THE INFLUENCE OF PERCEIVED QUALITY AND PERCEIVED RISK ON INTEREST IN BUYING ALFAMIDI PRIVATE LABEL PRODUCTS

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ABSTRACT

A businessman or entrepreneur must be able to read the target market deeply and accurately to maximize sales volume because consumer perception is very influential on the continuity of the business or business and is very difficult to assess. Increased sales volume can greatly benefit from perception, especially if customer testimonials are included. Consumers will assess the quality and danger of private-label goods before making a purchase choice. Customers will choose to buy it if they believe their impression of its quality is high. Conversely, people will decide not to buy an item if they feel that the item has more harm than good. This study was conducted to know how much influence the perceived quality and perceived risk have on purchase intention in alfamidi private label products. The number of samples used was 50 respondents. The sampling technique used is non-probability sampling, with an incidental sampling method. Data collection using a questionnaire. The data analysis technique in this study was to use Partial Least Square with WrapPls 7.0 software. The results of this study indicate that: (a) perceived quality (X1) has a positive and significant effect on Purchase Intention (Y). (b) perceived risk (X2) has a negative and significant effect on Purchase Intention (Y).

Keywords: perceived quality, perceived risk, purchase intention, private label

INTRODUCTION

Business competition in Indonesia is getting tighter. This makes business people have to always upgrade everything to keep their business running. This is no exception to the retail business which is currently developing rapidly. Changes in the lifestyle of the upper middle class, especially in urban areas who tend to prefer shopping in contemporary shopping centers, are another factor that is driving the development of the retail industry in Indonesia. Consumer expectations of the services and facilities offered by merchants today have changed due to the increasingly widespread availability of many retailers (Löfgren & Witell, 2005; Sholikhah & Frianto, 2022).

With the proliferation of products in the retail industry, people are becoming more picky about the high-quality products they buy at the best cost (Jensen, Micheal C. & Meckling, 1976). Consumer behavior in the retail industry, which previously only prioritized daily needs that were easy to obtain, has changed due to increasing demands related to comfort, cleanliness, safety when shopping, and the completeness of goods offered in the decision-making process (Kadi & Amalia, 2021). Seeing this condition, the market for private-label goods is expected to increase (Karmila & Barlian, 2023). Therefore, retailers need to focus more on private-label products in the face of increasingly fierce competition (Sholikhah & Frianto, 2022).

Private labels can be interpreted as branding from a retailer on several products sold in stores. Private label products are products from manufacturing companies that have contractual agreements with retailers. Fulfilling consumer desires and increasing profit margins is the main goal of private labels (Yusuf & Sartika, 2021). This product is only available in certain retail

outlets, for example, private label retail with the Alfamidi label can only be found on products provided by Alfamidi.

Table of Number of Alfamidi Outlets in Indonesia

Year	Number of outlets
2018	1478
2019	1555
2020	1746
2021	1988
2022	2030

Source: Alfaria Trijaya Tbk

The number of Alfamidi outlets in Indonesia is increasing every year. This shows positive retail business growth. The more retail outlets are spread out, the higher the demand for private-label products. This will have implications for increasing the number of private-label products that will be sold. However, this is in contrast to the development of sales of private label products in Alfamidi stores, which is still unsatisfactory and tends to stagnate (Bris et al., 2021).

Purchase interest will arise when a customer believes that the goods used can satisfy him personally. If consumers are happy with their first purchase, they will likely continue to buy from the brand. Eliminates the need for further decision-making because they know the brand well (Suryani, 2008). Based on observations made by researchers, it is known that there are differences in consumers' perceptions, especially regarding perceptions of quality and perceptions of risk. An unfavorable perception can cause consumers to be dissatisfied and reluctant to buy the product. Perceived quality plays an important role in a brand in various ways that impact consumer purchasing intentions. High quality gives consumers a compelling reason to buy a brand and allows it to set itself apart from its competitors.

Purchase interest is related to consumer perceptions, attitudes, and behavior. As long as consumers think about and evaluate certain products, their purchasing behavior is an important factor (Jaafar, 2012.). Several studies have taken all perceived risks into account to better understand private label brand (PLB) consumer behavior and evaluate the associated risks. Research results (Mathur & Gangwani, 2021) explain that PLB purchase intentions are influenced by all dimensions of perceived risk, including functional, financial, and social dangers. This finding agrees with the findings of (Umaroh, 2020). It goes on to explain that PLB's perception of quality influences PLB's purchase intention favorably. Referring to the explanation above, the researcher wants to conduct an empirical study regarding perceived quality and perceived risk influencing interest in purchasing Alfamidi private label products.

The introduction includes mainly: (1) background of the research; (2) concept and problem-solving plan. The template for this article format was saved in doc format. This template helps the article writers to write the articles by the rules relatively, quickly, and accurately, especially for the needs of electronic articles to be published in the International Journal of Social Research published by International Journal Labs.

This section should very briefly outline the following information: What is already known about the subject, related to the paper in question? What is not known about the subject and hence what the study intended to examine (or what the paper seeks to present)? In most cases, the background can be framed in just 2–3 sentences, with each sentence describing a different aspect of the information referred to above. The purpose of the background, as the word itself indicates, is to provide the reader with a background to the study, and hence to smoothly lead into a description of the methods employed in the investigation.

The Introduction is the statement of the problem that you investigated. It should give readers enough information to appreciate your specific objectives within a larger theoretical framework. After placing your work in a broader context, you should state the specific question(s) to be answered. This section may also include background information about the problem such as a summary of any research that has been done on the problem in the past and how the present experiment will help to clarify or expand the knowledge in this general area. All background information gathered from other sources must, of course, be appropriately cited.

METHOD

The type of research used in this research is quantitative research. The population of this research is the people of Sidoarjo who have purchased Alfamidi private-label products. The sample was taken from as many as 50 respondents. There are two data collection techniques in this research, namely primary data collection and secondary data collection. Primary data was collected using a closed questionnaire so that respondents could directly choose the answer options provided in the form of a five-category Likert scale. Secondary data was collected from statistical data from previous researchers, as well as references available on the internet.

The sampling technique used in this research is Non-Probability Sampling, and the method used is Accidental Sampling. Sampling was carried out by distributing questionnaires that had been created by researchers.

The data analysis technique used is descriptive statistical data analysis. Data from questionnaire answers were processed using SEM-PLS model testing with the WarpPLS 7.0 application. The use of questionnaires means that this research requires validity and reliability tests which are also carried out with WarpPLS 7.0. There are three variables used in this research, namely two independent variables in the form of quality perception (X1) and risk perception (X2) and one dependent variable in the form of purchase interest (Y). Each of these variables has 3 – 4 measurement indicators, with a total of 10 measurement indicators.

RESULTS AND DISCUSSION
Evaluation of the SEM-PLS Model
Evaluation of the Measurement Model (Outer Model)
1. Convergent Validity

There are two methods used in convergent validity, namely factor loading and Average Variance Extracted (AVE) value. If the factor loading is greater than 0.70, then the indicator is considered to meet convergent validity in the good category. Research data shows that the factor loading of each indicator, both X1, This means that it can be said that the loading factor value is valid and all indicators are maintained in the subsequent analysis process.

Average Variance Extracted (AVE) is the average amount by which a latent variable or construct can explain the variation of the indicator. The minimum limit for AVE is 0.5, that is, an AVE value > 0.5 is acceptable. Research data shows that the quality perception variable has an AVE value > 0.5, namely 0.972, the risk perception variable has an AVE value > 0.5, namely 0.965, and the purchase interest variable has an AVE value > 0.5, namely 0.594. The higher the AVE, the better a latent variable or construct is at explaining the variance of its indicators.

2. Discriminant Validity

Discriminant Validity is carried out by looking at the cross-loading value of the construct measurement and the square root value of AVE. In this cross-loading method, the loading value of an indicator on the latent variable must be higher than the loading value of the indicator on other latent variables. If the correlation between a construct and its indicators is stronger than the correlation with indicators from other construct blocks, then a measurement model is said to have good discriminant validity. Research data shows that the loading value of each indicator from X1.1 to Y.4 has a value > the value of all cross-loadings. This means that all indicators in this variable are valid discriminants.

The Average Variance Extracted (AVE) approach method can be used to determine discriminant validity for each indicator that meets the square root criteria of AVE > correlation between latent constructs. The research data obtained shows that the value of each root of variables X1,

3. Composite Reliability

The composite reliability value of each characteristic variable must-have criteria of more than 0.70, then a variable is said to meet composite reliability or be reliable. Research data shows that the Composite Reliability value of the quality perception variable is > 0.7 with a value of 0.991, for the risk perception variable it has a value of > 0.7, namely 0.988, and the purchase interest variable also has a value greater than 0.7, namely 0.988. 0.854. These results have a Composite Reliability value > 0.70, which means that the three variables are reliable.

4. Cronbach's Alpha

The Composite Reliability reliability test above can be strengthened by using Cronbach's Alpha value. Research data shows that Cronbach's Alpha value for the quality perception variable is > 0.7 with a value of 0.986, for the risk perception variable it has a value > 0.7, namely 0.982, and the purchase interest variable also has a value greater than 0.7, namely 0.772. This shows that each variable has a Composite Reliability value > 0.70, which means that the three variables are reliable.

Structural Model Evaluation (Inner Model)

1. R-square (R^2)

The R-square (R^2) value of the purchase interest variable (Y) is 0.670, indicating that perceived quality and risk perception has an influence of 67% on purchase interest and the remaining 33% is influenced by other variables not tested in this research.

2. Q-square (Q^2)

The Q-square value of the purchase interest variable (Y) is 0.669. This shows the large diversity of research data that can be proposed by the research model, amounting to 66%, while the remaining 34% is explained by other factors outside this research.

Hypothesis Testing

One-way hypothesis testing. There are two hypotheses tested through one path in this research, namely hypothesis 1 and hypothesis 2.
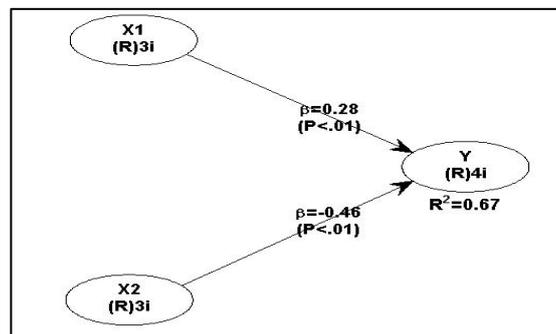
Table 1. Hypothesis Testing

Hypothesis	Path Coefficient	Path Value	Description	Results
H1	0,282	<0,001	Has a positive and significant effect	H1 is accepted H0 is rejected
H2	-460	<0,001	Has a negative and significant effect	H2 is accepted H0 is rejected

Source: Output Wrappls 7.0.

Testing the proposed hypothesis can be seen from the large p-value. P Value is less than 0.05 then the hypothesis is considered accepted (Solihin & Ratmono, 2013). According to (Fernandes, 2017), there are 3 significant categories, namely if <0.10 means it has weak significance, if <0.05 means it is significant, and if <0.01 means it has high significance. Table 1.8 shows the results of estimating route coefficients, which are used to assess the level of impact of each variable on the others and to explain how strong the relationship is.

The final results of this research can be seen in Figure 1 which explains how big the influence is between perceived quality (X1) and perceived risk (X2) on buying interest (Y). These results show that perceived quality (X1) has a positive and significant effect on buying interest (Y) and risk perception (X2) has a negative and significant effect on buying interest (Y).

WarpPls 7.0 Output Image

Hypothesis Test 1

Path coefficient = 0.282 is positive, which means there is a positive influence. A positive value here explains that if the result is positive then when variable X rises, variable Y also rises (Hair *et all.*, 2019). From these results, it can be explained that when the perception of quality is good, consumer buying interest will also increase.

P value = <0.001 which means <0.05 then HA is accepted and HO is rejected. These results explain that perceived quality has a significant effect on buying interest as seen in the p value.

In other words, the better the perceived quality of an Alfamidi private label product, the higher the buying interest with a confidence level of 95% (5% error).

The findings show that consumers' interest in purchasing is influenced by their perception of the quality of a product so their interest in purchasing will increase along with increasing views of the quality of a product. The findings show that consumers believe aspects such as low prices can get quality commensurate with nationally branded products so that it can fulfill their desires and satisfy them because they consider Alfamidi private label goods to be of high quality.

Hypothesis Test 2

Path coefficient = -460 is negative, which means there is a negative influence. A positive value here explains that the result is negative when the value of variable X increases, and variable Y decreases. Likewise, when variable X decreases, variable Y increases (not in the same direction/opposite) (Juliandi, 2018). From these results, it can be explained that when the perception of risk is low, consumer buying interest is high.

P value = = <0.001 which means <0.05 then HA is accepted and HO is rejected. This means that price has a positive effect on consumer satisfaction as seen in the p value. According to (Fernandes, 2017), there are 3 significant categories, namely if <0.10 means it has weak significance, if <0.05 means it is significant, and if <0.01 means it has high significance. This means that the more appropriate the price of a product, the higher consumer satisfaction will be with a confidence level of 95% (5% error).

Research findings show that purchase intention is negatively and significantly influenced by risk perception. These findings indicate that the higher the consumer's buying interest, the lower the buyer's perceived risk. Alfamidi private-label consumers were used as research subjects. Consumers will usually choose products with the lowest risk. Customers also try to reduce the amount of risk associated with the products they purchase. Respondents in this study knew that Alfamidi's private-label products had prices that were appropriate to their purchasing power. However, they hope that most of their product specifications have the same specifications as competitors who have prices above Alfamidi's private label products. This is what makes risk perception have a negative and significant effect on buying interest.

CONCLUSION

Based on the literature review and discussion above, it can be concluded that perceived quality influences consumer buying interest in Alfamidi private label products. Consumers who have good product quality perceptions of Alfamidi private label products tend to be more interested in buying these products. Meanwhile, consumers who have poor product quality perceptions of Alfamidi private label products tend to be less interested in buying these products.

Perceived risk influences consumer buying interest in Alfamidi private label products. This is because consumers who feel the risk of purchasing private-label Alfamidi products is higher tend to be less interested in purchasing these products. On the other hand, if consumers have a lower risk of purchasing Alfamidi private label products, they tend to be more interested in purchasing these products.

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