

An Empirical Study on Product Quality and Competitive Pricing as Key Factors for Business Success

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Abstract

This study examines the impact of product quality and competitive pricing on business success in the retail sector. A quantitative approach was employed with a survey design to collect data from 200 business owners in Jakarta a structured questionnaire measured product quality, competitive pricing, and business success. Multiple linear regression analysis assessed the relationship between the two independent variables and business success as the dependent variable. The analysis results show that product quality significantly influences business success, with a regression coefficient of 0.542, indicating that an increase of one unit in product quality will improve business success by 54.2%.

Meanwhile, competitive pricing also positively impacts business success, with a coefficient of 0.318. The p-values for both variables are less than 0.05, indicating their effects are statistically significant. The regression model generated an adjusted R² value of 0.645, meaning that product quality and competitive pricing explain 64.5% of the variation in business success. Hypothesis testing confirms that both variables have a positive impact, with product quality having a more significant effect. These findings suggest that retail businesses need to enhance their product quality and set competitive prices to succeed in a competitive market. This study provides insight into the role of these two factors in achieving better business performance. Fire extinguishers, eyewashes, a first aid kit, a balance board, and a smoke detector will support the hazardous waste collection centre facility.

Keywords:

Product quality; Competitive pricing; Business success; Retail sector; Impact.

1. INTRODUCTION

Empirical studies indicate that product quality and competitive pricing determine business success. Product quality has a significant impact on consumer purchase decisions. Research by Syaifuddin (2024) reveals that improvements in product quality directly affect customer satisfaction and their willingness to make a purchase. Consumers tend to choose higher-quality products, which can increase sales and strengthen a company's position in the market. Therefore, product quality is crucial for retaining and attracting customers. In addition to quality, pricing also plays an important role in influencing consumer decisions. In highly competitive markets, competitive pricing becomes a factor that cannot be overlooked. To remain competitive, companies must carefully consider the prices of their products, ensuring that these prices align with the value provided. Research also shows that the right price, reflecting the product's value, can enhance a company's chances of acquiring and retaining new customers. Product differentiation strategies, through innovation and quality improvements, have proven effective in creating sustainable competitive advantages.

Prananingrum et al. (2024) found that companies focusing on product quality and innovation can distinguish themselves from competitors. This approach allows them to attract consumers seeking superior products compared to the market. Such differentiation enables companies to stand out in an increasingly crowded marketplace and build a reputation as providers of exceptional products. This advantage can provide long-term stability and ensure the company's long-term success if appropriately maintained.

Pricing also plays a crucial role in purchase decisions. Research by Oetarjo (2023) shows that product quality and price mutually influence consumer choices, especially in the real estate sector. This finding highlights the importance of companies considering both factors to remain competitive. Consumers will seek more appealing alternatives if the price is too high and not aligned with the product quality. In the retail sector, Algazali et al. (2024) found that the correct price perception and good service quality can influence consumers' decisions to repurchase. To build long-term relationships with consumers, companies must ensure that their price aligns with the product and service quality. Creating a positive value perception is essential to ensure consumers feel satisfied and return to purchase the same product. Product quality, competitive pricing, and satisfactory service are key to business success. Moreover, investment in organizational development, including training and human resource development (HRD), can also enhance company performance. Organizations that continuously develop their HR capabilities will be better equipped to produce high-quality products and provide superior customer service (Nursalim & Anshori, 2024). Companies can improve efficiency and productivity with strong competencies, ultimately impacting their market performance. Business owners must also conduct proper market analysis to understand pricing trends and consumer preferences better. Technologies such as big data can be used to strengthen business decisions and provide deeper insights into consumer needs (Ahmad, 2019). By leveraging this data, companies can become more responsive to market changes and create products and pricing strategies that align with consumer expectations. Applying data-driven strategies will maintain a company's competitiveness in an ever-evolving industry.

To understand the factors that determine business success, product quality and competitive pricing play significant roles. Product quality refers to a product's ability to meet technical and functional criteria and its influence on consumer purchase decisions. Various studies have shown that high-quality products significantly affect consumers' decisions to repurchase. Research by Gerion and Manggu (2024) demonstrated that the quality of Adidas sports shoes positively influences repeat purchases in the Landak District. Furthermore, Syaifuddin (2024) found a positive relationship between product quality and purchase decisions. These findings suggest that companies improving product quality enhance customer loyalty and sales. Product pricing is also an essential factor in marketing strategies.

Andriana and Wulandari's (2023) research explains that price changes in products like cooking oil can affect product quality standards during production. Another study by Taufiq et al. (2020) shows that competitive pricing and product quality contribute to the improved performance of micro, small, and medium enterprises (MSMEs). This indicates that a solid understanding of pricing and its relationship with quality can help businesses develop more effective and competitive pricing strategies. Businesses aiming for success must carefully manage product quality and pricing by considering these factors. Sound quality not only attracts new consumers but also retains the satisfaction of existing customers. Meanwhile, competitive pricing can draw more customers and provide the added value needed in a competitive market. As highlighted by Rahmaniah et al. (2023), business operators need to understand the factors affecting consumer satisfaction, which include service quality and pricing. Understanding product quality and pricing will strengthen competitiveness and drive long-term business success. Strategies focusing on product quality and competitive pricing are more likely to succeed. Further research and strategy implementation based on these findings will significantly assist business operators in achieving success in a highly competitive market.

Storage of hazardous waste from industrial activities becomes important when the waste produced takes time to be transported and processed by third parties. PT. X is an industry that provides cement and lime products for construction activities, with two main activities and nine types of hazardous waste produced but does not yet have a hazardous waste landfill for the storage of hazardous waste, so it is necessary to plan the design of a hazardous waste landfill by the capacity of the hazardous waste generated and to meet the technical requirements by applicable regulations. The data for designing the TPS is based on primary and secondary data collected from PT. X. The packaging of hazardous waste used by PT. X, namely drums, jumbo bags, and box containers, with storage considering compatibility rules. The location of the hazardous waste transfer station (TPS) planning is within PT. X has an area of 36 m², so the hazardous waste packaging storage system uses a stacking system. The design planning calculates the lighting, ventilation, and hazardous waste collection tank conditions. Fire extinguishers, eyewashes, a first aid kit, a balance board, and a smoke detector will support the hazardous waste collection centre facility. The hazardous waste collection centre plan is divided into two main rooms with a dividing wall. Enhances customer satisfaction and is important to various

Adaptability to market changes is crucial for the survival and success of a business. Research by Sun (2023) shows that pricing strategies that consider external factors such as consumer behaviour and competition can enhance the overall effectiveness of a company's business strategy. A similar view is presented by Li (2023), who highlights the importance of being aware of competitors' price movements and

market demand changes to maximize a product's potential. Companies can formulate more accurate strategies to address the ever-changing market dynamics by understanding the relationship between quality and price. Managing high product quality, combined with competitive pricing, not only affects consumer purchase decisions but also builds a strong foundation for long-term relationships. Consumers tend to be more loyal to brands that offer good value in terms of product quality and prices that meet their expectations. Therefore, focusing on both factors is essential for business operators. Offering quality products at competitive prices helps companies attract customers and ensure their satisfaction. A price that is too high without adequate quality can reduce buying interest, while a low price without comparable quality can also undermine consumer trust. Companies that manage quality and pricing well in an increasingly competitive market will outperform others. When companies adapt quickly to market changes and deliver value in line with consumer expectations, they can maintain competitiveness and strengthen their position in the market.

Various factors influence business success, including product quality, pricing, and marketing strategies. Sinaga et al. (2024) used the C4.5 decision tree model to analyze the factors determining new product launch success. Their findings indicate that product quality and other factors play a crucial role in how the market accepts the product. This underscores the importance of a good understanding of the various factors influencing the success of a product launch, which is key for any company aiming to grow and compete. Additionally, research by Martono et al. (2023) developed a product quality assessment model using a web-based multi-criteria approach. This approach enables companies to comprehensively evaluate product quality by considering various aspects influencing the product. In an increasingly digital world, objectively measuring and assessing product quality becomes crucial. Web technology helps companies set more accurate quality standards according to market trends and consumer needs. By using this approach, companies can quickly identify areas for improvement and continuously adapt to changing consumer preferences. This helps maintain product quality and strengthens product development strategies, supporting long-term business success.

Marketing strategies are also an important aspect that cannot be overlooked. Rahmatullah's research shows that the development of the handicraft industry can be achieved by utilizing programs like One Village One Product and improving regulations that support business operators (Rahmatullah, 2021). This strategy illustrates how community collaboration and regulatory support can drive local business success. Moreover, competitive pricing plays a significant role in purchase decisions. Research by Yazia found that product quality and pricing significantly influence customers' decisions when selecting products, emphasizing that companies must balance offering quality and competitive prices (Yazia, 2015). Innovation also plays an important role. Hartini's research explains that product innovation can enhance overall business performance and quality (Hartini, 2012). This illustrates the relationship between innovation, product quality, and business success. Other studies by Aghitsni and Busyra, as well as Nurjamad and Arumsari, also emphasize the relationship between quality and price in purchasing decisions, particularly in the motor vehicle and food product sectors (Aghitsni & Busyra, 2022; Nurjamad & Arumsari, 2023). These findings reinforce the understanding that product quality and appropriate pricing are two interrelated factors that support business success. Product quality, marketing strategies, and competitive pricing are interconnected factors in achieving business success. Related research provides an overview of how companies can adapt and compete in an increasingly competitive market.

2. RESEARCH METHOD

This study employs a quantitative approach with a survey design to examine the relationship between product quality, competitive pricing, and business success. A quantitative approach was chosen because it allows for measuring the involved variables in numerical form, which can then be analyzed statistically (Salam & Imilda, 2024). The survey design was used to collect data from relevant respondents, namely business operators in the retail sector operating in Indonesia. The survey was designed to gather information regarding product quality, the pricing set by companies, and the influence of these two factors on business performance, particularly success, which is measured by revenue growth, market share, and customer loyalty. The research design is descriptive-correlational, aiming to describe the characteristics of the studied variables and identify the relationships between them. This design allows for the analysis of whether the relationship between product quality, competitive pricing, and business success is causal. It is important to understand the extent to which the two independent variables—product quality and competitive pricing—directly or indirectly influence business success. The primary focus of this research is to provide an overview of the factors influencing business success in the retail sector, relying on data collected from business operators in Indonesia.

The study population consists of all business operators in the retail sector operating in the Jakarta area, while the sample consists of 200 business operators selected through simple random sampling. With this method, each business operator has an equal chance of being selected as part of the sample, allowing the results to be generalized to the entire population. The sample size was determined using Slovin's formula with a margin of error of 5%, ensuring that the sample is sufficiently representative. The inclusion criteria

were respondents who had been in business for at least three years and routinely prepared financial reports. Business operators who did not meet these criteria, such as those without financial reports or unwilling to complete the questionnaire, were excluded from the sample.

Data were collected using a structured questionnaire, which was tested for validity and reliability through a pilot test conducted with 30 respondents who were not part of the main sample. This testing ensured the instrument could accurately and consistently measure the intended variables. The questionnaire comprised several indicators measuring product quality, including reliability, durability, innovation, safety, ease of use, and aesthetics. Competitive pricing was measured based on four indicators: relative pricing compared to competitors, discounts offered, pricing flexibility, and perceived value by consumers. Business success was measured using three key indicators: revenue growth, market share increase, and customer loyalty. A Likert scale of 1 to 5 was used for each indicator, where one represents very low, and five represents very high.

The data collection process took place over two months, with questionnaires distributed both online and in-person to respondents who met the established criteria. Respondents were given two weeks to complete the questionnaire, with periodic reminders to maximize participation rates. After the data were collected, analysis was conducted using SPSS version 26. Validity and reliability tests were conducted using Pearson Correlation for validity and Cronbach's Alpha for reliability. A questionnaire was considered valid if the correlation value was more significant than 0.3 and reliable if Cronbach's Alpha was greater than 0.7. Descriptive analysis was used to calculate each variable's mean, standard deviation, minimum, and maximum values.

Additionally, classical assumption tests were performed to examine normality using the Kolmogorov-Smirnov test, heteroscedasticity using the Glejser method, and multicollinearity by checking the Variance Inflation Factor (VIF) values. Multiple linear regression testing was used to examine the influence of product quality (X_1) and competitive pricing (X_2) on business success (Y). The regression equation used is $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$, where Y is business success, X_1 is product quality, X_2 is competitive pricing, β is the regression coefficient, and ϵ is the residual error. Hypotheses were tested at a 5% significance level ($\alpha = 0.05$), and the null hypothesis was rejected if the p-value was less than 0.05. This study was conducted with due consideration for research ethics, such as ensuring the confidentiality of respondent data and providing clear information about the purpose and procedures of the research. Before completing the questionnaire, each respondent was asked to provide written consent as a form of agreement to participate in the study.

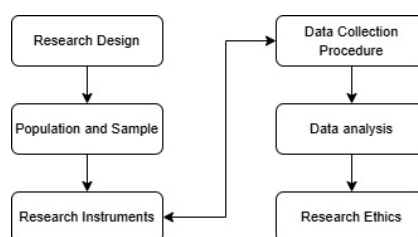


Figure 1. Research design

The diagram illustrates the main steps in the research process. The process begins with research design, the foundation for planning and designing the study. The next step is Population and Sample, where the researcher determines who will be the subjects of the study and how the sample will be selected. Then, research instruments, such as questionnaires or interviews, are used to collect data. After the data is collected, the Data Analysis stage is conducted to process and interpret the information. Finally, the aspect of Research Ethics ensures that the research is carried out with respect for the rights of the respondents and maintains the confidentiality of the data provided.

3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Descriptive Analysis Results

Descriptive analysis aims to provide an overview of the data distribution for the variables under study, namely product quality, competitive pricing, and business success (Sri Sulistyawati & Munawir, 2024). This analysis provides an initial picture of the State's of these variables in Indonesia's retail sector. Table 1 presents the mean, standard deviation, and minimum and maximum values for each variable studied.

Table 1. Descriptive Statistics of Research Variables

Variable	Mean	Standard Deviation	Minimum	Maximum
Product Quality	4,2	0,8	2,8	5,0
Competitive Pricing	3,8	0,7	2,5	4,8
Business Success	4,0	0,6	3,0	4,9

a. Product Quality

The mean score of 4.2 for product quality indicates that most business operators assess their product quality as being in a good category. This figure reflects the high quality offered in the market. However, the minimum score of 2.8 suggests that some respondents face difficulties presenting innovative products, especially in developing newer products. On the other hand, the maximum score of 5.0 indicates that some business operators can offer very high-quality products, particularly in terms of reliability, durability, and innovation.

b. Competitive Pricing.

The average score for competitive pricing is 3.8, with a standard deviation of 0.7. This value suggests that many business operators attempt to set prices that can compete with their competitors. However, some respondents noted difficulties in managing pricing flexibility, as reflected in the minimum score of 2.5. The variation in pricing indicates challenges in adjusting prices to market demand, given factors such as production costs and intense competition. Conversely, the maximum score of 4.8 shows that some operators successfully offer highly competitive prices, possibly through more frequent price adjustments or by providing attractive discounts to customers.

c. Business Success.

The average score for business success is recorded at 4.0 with a standard deviation of 0.6, indicating a relatively good level of success among business operators. The highest score was recorded for the revenue growth indicator, reflecting that many business operators experienced increased revenue. This suggests that the strategies implemented in this sector positively impact financial performance. However, the minimum value of 3.0 indicates that some business operators face challenges in achieving the expected growth levels, possibly due to internal factors like management issues or external factors such as market instability. The maximum value of 4.9 indicates that some business operators have achieved very high levels of success, with rapid growth and strong customer loyalty.

d. Further Analysis.

Based on the data above, it can be concluded that product quality and competitive pricing play crucial roles in determining business success in the retail sector. Most business operators in Indonesia seem to succeed in offering high-quality products at competitive prices, contributing to relatively stable business success. However, the observed variations between the minimum and maximum values for each variable suggest that there are still challenges to address, especially regarding product innovation and pricing flexibility.

The results of the descriptive analysis show that while most business operators demonstrate success in product quality and pricing, several internal and external factors can influence their performance. These findings serve as an important basis for further analysis using other statistical methods, such as multiple linear regression, to identify the influence of these variables on business success in greater depth.

3.1.2. Results of Classical Assumption Tests

Before conducting the multiple linear regression analysis, classical assumption tests were performed to ensure the regression model was valid and met the required statistical assumptions (Ismail, Iqbal, & Anisah, 2024). This process includes three main tests: the normality test, the multicollinearity test, and the heteroscedasticity test. The results of each test are as follows.

a. Normality Test.

The normality test aims to check whether the data distribution for each research variable follows a normal distribution. This test was performed using the Kolmogorov-Smirnov test. The test results showed that the p-value for all variables was more significant than 0.05 ($p > 0.05$), meaning the data distributions for product quality, competitive pricing, and business success do not significantly deviate from normal distribution. Therefore, the normality assumption for this study's data is satisfied, allowing the multiple linear regression analysis to be conducted.

b. Multicollinearity Test.

Multicollinearity occurs when there is a high correlation between two or more independent variables in the model, distorting the regression coefficient estimates. The Variance Inflation Factor (VIF) indicator was used to examine the presence of multicollinearity to examine the presence of multicollinearity. High VIF values indicate serious multicollinearity. Based on this test, all VIF values for product quality and competitive pricing variables were below 10, indicating no multicollinearity issue in this regression model. This ensures that the relationships between the independent variables do not interfere with the accuracy of the regression coefficient estimates.

c. Heteroscedasticity Test.

Heteroscedasticity occurs when the variance of residuals is not constant across the values of the independent variables, which can affect the validity of the regression model. The Glejser test was used to test for heteroscedasticity. The results indicated that the p-value for each independent variable was more significant than 0.05 ($p > 0.05$), meaning no signs of heteroscedasticity were found. In other words, the error variance in this model is constant, which supports the feasibility of the multiple linear regression model.

The results of these classical assumption tests show that the multiple linear regression model meets all the necessary basic assumptions: normality, no multicollinearity, and no heteroscedasticity. Therefore, the regression analysis conducted can be considered valid and used to draw further conclusions.

3.1.3. Results of Multiple Linear Regression Test

Multiple linear regression analysis was used to examine the impact of product quality (X_1) and competitive pricing (X_2) on business success (Y). The regression model resulting from this analysis is presented in the following equation.

$$Y = 0,321 + 0,542X_1 + 0,318X_2 + \epsilon$$

The multiple linear regression analysis results show a significant impact of both independent variables on business success. The table below summarizes the regression test results for each independent variable.

Table 2. Results of Multiple Linear Regression Test

Independent Variable	Regression Coefficient (β)	t-value	p-value
Product Quality (X_1)	0,542	8,762	0,000
Competitive Pricing (X_2)	0,318	5,214	0,000
Adjusted R^2	0,645		
F-Statistic	89,324	$p < 0,001$	

a. Impact of Product Quality (X_1) on Business Success (Y).

The regression coefficient for product quality is 0.542, indicating that each unit increase in product quality will result in a 54.2% increase in business success. The p-value, which is less than 0.001 ($p < 0.001$), indicates that the effect of product quality on business success is statistically significant. This shows that product quality significantly affects business performance and outcomes. Improvements in product quality, such as reliability, durability, innovation, and aesthetics, can enhance the product's appeal to consumers, which in turn can improve sales performance and increase customer loyalty.

b. Impact of Competitive Pricing (X_2) on Business Success (Y)

The regression coefficient for competitive pricing is 0.318, meaning that each unit increase in competitive pricing will result in a 31.8% increase in business success. Similarly to product quality, the p-value for competitive pricing is less than 0.001 ($p < 0.001$), indicating that competitive pricing significantly influences business success. In a highly competitive market, the right price, in alignment with the quality offered, is crucial in determining a company's competitiveness. Business operators who set prices that are competitive with their rivals will find it easier to attract new customers and retain existing ones.

c. Adjusted R^2 and Model Significance.

The Adjusted R^2 value of 0.645 indicates that 64.5% of the variation in business success can be explained by the two independent variables, product quality and competitive pricing. This means that these two factors significantly contribute to determining business success. The remaining 35.5% is influenced by other variables not included in this model, such as external factors like market conditions and industry trends or internal factors such as management and innovation. The F-Statistic value of 89.324 with a p-value of less than 0.001 indicates that the regression model as a whole is significant. In other words, the combination of product quality and competitive pricing significantly affects business success. The high F-Statistic suggests that this model effectively explains the relationship between the independent and dependent variables and that the model is not due to chance.

d. Implications of the Findings.

These multiple linear regression test results show that product quality and competitive pricing significantly impact business success in the retail sector. Good product quality affects customer satisfaction, improves the company's image, and boosts customer loyalty. On the other hand, competitive pricing plays a vital role in maintaining competitiveness in an increasingly tight market. Therefore, business operators must balance these two aspects to achieve long-term success.

The regression model also suggests that while product quality and competitive pricing are crucial, other factors affect business success, which requires further research. Product innovation, effective marketing, and human resource management can significantly impact companies' outcomes.

3.1.4. Hypothesis Testing

Based on the multiple linear regression analysis results, hypothesis testing was conducted to assess the impact of product quality and competitive pricing on business success (Novita, Tarmizi, & Lidiana, 2024). This study tested two hypotheses to understand the relationship between these variables. Below are the test results for each hypothesis.

a. Hypothesis H₁

The first hypothesis posits that product quality positively affects business success. The regression results show that the regression coefficient for product quality (X_1) is 0.542. This means that each one-unit increase in product quality will increase business success by 54.2%. With a p-value of 0.000, which is far smaller than 0.05, the effect of product quality on business success is considered highly significant. Therefore, Hypothesis H₁ is accepted, indicating that product quality positively impacts business success. Product quality, including reliability, durability, and innovation, creates customer satisfaction. Improvements in product quality can influence consumer perceptions, which in turn can increase their purchasing frequency and loyalty. This finding confirms that companies continuously improving their product quality can achieve sustainable competitive advantages.

b. Hypothesis H₂

The second hypothesis asserts that competitive pricing positively affects business success. Based on the regression analysis, the coefficient for competitive pricing (X_2) is 0.318, meaning that each one-unit increase in competitive pricing will increase business success by 31.8%. The p-value of 0.002 indicates that the effect of competitive pricing is also statistically significant. Therefore, Hypothesis H₂ is accepted, confirming that competitive pricing is important in achieving business success. Competitive pricing enables companies to remain competitive in a highly contested market. Companies that offer attractive prices without compromising product quality will have a greater chance of attracting new customers and maintaining good relationships with them. Thus, proper price management can support the long-term success of a company.

Based on the results of hypothesis testing, both hypotheses, product quality positively impacting business success and competitive pricing negatively impacting business success, are proven to be true. These two factors significantly impact business performance. The findings suggest that product quality and competitive pricing are two critical factors that must be effectively managed for companies to achieve success in a highly competitive market.

3.2. Discussion

Based on the results from descriptive analysis, classical assumption tests, and multiple linear regression, the findings of this study confirm the significant role of product quality and competitive pricing in determining business success in the retail sector. These findings align with previous studies highlighting the relationship between product quality, pricing, and business success. The descriptive analysis indicates that most business operators in Indonesia retail sector assess their product quality as high, with an average score of 4.2. This suggests that many businesses are successful in maintaining high-quality standards. However, the minimum score of 2.8 shows that some business operators struggle to offer innovative products that meet consumer expectations. This finding is consistent with Gerion and Manggu (2024), who State's that product quality affects repeat purchase decisions, with high-quality products being more likely to be chosen by consumers. A decline in product quality can occur if companies fail to adapt to market preferences and consumer needs. However, this result also aligns with Hartini (2012), who emphasizes that innovation in product quality not only enhances appeal but also improves a company's image.

The impact of product quality on business success in this study was significant, with a regression coefficient of 0.542. Each one-unit increase in product quality leads to a 54.2% improvement in business success. This result is consistent with Aghitsni and Busyra (2022), who found that product quality directly influences consumer purchase decisions. In the retail sector, high-quality products attract new customers and maintain customer loyalty, thereby improving long-term revenue stability. Competitive pricing, with an average score of 3.8, indicates that many business operators strive to set competitive prices with their rivals. However, the minimum score of 2.5 shows that some business operators face challenges in setting the right price, particularly when faced with high production costs or intense market competition. This suggests difficulties in adjusting prices to the dynamic market demand. This finding aligns with Algazali et al. (2024), who State's that the right price and good service quality enhance purchase decisions and customer retention.

The multiple linear regression analysis results show that competitive pricing positively impacts business success, with a coefficient of 0.318. Each one-unit increase in competitive pricing will lead to a 31.8% improvement in business success. This result supports Oetarjo (2023), who found that competitive pricing affects purchasing decisions, particularly in price-sensitive industries like real estate. In highly competitive markets, companies that can offer competitive prices without compromising product quality are more successful in attracting consumers. Business success, measured by revenue growth, market share, and customer loyalty, shows an average score of 4.0. This reflects that most business operators experience

relative success. However, the minimum score of 3.0 indicates that some business operators face challenges in achieving the desired growth levels. Internal factors such as ineffective management or external factors like market instability may affect results. For example, companies that struggle with cost management or fail to adapt to market fluctuations may encounter difficulties maintaining business success. This finding aligns with Taufiq et al. (2020), who found that product innovation and effective management play key roles in the performance of MSMEs. However, the maximum score of 4.9 indicates that some business operators have achieved high success, with rapid growth and strong customer loyalty. This suggests that operators effectively managing product quality and competitive pricing are more likely to sustain long-term success.

These findings prove that product quality and competitive pricing are critical factors in business success in the retail sector. These results support Kügler and Verhoogen (2011), who found that high product quality allows companies to set higher prices, boosting profitability and competitiveness. In highly competitive markets, business operators must balance both factors, as they complement each other in building long-term customer relationships and achieving sustainable profits. Furthermore, while product quality and competitive pricing significantly impact business success, other factors such as product innovation, marketing, and human resource management also need to be considered. External factors like market conditions and industry trends can significantly affect business performance. Therefore, further research is needed to identify additional factors influencing business success in the retail sector.

4. CONCLUSION

This study shows that product quality and competitive pricing are crucial to business success in the retail sector. The results of the multiple linear regression analysis reveal that product quality has a more significant impact than competitive pricing. The regression coefficient of 0.542 for product quality indicates that each one-unit increase in product quality can increase business success by 54.2%. Meanwhile, competitive pricing has a significant positive impact with a coefficient of 0.318, meaning that a one-unit increase in competitive pricing can improve business success by 31.8%. The hypothesis tests confirm that both variables, product quality and competitive pricing, significantly affect business success. The p-values for both variables are less than 0.05, indicating a strong statistical effect. The Adjusted R² value of 0.645 suggests that product quality and competitive pricing explain 64.5% of the variation in business success, while the remaining variation is influenced by other factors not examined in this study. These findings provide a clear picture that retail business operators must emphasize product quality and set competitive prices to achieve success in a competitive market. Improving product quality will strengthen customer relationships and enhance product appeal. Additionally, competitive pricing helps companies stay relevant and attract more consumers. By prioritizing these two factors, companies have a greater chance of achieving long-term success.

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