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The Influence of Digital Marketing, Price and Product Quality on Buying Decision in MSMEs (Culinary Sector) in Medan City

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*Corresponding Author: ratnadinamarviana@dharmawangsa.ac.id**ABSTRAK**

Tujuan penelitian ini adalah untuk mengetahui pengaruh digital marketing, harga dan kualitas produk terhadap keputusan pembelian pada UMKM Binaan di Kota Medan. Populasi dalam penelitian ini adalah seluruh UMKM binaan di Kota Medan yang berjumlah 1.875; kemudian dengan menggunakan *purposive sampling* sehingga jumlah sampel yang digunakan sebanyak 213. Pengujian hipotesis dilakukan dengan menganalisis model struktural, yaitu menggunakan Structural Equation Modeling (SEM). Hasil penelitian ini menyimpulkan bahwa variabel pemasaran digital dan kualitas produk berpengaruh signifikan terhadap keputusan pembelian. Namun variabel harga tidak berpengaruh terhadap keputusan pembelian pada UMKM (Sektor Kuliner) di Kota Medan.

Kata kunci : *Digital marketing; Harga; Kualitas Produk; Keputusan Pembelian; UMKM*

ABSTRACT

The purpose of this study is to determine the influence of digital marketing, price, and product quality on purchasing decisions in fostered MSMEs in Medan City. The population in this study was all fostered MSMEs in Medan City, totaling 1,875; then using purposive sampling so that the number of samples used was 213. Hypothesis testing was carried out by analyzing the structural model, namely using Structural Equation Modeling (SEM). The results of this study concluded that digital marketing and product quality variables have a significant effect on purchasing decisions. However, the price variable does not affect purchasing decisions in MSMEs (Culinary Sector) in Medan City.

Keywords : *Digital marketing; Buying decision; MSMEs; Price; Product Quality*

INTRODUCTION

The role of MSMEs is very large in the growth of the Indonesian economy, with their number reaching 99% of all business units. Most of the MSMEs in Indonesia are household business activities that can absorb a lot of labor. Based on data from the Ministry of Cooperatives and SMEs, in Indonesia in 2019, there were 65.4 million MSMEs. With a number of business units of up to 65.4 million, it can absorb 123.3 thousand workers. This proves that the impact and contribution of MSMEs is very large in reducing the unemployment rate in Indonesia. Increasing the involvement of workers in MSMEs will help reduce the number of unemployed in this country.

Currently, MSMEs are in a positive trend with their numbers continuing to increase every year. This positive trend will have a good impact on the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the contribution of MSMEs to National GDP is 60.5%. This shows that MSMEs in Indonesia have great potential to be developed so that they can contribute even more to the economy. Therefore, the financial performance of MSMEs must continue to be improved. In Medan City itself, MSMEs have boosted the economy in Medan City throughout 2022 after the last pandemic. Currently there are 38,343 MSMEs recorded in the Medan City MSME Cooperative and MSME Data Collection System (SIMDAKOP) application. Of this number, 27,763 MSMEs in the culinary sector have registered as being assisted by the Medan City Cooperatives for Small and Medium Enterprises, Industry and Trade (UKM Perindag Cooperative) Service and this will continue to increase every year.

As the number of MSMEs in Medan City increases, competition will increase, especially in the culinary sector. Many MSMEs sell similar or even the same products. And this results in consumers feeling confused about buying decision. Buying decision are thoughts in which people evaluate different options and settle on a decision on an item from a variety of decisions. Buying decision are a phase in the decision-making process to select, use, purchase and utilize goods or services by considering decisions about products, decisions about brands, decisions about channels, decisions about when to buy and decisions about product quantities (Sumarga et al, 2022).

Buying decision can be influenced by several factors, namely digital marketing. Digital marketing not only provides benefits for business people but also for the public as buyers. Judging from the lifestyle of individuals in this advanced era, internet-based businesses can be an option for individuals as buyers when shopping or needing services such as online transportation or delivery services without requiring meetings or negotiations, but must use mediators in the form of smartphones, notebooks and PCs. connected by the internet. The use of the internet and online media has been widely used by industry players as a methodology for promoting goods. One type of methodology that is currently being used by industry players is the use of influencers through internet-based media. In short about influencers, as according to Hariyanti & Wirapraja (2018) influencers are figures through internet-based media, who have a very large or critical number of followers (supporters) who can influence or react to the behavior of their followers. Influencers come from various professions, including superstars, artists, bloggers, figures, and so on. This shows that digital marketing has a positive influence on buying decision (Muafidah & Sulistyowati, 2021; Khoziyah & Lubis, 2021; Putri & Marlien, 2022).

Furthermore, another thing that influences buying decision is price. Kotler & Armstrong (2020) explain the relationship between price and buying decision, namely that price influences consumer decisions in making purchases, the higher the price, the lower the purchasing decision, conversely if the price is low the purchasing decision changes to be higher (Anindita, 2022). Price will influence buying decision if the price of a product is affordable, competitive, in accordance with the quality and benefits offered. So it can be concluded that if pricing is better, it can improve buying decision (Akbar & Haryoko, 2020). Then, another factor that influences buying decision is product quality. Apart from price, product quality is also a factor that influences buying decision, because product quality plays an important role in attracting consumers to make purchases. The better the product quality, the more it increases buying decision (Ernawati, 2019; Suari et al, 2019; Sari & Prihartono, 2021).

METHODS

This study employed a survey design, collecting data through questionnaires filled out by respondents in the culinary sector of MSMEs in Medan City. Hypothesis testing was conducted using structural model analysis, namely Structural Equation Modeling (SEM). Each hypothesis was tested through path coefficients, which indicate the direction and strength of the influence between variables. The significance of the relationship was determined based on the t-value generated by LISREL. The testing criteria were that if the t-value was ≥ 1.96 at a significance level of 5% ($\alpha = 0.05$), the hypothesis was accepted, whereas if the t-value was < 1.96 , the hypothesis was rejected. In this study, the research population was all MSMEs in the culinary sector assisted by the Medan City Industry and Trade UKM Cooperative Service, namely 27,763 MSMEs. then, it was reduced using the purposive sampling method with the following criteria:

Table 1
Sample Selection Criteria

No	Criteria	Total
1	MSMEs in the Culinary Sector Assisted by the Medan City SME Cooperative Service	27.763
2	MSMEs that do not yet have an NIB	(27.532)
3	MSMEs that do not yet use technology (both innovation, sales and marketing)	(17)
	Total	213

source: processed data

Based on the sampling results, a total of 213 research samples will be used and the data will be processed. Research data collection was carried out by distributing questionnaires to respondents directly. The type of questionnaire distributed to respondents is a closed questionnaire, meaning that each respondent is asked to answer with the answers that are already available. Then the analysis tool used is LISREL software.

RESULTS

This analysis is conducted by plotting the t-value, standardized loading factors to determine indicator reliability, and CR and VE values to determine variable reliability. The consistency index is used to evaluate the general fit of the model between the latent variables and the indicator variables. According to Wijanto (2008), the reliability of the measured index should be higher (≥ 1.97) when the t-value is known. This can be seen not only from the reliability but also from the number of standardized factors required. The following presents the results of the analysis of each indicator used in each latent variable:

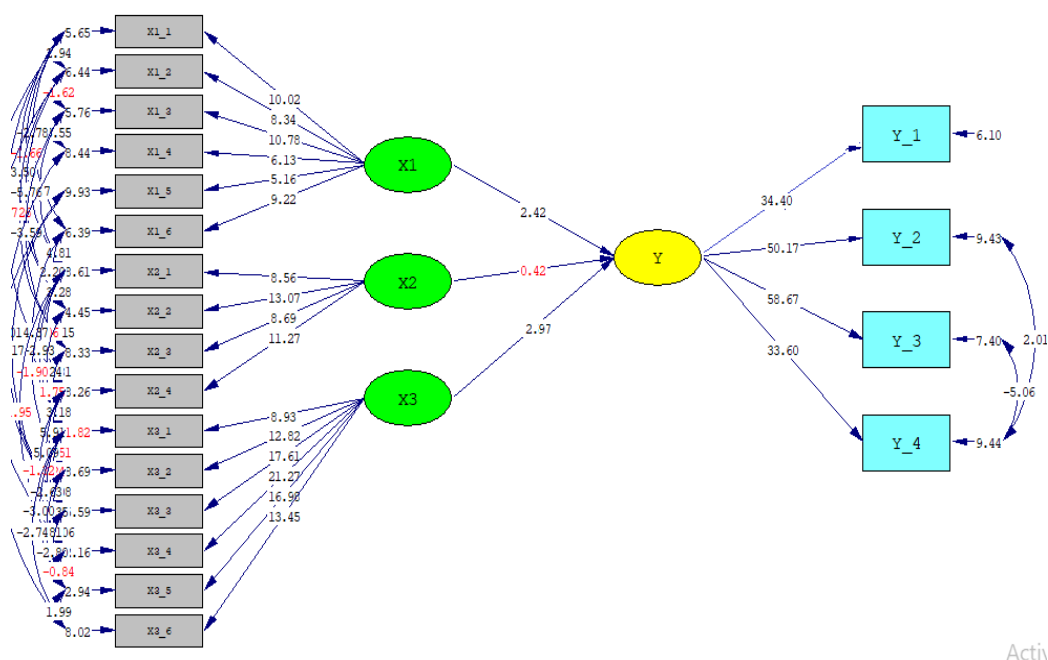
Table 2
Validity and reliability test results of latent variables

Variable	Indicator	SLF > 0,50	t value > 1,97	Information	Reliability	
					CR $\geq 0,70$	VE $\geq 0,40$
Buying Decision (Y)	Y1	0,80	12,39	Valid	0,77	0,47
	Y2	0,65	8,45	Valid		
	Y3	0,76	9,62	Valid		
	Y4	0,55	4,74	Valid		
Digital Marketing (X1)	X1_1	0,77	10,02	Valid	0,83	0,46
	X1_2	0,65	8,34	Valid		
	X1_3	0,79	10,78	Valid		
	X1_4	0,68	6,13	Valid		
	X1_5	0,67	5,16	Valid		
	X1_6	0,67	9,22	Valid		
Price (X2)	X2_1	0,59	8,56	Valid	0,77	0,46
	X2_2	0,84	13,07	Valid		
	X2_3	0,59	8,69	Valid		
	X2_4	0,66	11,27	Valid		
Product Quality (X3)	X3_1	0,84	8,93	Valid	0,92	0,65
	X3_2	0,62	12,82	Valid		
	X3_3	0,80	17,61	Valid		
	X3_4	0,93	21,27	Valid		
	X3_5	0,88	16,98	Valid		
	X3_6	0,73	13,45	Valid		

source: processed data

The table above shows that all observed variables for the latent variables of buying decision, digital marketing, price and product quality have passed the validity test, because they have fulfilled the requirements, namely loading factors value ≥ 0.50 and t-value ≥ 1.97 . Meanwhile, the reliability test of the purchasing decision variables (Y), digital marketing (X1), price (X2) and product quality (X3) produced good values, namely the construct reliability (CR) value was greater than 0.70, so that each variable had good consistency. One other way to see reliability is through variance extraction (VE), where the VE value obtained is > 0.40 , so the VE value also meets the requirements for reliability testing.

After obtaining effective and reliable indicators, the next step is to carry out path analysis on effective and reliable indicators to eliminate indicators that are invalid and reliable. When testing the hypothesis, if the absolute value of $t \geq 1.97$ with the coefficient sign is in accordance with the proposed research hypothesis, then the research hypothesis is accepted. This research model shows that there is an influence of digital marketing on buying decision (hypothesis 1), there is an influence of price on buying decision (hypothesis 2) and there is an influence of product quality on buying decision (hypothesis 3).



source: processed data

Figure 1
Path Analysis Diagram (t-Value)

Table 3
Goodness of Indices (GOFI) Model Path

GOFI	Calculated Result Value	Model Fit Standard Values	Conclusion
Chi-Square	187,99	Expected to be small	Fit
Df/Degree of Freedom	105	df > 0	Fit
RMSEA	0,061	RMSEA ≤ 0,08	Fit
NFI	0,931	NFI ≥ 0,90	Fit
NNFI/TLI	0,941	NNFI ≥ 0,90	Fit
CFI	0,967	CFI ≥ 0,90	Fit
IFI	0,968	IFI ≥ 0,90	Fit
Standardized RMR	0,05	Standardized RMR ≤ 0,05	Fit
GFI	0,923	GFI ≥ 0,90	Fit

source: processed data

From the Table 3 data above, the GOFI (Goodness of Fit) value is obtained which describes how well or fits a series of observations with the model. Goodness of Fit measures usually summarize the differences between observed values and used values. Test the suitability of the model in path analysis. Based on the table above, it can be seen that all GOFI (Goodness of Fit) calculated values have been fulfilled in their entirety. This research uses a confidence level of 95% with a t-value limit of 1.97. In the validity and reliability test before testing the model, all variables in the research have passed the validity and reliability test.

Table 4
The Influence of Digital Marketing, Price and Product Quality on Buying Decision

Hypotesis	Effect	t-value > 1,97	Information
H1	X1 → Y	2,42	Accepted
H2	X2 → Y	0,42	Ignore
H3	X3 → Y	2,97	Accepted

source: processed data

The direct influence shown in Table 4 explains the answer to the research hypothesis, namely the partial influence of X1, X2, and X3 on Y. The results of the influence of digital marketing on

purchasing decisions show a t value of $2.42 > 1.97$; so the hypothesis is accepted. Based on the hypothesis results, it shows that the Digital Marketing variable (X1) has a partial influence on Buying Decisions (Y) in MSMEs (culinary sector) in Medan City. This means that the better the MSMEs (culinary sector) design their websites, the more updated their Search Engine Marketing is, and the more active they are on social media, this will encourage consumers to decide to buy their products. By using digital media to market their products, entrepreneurs can market their products in a timely, personal and more relevant manner. The various products offered by the Shopee shopping platform have different product types, quality and prices. The results of this research are supported by research by Mahmud (2022); Widodo & Budiarti (2023) which shows that Digital Marketing has a significant influence on buying decisions.

Furthermore, the influence of price on purchasing decisions showed a t-value of $0.42 < 1.97$, so the hypothesis was rejected. Based on the results of the hypothesis, it shows that the price variable (X2) does not have a partial influence on Buying decision (Y) in MSMEs (culinary sector) in Medan City. Price has no influence on buying decision in MSMEs (culinary sector) in Medan City because there are other, more significant variables that influence buying decision, such as digital marketing and product quality. The products of MSMEs (culinary sector) in Medan City have delicious taste, varied menus, attractive food designs, and food portions that suit your needs. Apart from that, MSMEs (culinary sector) in Medan City have also been equipped with marketing techniques through digitalization so that they are able to expand their target market in various places. This makes consumers ignore the price of the products they consume and decide to make purchases from MSMEs (culinary sector) in Medan City. The results of this research are supported by research by Oka et al, (2023); Hidayat (2021) which shows that price does not have a significant effect on buying decision.

Meanwhile, for the influence of product quality on purchasing decisions, with a t-value of $2.97 > 1.97$, the hypothesis was accepted. Based on the results of the hypothesis, it shows that the product quality variable (X3) has a partial influence on Buying decision (Y) in MSMEs (culinary sector) in Medan City. In tight competition like today, companies must be able to offer quality products and have added value, so that they appear different from competitors' products. Quality is one of the factors that buyers consider before purchasing a product. Companies must have good quality or match the price offered when selling products or services in running a business. To face this competition, good product quality is needed, where (Kotler and Keller, 2012) state that product quality is the ability of a product to carry out its function, including durability, reliability, accuracy, ease of operation and repair and other valuable attributes because they are closely related to safety. Humans, then product quality greatly influences purchases in making buying decision. The results of this research are similar to research conducted by Firmansyah (2019), Cahyani & Hidayat (2020), Hidayat (2021) who found that there is a significant influence of product quality variables on buying decision. This shows that the better the product quality perceived by consumers, the greater the possibility for consumers to make buying decision.

CONCLUSION

The results of this study conclude that digital marketing and product quality variables significantly influence purchasing decisions. However, price variables do not influence purchasing decisions among MSMEs (culinary sector) in Medan City.

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