

The Influence of Product Innovation and Price on Purchase Decisions on Elegant Guitar with Customer Satisfaction as an Intervening Variable

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Abstract: This study aims to analyze the influence of product innovation and price on purchase decisions, with customer satisfaction as a mediating variable among consumers of Toko Elegant Gitar. The research employs a quantitative approach using primary data collected through questionnaires, utilizing a Likert scale. The sample consists of 85 respondents who are consumers of Toko Elegant Gitar. Data processing was conducted using SmartPLS version 4. The results indicate that price has a positive and significant direct effect on both customer satisfaction and purchase decision, while product innovation has a negative and insignificant effect on both customer satisfaction and purchase decision. Customer satisfaction has a positive and significant effect on purchase decision. Indirectly, price has a positive effect on purchase decision through customer satisfaction. However, product innovation does not have a significant effect on purchase decision, either directly or indirectly through customer satisfaction.

Keywords: Product Innovation, Price, Purchase Decisions, Customer Satisfaction.

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A. INTRODUCTION

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The musical instrument industry, particularly guitars, has experienced rapid growth in line with the increasing public interest in music. Purchase decision is a crucial aspect in retail business, including the musical instrument industry. Indonesian guitars successfully recorded potential transactions worth USD 963 thousand or IDR 15.5 billion at the 2024 Sound Messe in Osaka, the largest annual musical instrument exhibition in Japan, held on May 11-12, 2024, at ATC Hall, Osaka. Indonesia's participation in this exhibition was a result of collaboration between the Ministry of Trade through the Indonesian Trade Promotion Center (ITPC) Osaka, the Trade Attaché in Tokyo, and the Consulate General of the Republic of Indonesia (KJRI) Osaka (Ministry of Trade of the Republic of Indonesia, 2024). This success reflects the competitiveness of Indonesia's guitar industry in the international market, which is strongly influenced by factors such as product innovation, product quality, and price in shaping purchase decisions (Fadillah, 2023). Moreover, consumer satisfaction plays an important role in strengthening purchase decisions (Buchari Alma, 2017).

A purchase decision is a process in which consumers recognize a need, search for information, evaluate alternatives, and ultimately choose a particular product or service. According to Tjiptono (2020), a purchase decision is the process by which consumers evaluate products or brands that suit their needs (Murdani, 2023). However, based on the sales data

from the last three months obtained from the three branches of Elegant Gitar, the trends can be observed in the chart below.

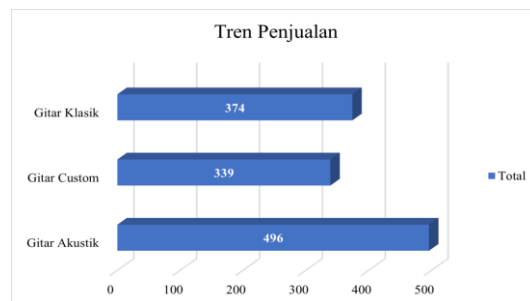


Figure 1. Elegant Gitar Store Sales Trends

Based on the sales trend diagram, it is evident that Acoustic Guitars recorded the highest sales (496 units), followed by Classical Guitars (374 units) and Custom Guitars (339 units). This variation in sales figures indicates that consumers tend to choose products that best match their needs and expectations. Purchase decisions can be influenced by various factors such as product innovation, quality, and price. The high sales of Acoustic Guitars suggest that this product may better align with market preferences, whether in terms of features, competitive pricing, or perceived quality. Conversely, the lower sales of Custom Guitars indicate that, despite their innovative nature, purchase decisions for these products may be more selective due to higher prices or specific consumer requirements. This sales trend reflects how consumers consider multiple aspects before making a purchase decision, opting for products that provide the best value in accordance with their preferences. Based on this background, the aim of this study is to analyze the factors influencing purchase decisions at Toko Elegant Gitar, focusing on the influence of product innovation and price on purchase decision, with customer satisfaction as a mediating variable. The specific objectives of this research are as follows: (1) To analyze the influence of product innovation on customer satisfaction among consumers of Toko Elegant Gitar; (2) To analyze the influence of price on customer satisfaction among consumers of Toko Elegant Gitar; (3) To analyze the influence of product innovation on purchase decision among consumers of Toko Elegant Gitar; (4) To analyze the influence of price on purchase decision among consumers of Toko Elegant Gitar; (5) To analyze the influence of customer satisfaction on purchase decision among consumers of Toko Elegant Gitar; (6) To analyze the influence of product innovation on purchase decision through customer satisfaction among consumers of Toko Elegant Gitar; and (7) To analyze the influence of price on purchase decision through customer satisfaction among consumers of Toko Elegant Gitar.

B. METHOD

The objective of this study is to analyze the influence of product innovation and price on purchase decision, with customer satisfaction as a mediating variable among consumers of Toko Elegant Gitar. This section explains the data collection process and how the data were used to test the proposed hypotheses. The research employs a quantitative approach using

both primary and secondary data, which were collected through questionnaires distributed to consumers of Toko Elegant Gitar. The questionnaire included questions related to product innovation, price, customer satisfaction, and purchase decision, measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The study sample consisted of 85 respondents who are active consumers and have previously made purchases at Toko Elegant Gitar. The collected data were then analyzed using SmartPLS software to test the relationship model between the specified variables. All survey participants were provided with informed consent, and their data were anonymized to ensure confidentiality and privacy.

C. RESULTS AND DISCUSSION

The data processing in this study was conducted using SmartPLS version 4 software to process and analyze the research data. SmartPLS was chosen by the researcher because it is considered more accurate, as it not only identifies causal relationships between variables or constructs, but also determines the magnitude and components that form each variable or construct by (Ghozali, 2019). Based on the results of the analysis and the formulation of the research, which have been aligned with the theories underlying each variable, the research framework can be formulated as follows:

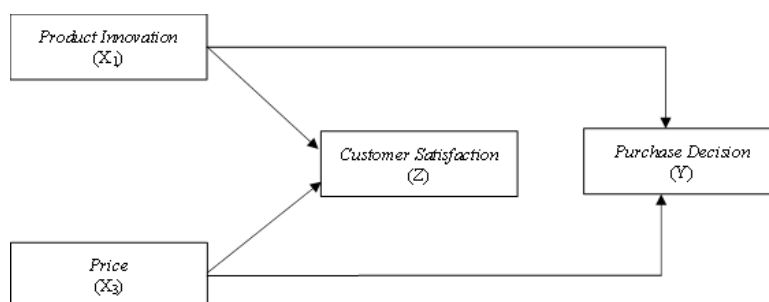


Figure 2. Research Model

1. Validity Test

In this study, the researcher used validity testing through PLS. A validity test is considered valid if the loading factor value is greater than 0.7, which is regarded as adequate and acceptable (Ghozali, 2011). Each questionnaire item in this study has a loading factor value greater than 0.7, indicating that the items in the questionnaire are valid.

Table 1. Validity Test Results Loading Factor Values

	Product Innovation	Price	Purchase Decision	Customer Satisfaction
PB	0,860			
GDP	0,836			
PP	0,889			
VP	0,947			
KH		0,917		
KHP		0,821		
DS		0,938		
KHM		0,808		

P1	0,866	
H	0,865	
P2	0,876	
K	0,817	
PC		0,875
BC		0,824
LC		0,841
PA		0,848
PT		0,843

2. Reliability Test

In this study, the researcher used the reliability test with Cronbach's Alpha, following the decision-making criteria as stated by Hair (2017). That is, if the Cronbach's Alpha coefficient is greater than 0.7, the questions can be considered to meet the reliability requirements based on Cronbach's Alpha.

Table 2. Cornbach's Alpha (CA) Reliability Test

	Cronbach's alpha
Product Innovation	0,787
Price	0,886
Purchase Decision	0,900
Customer Satisfaction	0,905

Based on the reliability test, the Cronbach's Alpha value is greater than 0.7 in Table 2, indicating that Cronbach's Alpha is above 0.7, which means it has met the reliability requirements.

3. Hypothesis Test

Table 3. Direct Influence Path Coefficient Results

Direct Hypothesis	Original Sample (O)	T statistics (O/STDEV)	P values	Hypothesis Category
Product Innovation -> Customer Satisfaction	-0,147	0,915	0,000	Rejected
Price -> Customer Satisfaction	0,699	3,777	0,000	Accepted
Product Innovation -> Purchase Decision	-0,113	0,905	0,366	Rejected
Price -> Purchase Desicion	0,538	3,739	0,000	Accepted
Customer Satisfaction -> Purchase Decision	0,770	16,342	0,000	Accepted

Source: Processed data, SmartPLS 4(2025)

4. Indirect Effect

Table 4. Results of Indirect Influence Path Coefficient

Indirect Hypothesis	Original Sample (O)	T statistics (O/STDEV)	P values	Hypothesis Category
Product Innovation -> Customer Satisfaction -> Purchase Decision	-0,113	0,905	0,366	Rejected
Price -> Customer Satisfaction -> Purchase Decision	0,538	3,739	0,000	Accepted

Source: Processed data, SmartPLS 4 (2025)

- a. The Influence of product Innovation on customer satisfaction
Product innovation has a direct effect on customer satisfaction with a coefficient of -0.147 with t-Statistics (0.915) < t table (1.65) and significant (0.000) < 0.05. Thus, product innovation has a negative and significant effect on customer satisfaction of Elegant Guitar Store consumers. This means that if product innovation increases, customer satisfaction will also increase significantly, and vice versa.
- b. The Influence of price on customer satisfaction
Price has a direct effect on customer satisfaction with a coefficient of 0.699 with t-Statistics (3.777) > t table (1.65) and significant (0.000) < 0.05. Thus, price has a positive and significant effect on customer satisfaction of Elegant Guitar Store consumers. This means that if the price increases, customer satisfaction will also increase significantly, and vice versa.
- c. The Influence of product innovation on purchase decision
Product innovation has a direct effect on repurchase intention with a coefficient of -0.113 with t-Statistics (0.905) < t table (1.65) and significant (0.366) > 0.05. Thus, product innovation has a negative and insignificant effect on consumer purchase decisions at Elegant Guitar Store. This means that changes in product innovation do not have a significant effect on purchase decisions.
- d. The Influence of price on purchase decision
Price has a direct effect on repurchase intention with a coefficient of 0.770 with t-Statistics (16.342) > t table (1.65) and significant (0.000) < 0.05. Thus, customer satisfaction has a positive and significant effect on the purchase decision of Elegant Guitar Store consumers. This means that if customer satisfaction increases, the purchase decision will also increase significantly, and vice versa.
- e. The Influence of customer satisfaction on purchase decision
Customer satisfaction has a direct effect on repurchase intention with a coefficient of 0.770 with t-Statistics (16.342) > t table (1.65) and significant (0.000) < 0.05. Thus, customer satisfaction has a positive and significant effect on the purchase decision of Elegant Guitar Store consumers. This means that if customer satisfaction increases, the purchase decision will also increase significantly, and vice versa.

- f. The Influence product innovation on purchase decision mediated by customer satisfaction

Product innovation indirectly affect the purchase decision through customer satisfaction with a coefficient of -0.113 with t-Statistics $(0.905) < t \text{ table } (1.65)$ and significant $(0.366) > 0.05$. Thus, product innovation has a negative and insignificant effect on the purchase decision through customer satisfaction of Elegant Guitar Store consumers. This means that if product innovation decreases, there is no significant effect on the purchase decision through customer satisfaction.

- g. The Influence price on purchase decision mediated by customer satisfaction

Price indirectly affect the purchase decision through customer satisfaction with a coefficient of 0.538 with t-Statistics $(3.739) > t \text{ table } (1.65)$ and significant $(0.000) < 0.05$. Thus, price has a positive and significant effect on the purchase decision through customer satisfaction of Elegant Guitar Store consumers. This means that if the price increases, the purchase decision will also increase significantly through customer satisfaction, and vice versa.

D. CONCLUSIONS AND SUGGESTIONS

This study was conducted to determine the effect of product innovation and price on purchase decision, mediated by customer satisfaction among consumers of Toko Elegant Gitar. The validity and reliability tests showed that all instruments used in this research met the criteria of being both valid and reliable. Of the seven hypotheses tested, five were accepted, showing a positive and significant effect, while two were rejected due to insignificant results. The study found that product innovation had no significant effect on purchase decision, either directly or indirectly through customer satisfaction. This indicates that although products may undergo innovation, consumers of Toko Elegant Gitar do not necessarily consider innovation as a primary factor in their purchasing decisions. Moreover, product innovation showed a negative effect on customer satisfaction, suggesting that the innovations implemented may not align with customer needs or expectations, and may even confuse or reduce satisfaction.

This research provides important implications for Toko Elegant Gitar in designing marketing strategies and product development. Although product innovation does not have a direct impact on purchase decision, it highlights the need for innovation to be more aligned with actual customer needs and preferences—not merely technical aspects or new features that do not enhance the customer experience. On the other hand, the results indicate that price has a strong influence on customer satisfaction, which in turn directly affects purchase decisions. Therefore, Toko Elegant Gitar is advised to maintain and improve their product price competitiveness in the market and ensure that the offered prices match the perceived value by customers. Furthermore, customer satisfaction is a key factor in building consumer loyalty and encouraging repurchase intention. In this regard, responsive customer service, timely delivery, and consistent product quality are crucial to maintain and improve. Enhancing the consumer shopping experience and paying attention to customer feedback can help establish long-term relationships with customers.

For future research, it is recommended to explore other potential variables that may influence purchase decisions, such as electronic word of mouth (e-WOM), brand image, and impulsive buying. Future studies are also expected to expand the geographical scope and respondent characteristics to increase the generalizability of the results. Additionally, the use of alternative data analysis techniques, such as SEM AMOS or multiple regression, may offer comparative insights and provide different perspectives on the relationships between variables.

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