THE INFLUENCE OF PRODUCT QUALITY, SERVICE QUALITY, AND PRICE ON PURCHASING DECISIONS THROUGH CONSUMER BELIEFS AS A VARIABLE INTERVENING AT PT. FREYA FRIST INDONUSA MEDAN

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Abstract. This study aims to analyze the influence of product quality, service quality, and price on purchase decisions, with consumer trust acting as an intervening variable at PT. Freya Frist Indonusa Medan. The independent variables in this study include Product Quality (X1), Service Quality (X2), and Price (X3), while the dependent variable is Purchase Decision (Y), with Consumer Trust (Z) as the mediating factor. A quantitative approach is employed, utilizing data collection techniques such as questionnaires and direct observations to gather responses from consumers. The study population comprises 225 consumers, and by applying Slovin's formula with a significance level of 0.05, a representative sample of 144 respondents was selected. The collected data is then analyzed using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method, facilitated by SmartPLS software, to examine the relationships between variables and test the proposed hypotheses. The findings reveal that Product Quality (X1) has a significant positive effect on Consumer Trust (Z), indicating that higher product quality enhances consumer confidence in the brand. Similarly, Service Quality (X2) also positively influences Consumer Trust (Z), suggesting that superior service contributes to higher levels of trust. Additionally, Price (X3) positively impacts Purchase Decision (Y), showing that competitive pricing strategies influence consumer choices. These results highlight the importance of maintaining high product and service quality while setting reasonable prices to strengthen consumer trust, ultimately leading to better purchase decisions and increased customer satisfaction at PT. Freya Frist Indonusa Medan.

Keywords: product quality, service quality and price, purchasing decisions and consumer trust.

I. INTRODUCTION

Indonesia as a developing country is seen as a potential market that has growth. In the era of globalization with increasingly tight business competition, the business world must continue to improve its performance and competitiveness in order to remain relevant and grow. Entrepreneurs are required to have resilience and ability adaptation in face dynamics market Which constantly changing. The rapid development of technology and science not only affects the way businesses work, but also creates new challenges and opportunities that must be optimally utilized. Digitalization, automation, and data-based business transformation are the main factors that determine business sustainability amidst market uncertainty.

The era of globalization has opened up opportunities for Indonesian companies to expand their markets, but on the other hand it has also increased increasingly tight competition between local and foreign companies. One sector that has experienced rapid growth is industry furniture, Which increasingly growing along with increasing market demand. Marketing plays a crucial role because it is directly related to the sales process and business sustainability. By Because That,

owner business must own understanding Which in-depth knowledge of marketing strategies in order to compete effectively, adapt to trends market, as well as face challenge Which appear in time front. With the right marketing strategy, companies can increase competitiveness, expand market reach, and maintain customer loyalty.

Problems often arise in the form of declining revenues caused by factors such as weakening consumer purchasing power for products. In this situation, a proper strategy is needed to maintain existing customers to remain loyal and not turn away, so that the company can continue to operate sustainably. Client satisfaction is a major factor in maintaining the sustainability of a company, so it is often the main focus of business owners in marketing strategies. Along with the development of technology, various marketing methods continue to develop, allowing businesses to be more effective in promoting and sell their products. It can be seen from the table data above explaining the income of PT. Freya Frist Indonusa Medan in 2021-2023. In 2021, it received an income of IDR 46,000,000, - and in 2022 it increased by IDR 60,950,000, - in 2023 it decreased by IDR 58,750,000. Can seen that PT. Freya First Indonesia experience rapid price fluctuations . So that PT. Freya Frist Indonesia must create

innovation For Can balance income from year to years. Fluctuation income PT. Freya First Indonesia Medan due to by the decline volume sale product, Which reflect existence decision decline purchase from consumer. In general ideal, if various supporting factors walk in accordance expectation, so level satisfaction customers should experience improvement.

Table 1 Total income PT. Freya First Indonesia Medan 2021-2023

No	Year	Amount
1	2021	Rp. 46,000,000,-
2	2022	Rp. 60,950,000,-
3	2023	Rp. 58,750,000.-

Source: PT. Freya First Indonesia Medan Year 2022-2023

However, fact show that factors certain Possible No fulfilled, so that impact on decrease interest consumer in transact in shop the. Decline in sales This Can influenced by various aspect, like lack of product innovation, service Which No adequate, or mismatch price with expectations consumer. Besides That, If experience shopping consumer does not meet the standard Which they expect, they tend will switch to competitors, which further worsens the store's situation. It is important for the company to continue monitor And adapt strategy they so that can increase satisfaction customer And jack up sale return.

One of the main factors that influence customer satisfaction with a product is its quality. According to Kotler and Armstrong (2018), the quality of goods or services reflects the characteristics that determine its ability to influence customer purchasing decisions, both directly and indirectly. PT. Freya Frist Indonusa Medan has tried to improve the quality of its products, but still faces challenges in terms of consistency.

Service quality also plays an important role in shaping customer satisfaction. Parasuraman et al. (2017) asserted that service quality is the difference between customer expectations and their perceptions of actual service performance. PT. Freya Frist Indonusa Medan faces challenges in improving the speed and effectiveness of their customer service.

In addition to having a major impact on sales, price also plays a role in determining the level of consumer satisfaction and happiness. Based on research conducted by Setiawan and Irawati (2023), price is a crucial element in the marketing mix because it is directly related to company revenue. To ensure that products remain affordable for consumers, businesses must set prices that are in line with their economic conditions. In addition to determining purchasing power, price also shapes consumer perceptions of a product and is a major factor in the purchasing decision-making process. PT. Freya Frist Indonusa needs to balance their pricing strategy amidst increasingly fierce competition.

Based on the results of initial observations, there are several reasons that encourage consumers to choose PT. Freya Frist Indonusa, including:

1) *Information And Access Which Easy*. PT. Freya First Indonesian in Selling products can be done *online* or *offline* by explaining in detail the description of the product being offered. This makes PT. Freya Frist Indonusa the right choice for consumers who need convenience in good transactions.
2) *Availability Product* . PT. Freya First Indonesia can provide the products it offers in large quantities. Availability of products in quantity This large can meet consumer needs if want to buy products in large quantities.
3) *Affordable price* . The price of products offered by PT. Freya Frist Indonusa is relatively affordable compared to other companies in Medan . Matter This become Power pull for consumer Which own limited budget .

The observations indicate that PT. Freya Frist Indonusa generally maintains good product quality and adequate service, with most respondents expressing satisfaction , particularly regarding product specifications and functionality. However, some aspects require improvement, such as product aesthetics, as a portion of respondents found the design less appealing. In terms of service quality, while facilities were deemed comfortable and employee responsiveness was rated positively, inconsistencies in reliability and lack of personal attention to customers highlight areas needing enhancement. Regarding pricing, the company's rates are considered competitive, but affordability remains a concern for some consumers, and opinions on discount policies vary. Customer purchasing decisions show a mix of loyalty and hesitation, with some respondents willing to repurchase while others reconsider their commitment to the brand. Trust in the company's product quality is generally strong, but a small portion of customers still doubt its consistency. Overall, while PT. Freya Frist Indonusa has a solid market presence, refining product design, improving service reliability, and adopting a more competitive pricing strategy that could increase customer satisfaction, strengthen brand loyalty, and increase its market competitiveness.

II. RESEARCH METHOD

This study uses a quantitative approach with a positivistic paradigm, which emphasizes statistical analysis and random sampling techniques (Sugiyono, 2022). The research method used is associative research to analyze the relationship between variables (Ghozali & Hengky, 2015). This study was conducted at PT Freya Frist Indonusa, Medan City, from March to November 2024. Samples were taken from 225 customers who shopped in July-December 2023 using the Simple Random Sampling method with the Slovin formula, resulting in 144 respondents (Ridwan & Kuncoro, 2011). Data collection was carried out through interviews and questionnaires based on the Likert scale, which is commonly used to measure attitudes, opinions, and perceptions (Azwar, 2015). The validity test used the Pearson Product Moment correlation method, while reliability was tested with Cronbach's Alpha, ensuring the instrument's accuracy and consistency (Sugiyono, 2019). Data analysis was carried out

using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS to test the relationship between latent variables through outer and inner model evaluations (Sholihin & Dwi, 2013). The outer model measures the validity and reliability of the construct with convergent validity, discriminant validity, and composite reliability, while the inner model assesses the relationship between latent variables using R-Square and Q-Square (Ghozali & Hengky, 2015). Hypothesis testing was conducted using a t-statistic test and bootstrapping with SmartPLS, with the hypothesis accepted if t-statistic >1.96 or p-value <0.05 (Hussein, 2015). This study is expected to provide insight into the factors that influence purchasing decisions at PT Freya Frist Indonusa, as well as support the company's business and marketing strategies.

III. RESULT AND DISCUSSION

Outer Model Evaluation (Measurement Model): Validity and Reliability Testing

Convergent validity is an important aspect in measurement models, especially in confirmatory factor analysis (CFA) in covariance-based SEM and in outer models in SEM-PLS. To ensure that the measurement model meets the criteria for convergent validity on reflective constructs, two main requirements must be met: (1) factor loadings must exceed 0.7, and (2) p-values must be significant (<0.05). However, in practice, loadings above 0.7 cannot always be achieved, especially in newly developed survey instruments. Therefore, loadings in the range of 0.40 to 0.70 can still be considered for use. Meanwhile, indicators with

loadings below 0.40 should be removed from the model to improve the reliability and validity of the measurement. However, before removing an indicator, it is necessary to evaluate its impact on the composite reliability and the average variance extracted (AVE) for indicators with loadings between 0.40 and 0.70. If the removal of an indicator can increase the AVE and composite reliability beyond the minimum limit, then indicators with loadings in that range can be eliminated. The composite reliability must reach at least 0.70 , while the AVE threshold is 0.50. In addition, it is important to consider the influence of the indicator on the content validity of the construct before making a decision to remove it. If an indicator contributes to the content validity of the construct, then even though it has a low loading, it is sometimes retained. The loading values of each indicator can be seen in Table 2.

All *outer loading values* are more than 0.7, which indicates that these values have met the validity criteria based on the *loading values* , as shown in the *outer loading validity test* in Table 5.1 and Figure 1. In addition, validity is also tested using *the average variance extracted* (AVE) value as an additional indicator.

Table 2 Validity Testing based on Outer Loading

	Price	Trust Consumer	Decision Purchase	Quality Service	Quality Product
HG1	0.827				
HG2	0.858				
HG3	0.850				
KK1		0.796			
KK2		0.780			
KK3		0.744			
KK4		0.820			
KP1			0.845		
KP2			0.799		
KP3			0.828		
PEL1				0.830	
PEL2				0.841	
PEL3				0.883	
PEL4				0.848	
PEL5				0.833	
PRO1					0.841
PRO2					0.824
PRO3					0.881
PRO4					0.799
PRO5					0.846

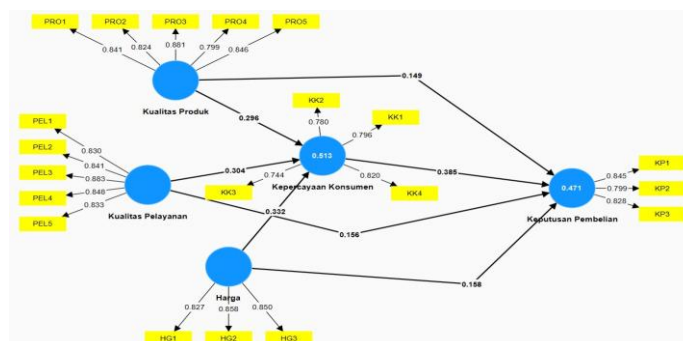

Figure 1 Research Model (Outer Loading)

Table 3 Testing Validity based on Average Variance Extracted (AVE)

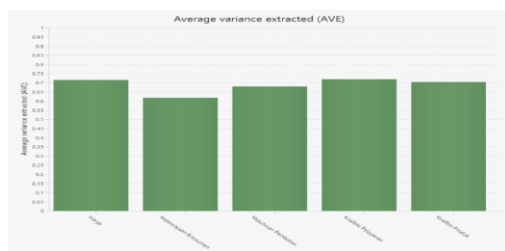|	Average variance extracted (AVE)
Price	0.714
Trust Consumer	0.617
Decision Purchase	0.679
Quality Service	0.718
Quality Product	0.703

Figure 2 Validity Testing based on Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) value should be more than 0.5 to show good construct validity. Since all AVE values in this analysis have exceeded the threshold, it can be concluded that AVE-based validity has been met. In addition, composite reliability (CR) is used as an indicator to assess the internal consistency of a construct. If the CR value is high, then the construct is considered to have a good level of reliability in measuring the intended variable.

Table 4 Reliability Testing based on Composite Reliability (CR)

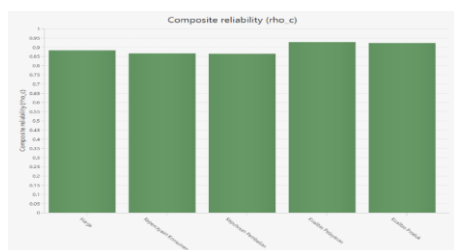|	Composite reliability (rho_c)
Price	0.882
Trust Consumer	0.865
Decision Purchase	0.864
Quality Service	0.927
Quality Product	0.922

Figure 4.   Testing Reliability based on Composite Reliability (CR)

It is recommended that *the Composite Reliability* (CR) value exceed 0.7 . All CR values obtained are above the threshold, indicating that the reliability standard based on CR has been met. Furthermore, to test the level of reliability further, *the Cronbach's Alpha (CA)* value is used as an additional measurement method.

Table 5 Testing Reliability based on Cronbach's Alpha (CA)

	Cronbach's alpha
Price	0.800
Trust Consumer	0.793
Decision Purchase	0.764
Quality Service	0.902
Quality Product	0.894

It is recommended that *Composite* value *Reliability* (CR) more than 0.7 to ensure a good level of reliability. In this analysis, all CR values exceed threshold of 0.7, which indicates that the instrument has met the reliability standards based on CR. In addition, reliability testing is also carried out using *the Cronbach's Alpha* (CA) value, which functions to measure the internal consistency of an instrument. If the CA value is also high, it can be concluded that the indicators used in this study have a good level of reliability.

Table 6   Testing Validity Discriminant: Fornell & Larcker

	Price	Trust Consumer	Decision Purchase	Quality Service	Quality Product
Price	(0.845)				
Trust Consumer	0.556	(0.785)			
Decision Purchase	0.486	0.640	(0.824)		
Quality Service	0.361	0.546	0.485	(0.848)	
Quality Product	0.385	0.549	0.485	0.412	(0.839)

Information: Mark in between " ( )" is root AVE squared

In the discriminant validity test, the square root value of *the Average Variance Extracted* (AVE) for each latent variable is compared with the correlation between the latent variable and other latent variables. The results of the analysis show that the square root value of AVE for each latent variable is greater than its correlation value with other latent variables. This indicates that each latent variable has a clear separation and is not too correlated with other variables, so it can be concluded that the variables the fulfil criteria validity discriminant. Validity this ensures that construct Which measured truly reflect draft which is meant without overlapping with other constructs.

Table 7   Testing Validity Discriminant: HTML

	Price	Trust Consumer	Decision Purchase	Quality Service
Trust Consumer	0.695			
Decision Purchase	0.616	0.812		
Quality Service	0.425	0.641	0.583	
Quality Product	0.453	0.647	0.588	0.459

Based on the results of the discriminant validity test using the Heterotrait-Monotrait Ratio (HTMT) technique, the values obtained were all <0.9 . This indicates that the discriminant validity criteria have been met. A low HTMT value indicates that the constructs in the study have quite clear differences from each other, so there is no problem in discrimination between latent variables.

H1: The level of product quality has a positive and significant impact on the level of consumer trust in PT. Freya Frist Indonusa Medan.

High product quality is often the main determinant in building consumer trust. Research by Saragih (2022) shows that product quality has a significant effect on consumer satisfaction, which satisfaction is closely related to the trust given by consumers to the products offered. Thus, improving product quality at PT. Freya Frist Indonusa Medan is expected to strengthen consumer trust in the company.

H2: The level of service quality has a positive and significant impact on consumer trust in PT. Freya Frist Indonusa Medan.

Quality service is a crucial factor in building consumer trust. A study by Noeraini (2016) indicated that service quality has a significant influence on customer satisfaction, which in turn increases their trust in the company. Therefore, by improving service quality, PT. Freya Frist Indonusa Medan can strengthen consumer trust.

H3: Price has a positive and significant effect on consumer confidence.

at PT. Freya Frist Indonusa Medan.

Appropriate pricing can affect consumer perceptions of value and fairness, which ultimately impacts their trust. Research by Nasution and Lesmana (2018) found that price has a significant influence on purchasing decisions, which reflects the level of consumer trust in the products offered. Thus , the right pricing strategy at PT. Freya Frist Indonusa Medan can increase consumer trust.

H4: Product quality significantly and positively determines consumer purchasing choices at PT. Freya Frist Indonusa Medan.

Superior product quality is often a determining factor in consumer purchasing decisions. Saragih (2022) shows that product quality has a significant effect on purchasing decisions, which emphasizes the importance of product quality in attracting consumer purchasing interest. Therefore, PT. Freya Frist Indonusa Medan needs to ensure that the products offered are of high quality to encourage purchasing decisions.

H5: Quality service has a positive and significant impact in forming consumer purchasing decisions at PT. Freya Frist Indonusa Medan.

Good service quality can increase customer satisfaction and loyalty, which ultimately affects their purchasing decisions. Research by Pradhana (2015) found that service quality has a significant influence on customer loyalty, which reflects repeat purchasing decisions. Thus, PT. Freya Frist Indonusa Medan must ensure that the services provided meet or exceed consumer expectations to encourage purchasing decisions.

H6: Price has a significant and positive impact in determining purchasing decisions of PT. Freya Frist Indonusa Medan.

Price is one of the main factors that consumers consider in making purchasing decisions. A study by Saputra (2019) shows that price has a significant effect on purchasing decisions, which emphasizes the importance of a competitive pricing strategy. By setting prices that are in accordance with the value perceived by consumers, PT. Freya Frist Indonusa Medan can positively influence purchasing decisions.

H7: High consumer confidence is proven to have a positive and significant impact in determining purchasing decisions at PT. Freya Frist Indonusa Medan.

Consumer trust in a product or brand plays an important role in purchasing decisions. Research by Ishak and Luthfiri (2011) shows that consumer trust has a significant influence on loyalty, which is closely related to purchasing decisions. By building and maintaining consumer trust, PT. Freya Frist Indonusa Medan can increase the likelihood of consumers making purchases.

H8: Superior product quality has a positive and significant impact on purchasing decisions, with consumer trust as the main mediator at PT. Freya Frist Indonusa Medan.

High product quality can increase consumer confidence, which in turn influences purchasing decisions. Saragih (2022) found that product quality has a significant effect on consumer satisfaction, which can be mediated by consumer trust in influencing purchasing decisions. Thus, PT. Freya Frist Indonusa Medan must focus on improving product quality to build trust and encourage purchasing decisions.

H9: Service excellence plays a crucial role in building consumer trust which then significantly and positively influences purchasing decisions at PT. Freya Frist Indonusa Medan.

Quality service can build consumer trust, which ultimately influences their purchasing decisions. Noeraini (2016) shows that service quality has a significant influence on customer satisfaction, which can increase trust and encourage purchasing decisions. Therefore, PT. Freya Frist Indonusa Medan needs to ensure that the services provided are of high quality to build trust and encourage purchases.

H10: Optimal pricing increases consumer confidence, which in turn has a positive and significant impact on purchasing decisions at PT. Freya Frist Indonusa Medan.

Prices that are considered reasonable and in accordance with the value of the product can increase consumer confidence, which influences their purchasing decisions. Saputra (2019) found that price has a significant effect on purchasing decisions.

IV. CONCLUSIONS

This study concludes that consumer trust in PT. Freya Frist Indonusa Medan is positively and significantly influenced by product quality, service quality, and price. The better the quality of the products and services provided, the higher the level of customer trust, which ultimately impacts purchasing decisions and customer loyalty. In addition, competitive pricing strategies, such as discounts and promotions, also increase consumer trust and interest in purchasing products. Thus, consumer trust plays a key role in strengthening the company's relationship with customers and increasing competitiveness and sustainable business growth. Based on these findings, it is recommended that PT. Freya Frist

Indonusa Medan continue to improve the quality of products and services in order to strengthen customer trust. In addition, optimization of competitive pricing strategies through promotions and discounts needs to be implemented to attract buyers and maintain customer loyalty. Stronger purchasing decisions will have a direct impact on increasing company profits and support more effective product development and marketing. For further research, this study can be used as a reference in developing more in-depth studies related to factors that influence purchasing decisions and consumer trust. Further research can refine aspects that have not been discussed in detail in order to produce a more comprehensive understanding in this field.

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