improve traditional marketing functions (Prasetyo, Fahimatul, and Mustaqim, 2020). Digital marketing is used as one of the media that is often used by business actors because of the new ability of consumers to follow the flow of digitalization (Mohamad and Debby, 2018). The theory was put forward by Kurnianti (2017). digital marketing, price, and product quality are important elements that can attract consumers to buy and decide to make a purchase.

Based on the results of confirmatory analysis, it is known that the observed variable that has the largest loading value is for the digital marketing variable the highest loading factor value of the digital tv indicator (X1.1) of 0.854 and a significance value of 0.000 indicating that the digital TV indicator has the highest contribution to the formation of the variable digital marketing and has very strong validation in explaining digital marketing variables.

In line with the descriptive analysis, where digital marketing is the most contributive to purchasing decisions, namely marketing through digital TV with an average value of 3.80 which is in the good category in the sense that MSME players mostly use digital marketing in selling their products.

The results of the study show that digital marketing has no significant effect on buying decisions, with  $p = 0.364 > 0.05$  and a coefficient value of 0.137, which indicates that MSME perceptions of digital marketing do not have a direct influence on purchasing decisions. This is because, according to data from McKinsey, in 2017, there were 30 million e-commerce customers who were transformed into Digital Platforms, and every year, it increased by up to 50%. HR Digital Literacy (McKinsey: 2017).

So the research results are not in line with the theory put forward by Chaffey and Chadwick (2016: 11) that digital marketing platforms are marketing activities that use digital media using the internet that utilizes media in the form of web, social media, email, and digital tv, to increase target consumers and to find out behavior profiles, product values, as well as the loyalty of customers or target consumers to

achieve marketing objectives. The results of the research put forward by Bharadwaj et al. (1993:83-84) showed that Buying Decisions are the result of implementing a strategy that utilizes various resources owned by the company. Thus the digital marketing platform can increase sales volume in the Province of South Sulawesi. Furthermore Heidrick & Struggles (2009:1) states that the development platform digital marketing via the web, mobile phones, and gaming devices offers new access to low-profile and high-impact advertising. So why aren't marketers across Asia shifting budget use from traditional marketing such as TV, radio, and print media towards new technology media and more interactive media, and the theory put forward by Morgan (2005:17) that changes from buying decisions in company resources, in this case, MSMEs, have made changes by utilizing digital marketing to achieve sustainable buying decisions? Thus the theory is in accordance with the results of the research conducted.

## **2. Effect of Product Quality on Buying Decisions**

The definition of a product, according to Kotler and Armstrong (2015: 389), is anything that can be offered to the market to attract attention, acquisition, use, or consumption that can satisfy a want or need. Products include more than just tangible things. In a broad sense, products include physical goods, services, people, organizations, ideas, or a combination of these. Daryanto (2014) revealed that the factors that influence consumer purchasing decisions include product quality.

The quality of a product or the quality of a product, namely the physical condition, function, and characteristics of a product concerned that meets the tastes and needs of consumers following the value for money that has been issued. While the definition of product quality, according to the American Society for Quality Control (2000), is the overall completeness and characteristics of a product or service that affect its ability to meet stated or implied needs. Kotler and Armstrong (2017: 249) say that product quality is the overall characteristics and services of a product with the ability to satisfy stated/implied customer needs. Product quality has a direct impact on product and service performance; therefore, quality is closely related to customer value and satisfaction. Meanwhile, Lupiyoadi (2001: 158) in Riyono & Gigih (2016) said that consumers will feel satisfied if the results of their evaluation show that the products they use are of high quality.

According to Tjiptono (2008: 25), quality reflects all dimensions of product offerings that generate benefits for customers. Dimensions of product quality, according to Tjiptono (2008: 25) are: a. Performance (performance) is related to the main characteristics or functions of the product to be purchased. Usually, this will be the first consideration before buying a product. Good product performance will improve product quality. b. Durability (durability) related to the age of an item. c. Conformance to specifications (conformance with specifications) relating to product performance must be in accordance with what is stated in the advertising statement or product quality standards. This is a kind of promise that must be fulfilled by a product so that consumers believe and feel satisfied. d. Features are additional characteristics or features that complement the basic advantages of a product. Features are an alternative choice to improve product quality so that it can be superior to its competitors. e. Reliability (reliability) is the opportunity for a product to be free from failure when carrying out its functions. The less damage, the more reliable the product. f. Aesthetics (aesthetics) is related to appearance that can attract consumers to choose products over competing products. Such as product color, packaging, and so forth. g. Perceived quality (impression of quality) is the perceived quality of the product. This concerns the consumer's assessment of the image, brand, and advertising. Therefore the product must always try to build its brand. Generally, products with high prices or good advertising at high costs are perceived as good quality goods. Likewise, products that lack advertising and are relatively cheap are often perceived as having lower quality than expensive products. Therefore, branding is a very important activity to carry out considering the long-term benefits that will be obtained if branding is successful, namely building an impression, image and trust in the minds of consumers. h. Serviceability (repairability) product quality is determined based on its ability to be repaired that is easy, fast and competent.

According to Kotler & Keller (2016: 195), purchasing decisions are a problem adjustment approach consisting of five stages by consumers. The five stages are problem recognition, information search, evaluation of alternatives, purchasing decisions, and post-purchase behavior. The stages in making a purchasing decision are: a. Problem Recognition Is the stage where consumers recognize the problem of the need for goods or services that must be met due to stimulation from internal (self) and external factors such as friends, family and so on. b. Information search After consumers understand the goods they need and what they want, they will come to the stage of searching for information about the goods they will buy. The amount of information obtained will increase consumer awareness and knowledge about a product, so that this awareness encourages consumers to purchase goods that are believed to be able to fulfill their needs and desires. c. Alternative Evaluation At this stage after consumers search for information, consumers will get information about the advantages and disadvantages of several products that can meet their needs. This

condition is called alternative evaluation where consumers will consider various similar products in order to choose the best in terms of quality, price and performance of the desired product to meet their needs. Consumers, in making judgments use intuition, or the opinions of others in their minds. d. Purchase decision After the evaluation stage, consumers will get a decision about which item to buy. Purchase decisions made by consumers cannot be separated from consumer knowledge of an item, its benefits, purchasing power and consumer tastes or desires. e. Post-Purchase Behavior Post-purchase behavior is the final evaluation stage after the purchase and use of goods. This evaluation will result in a decision whether the consumer will repurchase and recommend the purchase to others as a form of satisfaction with the performance of the item or product. Or decide not to make repeat purchases and not recommend these purchases to others and switch to competing products as a form of dissatisfaction with the performance of the goods or products.

Based on the results of the confirmatory analysis, it is known that the observed variable that has the highest loading factor value is image (X2.3) of 0.662 and a significance value of 0.000 which indicates that the image indicator has the highest contribution to the formation of product quality variables and has very strong validation in explaining variables. product quality. The results of this study indicate that product quality has a significant positive influence on purchasing decisions with  $P = 0.000$

$< 0.05$  with a coefficient value of 0.738. This shows that product quality is able to drive purchasing decisions because product quality is an important element that must be present in every product. A quality product is a product of good value with performance, durability, suitability, reliability, features, aesthetics, quality impression and repairability according to consumer perception. In the food business product quality is very vital because it is related to several factors including taste, cleanliness and durability of the food product itself. Many food vendors are empty of customers because the quality of their food products is not good, such as they are not tasty, they are not clean and they don't last long, so consumers are reluctant to buy them. Therefore, in addition to service, product quality is important to prioritize.

The results of this study are in line with Daryanto's theory (2014) which states that a person's purchasing decisions do not just appear, but are based on prior encouragement. This encouragement can come from internal factors and external factors, factors that influence consumer purchasing decisions including product quality. This research is also in line with the theory According to Kotler and Keller, (2016: 156) Product quality is the totality of features and characteristics of a product or service that has the ability to satisfy stated or needs. Thus influencing a person's purchasing decision.

### **3. Effect of Buying Decisions on Sales Volume**

According to Kotler and Armstrong, (2018: 154) Purchasing decisions are purchasing decisions for the product you want to buy. Purchasing decisions are actions taken by consumers in purchasing a product. According to Morrisani (2010), the purchase decision is the next stage after the intention or desire to buy; but the purchase decision is not the same as the actual purchase (actual purchase). When a consumer chooses to buy a brand, he still has to carry out the decision and make the actual purchase. According to Ebert and Griffin (2014), purchasing decisions are made by consumers based on rational motives, emotional motives or both.

Based on the confirmatory analysis, it is known that the observed variable that has the largest loading value is the brand indicator (Y1.3) of 0.845 and a significance value of 0.000 which indicates that the brand indicator has the highest contribution to the formation of buying decision variables and has very strong validation in explaining buying variables. decisions. In line with the descriptive analysis, where this variable has an average of 3.95 which is in the very good category.

The results showed that buying decisions had no significant effect on sales volume with a value of  $P = 0.081 > 0.05$ . This indicated that buying decisions had not been able to encourage an increase in sales volume because there were four factors that influenced consumer buying decision behavior outside the study, namely culture, social, personal and psychological (Kotler, 2003:202). As for the buying decision factors that are considered by researchers are location, product completeness and price.

In buying a product, a lot of factors are considered by a consumer. Amid the large selection of products on the market, customers tend to choose products according to their wishes and expectations. They buy based on their value views, therefore a company that excels and can survive is a company that has succeeded in satisfying its consumers. a person, a member of the same culture has a tendency to language, pattern instruction and imitation and they develop the same values.

According to Kotler and Armstrong (Oscar & Megantara, 2020) stated, consumers make many purchasing decisions every day, and purchasing decisions are the focus of marketers' efforts. Making a decision to buy a product or service, consumers can make an assessment to select a product or service. Decision making can be considered as an outcome or outcome from a mental or cognitive process that leads to the selection of a course of action among several available alternatives. Every decision-making process always produces a



final choice. The output can be in the form of an action (action) or an opinion on the choice (Ginting, 2019). Purchasing decisions are made using the rule of balancing the positive and negative sides of a brand (compensatory decision rule) or finding the best solution from a consumer perspective (non-compensatory decision rule), which will be re-evaluated after consumption.

According to Supranto and Limakrisna (Keren & Sulistiono, 2019), culture (culture) is a complex whole that includes knowledge, beliefs, art, rules, morals, habits and every ability and habit acquired by everyone as a member of society. Culture is not static, because it can change from time to time. According to Sumarwan (Keren & Sulistiono, 2019), culture is all values, thoughts, symbols, which influence attitudes, behavior, religion, and the habits of a person in society. Culture is not only intangible, such as values, thoughts and beliefs. Culture can take the form of material objects. shelter, mounts, electronic equipment, and clothing are examples of products that can be called the culture of a citizen. Culture will influence consumer behavior, perceptions, and attitudes. In conclusion, culture is a complex symbol and representation created by humans, passed down from generation to generation to determine and regulate human behavior in existing societies. Cultural factors have the most extensive and profound impact on consumer attitudes, because culture is the most basic determinant of one's expectations and attitudes.

This research is contrary to the results of research conducted by Nicky Hannry Ronaldo Tampi (2015), the results of the study show that there is the effect of Buying Decisions on marketing performance is partially important. Frenky Andiyanto Miyasto, Syuhada Sufian, (2017), research results show that every UKM is advised to have Buying Decisions which can be realized by developing new products, new processes and development in the field of marketing in order to get good business performance, and Mohammad Falahata T. Ramayahb, c, Pedro Soto-Acostad, Yan-Yin Leea, (2020), research results show that competitive advantage affects the price capability and international performance of SMEs. Findings from previous studies and this study prove that there is a significant influence of Buying Decisions variable on sales volume variable.

#### **4. Effect of Digital Marketing on Sales Volume**

Every company organization is expected to be able to develop a marketing strategy in order to survive in the face of competition, one of which is having a marketing strategy in the form of a marketing mix with digital marketing. The company's business strategy is expected to have an impact on financial, non-financial benefits, to survive in the industry, and to achieve the organization's long-term goals (Dewi, 2017) However, the results of this study indicate that digital marketing has no significant effect on sales volume, with  $P = 0.369 > 0.05$  and a coefficient value of 0.141, which indicates that digital marketing has not been able to drive an increase in sales volume because it is in line with findings from McKinsey, in In 2017 there were 30 million e-commerce customers who were transformed into Digital Platform and every year it increased by up to 50%. It just didn't grow significantly due to 3 main factors namely the provision of Regulations, Provision of Digital Infrastructure, and Empowerment of Digital Literacy HR (McKinsey: 2017). So that in several regions, especially in South Sulawesi, it has not been able to influence it significantly. In the case of Indonesia, infrastructure is still not widely distributed. Only in big cities, such as Jakarta, Surabaya, Yogyakarta, Bandung, Medan, and others, is infrastructure built and well built, but not in small towns or border areas. This is shown from graph 1, there are several provinces that do not even have an internet network, so it is impossible to get information technology if there is no internet network. However, we must remember that Indonesia is an island divided by oceans, giving the Indonesian government new challenges in terms of infrastructure development. Furthermore, building media regulation that is comprehensive and has a long-term dimension is not an easy matter. While the development of communication technology generally always precedes regulation. Regulations are always left behind when faced with the rapid and massive development of communication technology. Meanwhile, if a regulation or policy is enacted and implemented, new technological variants may emerge that are not covered by these regulations. The development of digital media has implications not only for mainstream media but also for the attitudes and behavior of users. For example, in broadcasting media, the internet medium has caused television and radio to develop into the digital realm or media convergence. Or a digital television set (led-smart-tv) capable of accessing internet facilities, such as the world wide web, you tube, communication applications. Collaboration between broadcasting, telecommunications and the internet has finally become a necessity in a multi-platform modern broadcasting system which is then called convergence. Media convergence cannot be separated from the main issues, especially regarding ethics. Particularly for digital media, there is a lot of literature that focuses on aspects of privacy, copyright, democracy, friendship and communication, pornography and violence. On the other hand (read: Ward, 2010), digital media ethics also discusses the distinction between ethical issues, practices and norms of digital news media. Where, digital news media includes online journalism, blogging, digital photo journalism, citizen journalism and social media. In addition, Society 5.0 is considered a concept that is built on the

basis of humans and technology. In this era, people will be faced with a life accompanied by technological sophistication. Therefore, HR competence must be improved so that they are able to utilize and maximize every technological innovation such as the Internet of Things, Big Data, robots, and Artificial Intelligence, so that people are able to overcome various social problems and life challenges. In more detail Pereira et al., (2020) explains that Society 5.0 focuses on the use of tools and technology developed in the Industrial 4.0 era to benefit humanity. The intelligent system developed by Industry 4.0 can be seen by the public as an advantage. Future societies can take advantage of advanced technology in solving problems and the economy. Society 5.0 has a special focus on positioning human resources as the center of innovation, technology transformation and industrial automation. Rohida (2018) explained that human resources in the era of "industrial revolution 4.0" need to increase competence in utilizing digital technology such as big data, internet of things, robots and Artificial Intelligence. Programs to improve these skills are very important to understand so that human resources are able to adapt to industry demands. Work competence 4.0 is a combination of hard skills, soft skills, skills in processing ICT and knowledge to welcome the "4.0 industrial revolution" towards "society 5.0". Competencies that must be possessed by human resources in the work 4.0 era include: 1. Digitizing the work environment based on technology; 2. Collaboration with cyber systems; 3. Flexible work processes that can be adapted to customer needs; 4. Mental Tasks; 5. Work team. Indonesia's human resources are expected to be able to adapt to the industrial revolution paradigm. In the era of Society 5.0 it is more prioritized so that human resources are able to adapt to future challenges with High Order Thinking Skills. By having a high, flexible and methodical mindset, human resources will be able to use modern science (Internet of Things, robots, Artificial Intelligence). In the world of work, welcoming the era of society 5.0, individuals in the workplace are expected to improve their soft skills to adapt to the current digital era. Points that need to be considered in efforts to develop human resources towards superior competence in the digital era are:

1. Digital Skill for Digital Competency Digital competence is the knowledge, skills, attitudes and awareness required when using information technology. So Management must seriously improve employee skill training in achieving digital competence.

2. Implementation of Digital Competency Development Digital capability and good digital implementation is an institution's success in implementing digital technology.

3. Increase in Human Value Development of human resources which includes developing self-identity, namely fostering a sense of empathy and sympathy, being able to interact/communicate with any social group so that they are able to survive in all dynamics.

To be successful in achieving society 5.0, there are three levels of individual competence that must be developed, namely: 1. Interpersonal Competence Interpersonal competence includes communication, (virtual) collaboration, social intelligence and intercultural competence. 2. Intrapersonal Competence Intrapersonal competence includes critical thinking, reasoning, adaptive and integrated thinking, transdisciplinarity and self-direction. 3. Improve ICT skills ICT skills include expertise in information and communication technology, computational thinking, social media literacy and information security awareness. The results of this study are not in line with the theory put forward by Heflin Frinces (2011:60) that product quality is defined as strength or ability and excellence built from potential and resources originating from within and outside the organization in a planned and systematic way. to fight against the existence of real latent potential to disturb, shift, fight and or destroy the position of existence and existence of the party to be competed, and the theory of performance put forward by Sinambela (2016: 480) that employee performance is the employee's ability to do something with certain expertise. With product quality, it is able to increase sales volume in the food sector.

## **5. Effect of Product Quality on Sales Volume**

According to Kotler and Keller, (2016: 156) Product quality is the totality of features and characteristics of a product or service that has the ability to satisfy stated or needs. A person's buying decision does not just appear, but is based on encouragement first. This encouragement can come from internal factors and external factors. Another factor that affects sales volume is product quality. Product quality is an important instrument used to beat competitors. In addition, product quality is one of the main marketing positioning instruments. Product quality is the capacity of the product to perform its role, which generally includes strength, reliability, accuracy, ease of operation and product repair (Kotler & Armstrong, 2016). This statement can be interpreted that the quality of goods can affect the perspective of buyers in choosing an item (Kotler & Keller, 2015). However, the results of this study indicate that product quality has a significant effect on sales volume, with  $P =$

$0.005 < 0.05$  and a coefficient value of 0.711, which indicates that product quality is able to encourage an increase in sales volume because according to Kotler and Armstrong (2015: 389) The definition of a product is anything that can be offered to the market in order to attract attention, acquisition,

use, or consumption that can satisfy a want or need. Products include more than just tangible things. In a broad sense, products include physical goods, services, people, organizations, ideas, or a combination of these. This research is in line with research conducted by Karim (2014) which suggests that product quality has a significant influence on sales volume, where both studies find that product variables, especially quality products, have a significant effect on sales or perceptions of sales volume.

#### **6. Effect of Digital Marketing on Sales Volume through Buying Decisions**

The results of the analysis show that digital marketing has no significant effect on sales volume through buying decisions with  $P = 0.588 > 0.05$  with a coefficient value of 0.009. This shows that buying decisions cannot mediate digital marketing variables; why is that? Because technological developments continue from time to time, initially, technology was only used to assist humans in carrying out activities. Everyday human behavior is always associated with technology because technology can improve human communication, information seeking, and entertainment. The use of communication technology can overcome the problem of distance. Technology can connect people from one area to another. Therefore, technological developments have changed human behavior in communicating, buying products, and obtaining entertainment content. In recent years, global Internet users have increased by 33%. This can give consumers greater acceptance as a medium that can facilitate information search and a way to end purchases of products and services (Gerrikagoitia et al., 2015).

#### **7. Effect of Product Quality on Sales Volume through Buying Decisions**

These results indicate that product quality has no significant effect on sales volume through buying decisions with a value of  $P = 0.50 > 0.05$  with a coefficient value of

0.019. This shows that buying decisions have not been able to mediate product quality because sales volume does not have an indicator that is in line with the product quality variable on buying decisions, whereas Product Quality has a significant influence on Buying Decisions without a Mediation variable. Product quality is an important element that must be present in every product. A quality product is a product of good value with performance, durability, suitability, reliability, features, aesthetics, quality impression, and repairability according to consumer perception. In the food business, product quality is very vital because it is related to several factors, including taste, cleanliness, and durability of the food product itself. Many food vendors are empty of customers because the quality of their food products is not good, such as they are not tasty, they are not clean, and they don't last long, so consumers are reluctant to buy them. Therefore, in addition to service, product quality is important to prioritize. According to Kotler, quoted in Assegaf (2009), product quality must start with customer needs and end with customer perceptions. This means that a good product quality image does not come from the business owner or the producer but rather comes from the consumer's perception gained from their experience of the product. According to Tjiptono (2008: 25), quality reflects all dimensions of product offerings that generate benefits for customers. Therefore, the lower the product quality, the smaller the benefit that consumers get, and the more consumers will be reluctant to buy the product. Conversely, the better the quality of a product, the more benefits consumers will receive, so consumers will decide to buy the product. This is in line with research conducted by Giardo et al. (2017), Nurul H (2017), and Davin et al. (2016), who said that product quality has a significant effect on purchasing decisions. Furthermore, research conducted by Ridwan (2011) also states that product quality has a positive effect on purchasing decisions for Wsat restaurant products, and research conducted by Herlina, Y. (2020) states that product quality partially influences purchasing decisions for CFC fried chicken and research conducted by Kurniasih, W., and Sugiyanto (2019) also states that product quality influences purchasing decisions at PT Nestle Indonesia. Thus it can be concluded that there is a relationship between product quality and purchasing decisions.

### **V. Research Findings**

Based on the results of the analysis and discussion above, the findings of this study are several things

1. The non-significant direct effect of digital marketing on buying decisions and sales volume indicates that digital marketing is not able to drive purchasing decisions due to limitations in some areas that are still not connected to the internet network.
2. The insignificant direct effect of buying decisions on sales volume indicates that buying decisions have not been able to drive an increase in sales volume.
3. The buying decisions variable has not been able to mediate digital marketing and product quality on sales volume.

## **VI. Research Limitations**

This research has several limitations including:

1. This research was conducted only on MSME actors in SELATAN SULAWESI PROVINCE and this provides a limitation in generalizing the results of research findings.
2. The measurement of research variables was carried out based on perceptions which were determined by the respondent's memory as an MSME actor and self-assessment so that there was a tendency for bias in measurement.
3. The empirical analysis carried out in this study uses survey data that analyzes relationships at one point in time (cross-sectional), while attitudes and behavior are very dynamic, so to analyze attitudes and behavior, longitudinal observations are needed; for this reason, further research studies are needed to analyze return changes in the influence relationship between the variables examined in this study.
4. The difference between this research and previous research lies in the model built by analyzing the effect of digital marketing strategy and product quality on Sales Volume by using Buying Decisions as an intervening variable in analyzing the influence between variables in previous studies carried out separately or partially.
5. The exogenous variables of this study are based only on concepts. It is hoped that future researchers who are interested in this study will use other variables.
6. The unit of analysis for this research is limited to MSME actors specifically for food; thus it is hoped that future researchers interested in this study will use a broader unit of analysis, namely customers or consumers in the province of South Sulawesi. A broader unit of analysis will justify broader benefits for policymakers, especially in the food sector of Micro, Small, and Medium Enterprises in the province of South Sulawesi.

## **VII. Conclusions And Suggestions**

Based on the results of the analysis and discussion of research results as stated in the previous section, the authors feel the need to draw several conclusions as follows:

1. Digital Marketing has no significant positive effect on Buying Dcesions in SMEs in the Province of South Sulawesi.
2. Product quality has a positive and significant effect on buying decisions on MSMEs in the Province of South Sulawesi. This shows that better product quality can increase purchasing decisions
3. Buying decisions have no significant positive effect on sales volume at SMEs in the province of Sulsel. This shows that purchasing decisions have not been able to increase sales volume.
4. Digital marketing has no significant positive effect on the sales volume of MSME products in the province of South Sulawesi. This shows that the majority of MSMEs are still unable or do not understand digital marketing.
5. Product Quality has a positive and significant effect on the sales volume of MSMEs in the Province of South Sulawesi. This shows that the better the Product Quality that is implemented, the more sales volume will increase.
6. Digital marketing has no significant positive effect on sales volume through buying decisions in SMEs in the province of Sulsel.
7. Product quality has no significant positive effect on sales volume through buying decisions in SMEs in the province of South Sulawesi.

### **Suggestion**

Based on the results of the analysis and discussion, several recommendations can be putforward:

1. Improving the Digital Marketing Platform through indicators of cognition, sharing, persuasion, decision-making, and life factors. To make consumers the decision to buy MSME products and make decisions to make purchases at MSMEs in the province of South Sulawesi.
2. Product Quality is a continuous concern to increase sales volume and buying decisions for MSMEs in the Province of South Sulawesi.

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