

The Impact of Handicraft Product Quality and Price on Customer Purchasing Decisions

(A Case Study in Atauro Island, Timor-Leste)

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Abstract: This study aims to analyze the impact of handicraft product quality and price on purchase decisions in a case study on Atauro Island, Timor-Leste. This research was conducted in Beloi District, Atauro, with data collected through a questionnaire survey to 384 participants. Analysis using SmartPLS 4.0 shows that product quality and price significantly influence purchase decisions. The statistical test results showed that product quality positively affected purchase decisions considerably, with a t-statistic value of 8.217 ($p < 0.05$). At the same time, price also showed a significant positive effect with a t-statistic 6.087 ($p < 0.05$). Hypothesis testing shows that quality and price influence purchase decisions with a coefficient of determination R-square of 0.575, indicating that product quality and price can explain 57% of the variability in purchase decisions. Combining these two variables influences repurchase intention and increases customer loyalty to handcrafted products in Atauro. Therefore, it is recommended that producers continue to improve the quality of the product, especially in terms of aesthetics and durability, while setting the price competitive in line with consumer expectations.

Keywords: *Product Quality, Price, Purchase Decisions, Craftsmanship, Atauro Island.*

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I. INTRODUCTION

A purchasing decision involves five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior (Schiffman and Kanuk, 2010). Moreover, consumers recognize their needs or desires, search for information about products or services, evaluate available options, decide on the purchase, and assess whether the product meets their expectations. Swastha and Irawan (2008), as cited in Sismar et al. (2024), further emphasize that purchasing decisions are influenced by internal factors—such as needs, desires, personality, lifestyle, and consumer attitudes—and external factors like marketing, social environment, economy, and technology. Therefore, all products have their role in getting attention from customers to purchase them. One of the products is the Atauro artisan crafts.

Artisan crafts in Atauro reflect the culture and traditions of the local community, which have been passed down through generations. These crafts are meticulously created using natural materials readily available on the island, such as bamboo, wood, palm, and natural fibers. The variety of artisan products in Atauro, ranging from bags, hats, and jewelry to home decorations, is a unique attraction for tourists

(see Figure 1). These products highlight the island's rich cultural heritage and are highly sought after as souvenirs by visitors (Burgos, 2020).



Fig 1: Handcrafted Product of Atauro Island
Sources: Sentro Atauro Diak, 2025

However, the quality and pricing of artisan products play a crucial role in determining purchase decisions. High-quality crafts at reasonable prices assure tourists and significantly influence their decision to purchase these products in Atauro. According to Kotler and Armstrong (2016), product quality refers to the product's ability to fulfill its functions, including durability, reliability, ease of use, and repairability. For handcrafted products, quality also encompasses excellence and the unique characteristics of handmade items. This involves durability and functionality and integrates cultural elements, aesthetics, and techniques, ensuring each piece stands out with its unique features.

Atauro, known locally as *Ilha Atauro* or *Pulau Atauro*, is a small island and municipality in Timor-Leste, situated north of Dili (See Figure 2). The island is home to approximately 9,274 residents (Burgos, 2020) and is divided into five main villages: Biqueli, Beloi, Makadade, Maquili, and Vila Maumeta, the largest village. Atauro is renowned for its natural beauty, rich cultural traditions, and significant marine and cultural tourism potential. Its primary attractions are unique and characteristic artisan crafts that reflect local culture and traditions. These crafts have become a favorite souvenir for tourists.



Fig 2: Atauro Island in Timor-Leste
Sources: Solimar International, 2025

In the era of globalization and intensifying market competition, local artisan products face significant challenges in remaining relevant and competitive. A deeper understanding of how quality and pricing influence purchase decisions can provide valuable insights into developing marketing strategies and improving product quality. This study explores the impact of quality and pricing on consumer purchasing decisions for artisan products in the Atauro District, offering essential knowledge to support local artisans in competing more effectively in the market. The following is a literature review, methodology, result and discussion, conclusions, and limitations for future research.

II. LITERATURE REVIEW

A. Tourism Product Definitions

Kotler and Keller (2016) define tourism products as all offerings provided by a tourism destination to meet the needs and desires of tourists during their travels. Tourism products can be categorized as follows: Tourist Attractions – sites or experiences that attract visitors, such as temples, museums, national parks, and other unique features; Accommodation –

places where tourists stay during their travels, such as hotels, guesthouses, and other lodging options; Tourism Facilities – supporting services and infrastructure that enhance the travel experience, such as transportation, restaurants, souvenir shops, and other amenities; and Tourism Activities – activities that tourists can engage in during their travels, including cultural tourism, nature tourism, culinary tourism, and others.

Wahab et al. (2020) broaden the definition of tourism products to include all tangible and intangible offerings a tourism destination provides. Tangible tourism products include tourist attractions, accommodations, and facilities, while intangible products include local hospitality, cultural experiences, and safety. According to Nurdin (2021), tourism products encompass all a tourism destination can provide to fulfill tourists' needs and desires during their travels. These products are categorized into three types: Primary Products – key attractions that serve as the main draw of a tourism destination; Complementary Products – additional offerings that enhance the primary products, such as accommodations, transportation, and restaurants; and Support Products –

services that assist tourists in enjoying primary and complementary products, including tourist information, guides, and souvenirs.

B. Handicraft Products

According to Kadjim (2011:10), as cited in Martini et al. (2020), handicraft products are a traditional business that requires perseverance, skill, and dedication to succeed. Operating with a spirit of anticipation and excellence ensures high-quality outcomes. Ferrara (2011) defines handicraft products as the result of artisanal activities using traditional techniques and materials. These products possess significant artistic and cultural value and serve as an essential source of income for artisans.

Kotler et al. (2015) emphasize that product quality is defined by the product's ability to perform its intended functions, including reliability, accuracy, and durability. Quality also extends to the attributes that enhance the product's overall value, providing an essential competitive advantage in the market. This is particularly relevant for handicraft products, which often embody unique cultural and artistic elements that appeal to consumers seeking authenticity and distinctiveness.

C. Product Quality

According to Kotler and Keller (2016), product quality is a fundamental measure of how well a product satisfies customer needs and performs its intended functions. Quality indicators provide a framework for assessing various product attributes, enabling producers to ensure adherence to standards, enhance customer satisfaction, and maintain competitive advantage. Key indicators include performance, reliability, and durability, critical in evaluating whether a product fulfills its primary purpose and stands the test of time. For instance, performance metrics such as a car's fuel efficiency or a smartphone's processing speed directly impact customer satisfaction. Reliability emphasizes consistency, reflecting the product's ability to function effectively over its lifecycle, while durability assesses the product's lifespan before replacement is required.

Other indicators, such as conformance to specifications, additional features, and aesthetics, address whether the product meets defined standards, offers unique value-added attributes, or appeals visually to consumers. Serviceability, safety, and ease of use are essential for ensuring customer convenience and trust in the product. Modern considerations, including sustainability and flexibility, further enhance a product's appeal, especially among environmentally conscious and diverse consumer groups. Built through consistent quality and customer satisfaction, reputation influences repeat purchases and brand loyalty. Producers must prioritize these quality indicators, aligning their offerings with customer expectations and industry standards. Effective quality management and innovation are vital in addressing gaps and adapting to changing market demands. Assauri (2012) and Arumsari (2021) note that achieving and maintaining high product quality ensures customer satisfaction, fosters loyalty, and strengthens the brand's market position.

D. Purchase Decisions

According to Kotler and Armstrong (2016), purchase decisions represent a critical aspect of consumer behavior, encompassing how individuals, groups, and organizations select, acquire, use, and evaluate goods, services, ideas, or experiences to satisfy their needs and desires. Masterina et al. (2022) highlight that purchase decisions are influenced by various personal factors such as age, occupation, and economic conditions, which collectively shape consumer behavior and decision-making processes. Consumers' actions during the decision-making process are pivotal, as they involve identifying needs, gathering information, and evaluating alternatives before making a final choice.

Buchari Alma (2011) further elaborates that purchase decisions are shaped by multiple external influences, including financial status, technology, politics, culture, product attributes, pricing, location, promotions, physical evidence, people, and processes. These factors shape consumers' attitudes and decision-making frameworks, ultimately enabling them to process information comprehensively and form conclusions about the products or services they intend to purchase. As Kumar et al. (2000) outline, purchasing decision-making typically includes seven components: product type, product design, brand, seller, quantity, timing, and payment method. For marketers, understanding these dimensions is essential to identifying the factors that influence buyers' decisions, thereby enabling the development of strategies that align with consumer preferences and behaviors. By addressing these factors, marketers can effectively guide consumers through need recognition, information search, evaluation, and post-purchase behavior, ultimately fostering satisfaction and loyalty.

E. Factors Influencing Price in Purchase Decisions

According to Kotler and Armstrong (2008), price represents the monetary amount charged for a product or service, which reflects the value provided to the customer in exchange for benefits derived from its use. Several factors influence pricing and ultimately shape consumers' purchase decisions. One key determinant is production cost—higher production costs often increase prices as companies aim to cover expenses and achieve desired profit margins. Demand and supply dynamics also play a pivotal role; when demand surpasses supply, prices tend to rise, while an oversupply coupled with lower demand results in price reductions. Additionally, competition in the market significantly impacts pricing strategies. High competition may drive prices down, whereas limited competition allows companies to set higher prices.

Other factors include product quality and marketing strategies. High-quality products often command higher prices due to their added value, durability, unique features, and brand reputation. Marketing-related costs, including transportation, storage, and delivery, can also elevate product prices. Economic conditions further influence pricing; consumer purchasing power diminishes in weaker economies, often necessitating price reductions. Government regulations, including taxes and subsidies, also shape pricing.

policies. For example, stringent rules or high taxes may increase costs, whereas subsidies or incentives can lower prices. Moreover, consumer perceptions of value significantly affect pricing. Products that offer more excellent value are likely to command higher prices regardless of production costs. Lastly, price elasticity, brand reputation, and seasonal trends influence price fluctuations. Products with substantial brand equity or positive consumer perceptions often achieve premium pricing, while those inelastic with price changes can sustain higher prices without substantial demand reductions. These complex interrelations underscore the multifaceted nature of pricing in consumer decision-making.

F. The Impact of Product Quality and Price on Purchase Decisions

➤ *Impact of Product Quality on Purchase Decisions*

Individuals do not purchase products merely out of desire; they acquire goods and services to fulfill their needs and wants. Products and services are utilized to satisfy these requirements. In other words, consumers purchase not only the physical product but also the benefits derived from it (Assauri, 1987; Chaerudin & Syafarudin, 2021).

Producers prioritizing product quality recognize that consumers are drawn to products with superior quality and innovative features. Companies must focus on continuous product improvement to meet consumer preferences and maintain customer loyalty. Consumers often prioritize quality and performance when choosing between competing brands (Arif & Siregar, 2021). Moreover, product quality can be strategically linked to pricing. High prices often signal superior quality to consumers, with efforts to produce high-quality goods requiring substantial costs, including research and development expenses and premium materials. However, consumers tend to trust brands and products with a reputation for high quality, even if they are more expensive. This trust can significantly enhance a product's survival in highly competitive markets (Saldanha et al. 2021).

➤ *Influence of Product Price on Purchase Decisions*

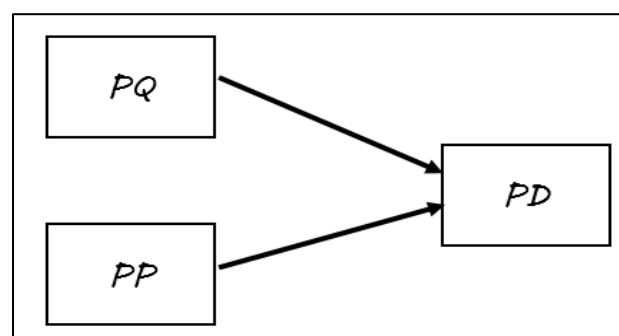
Price is a critical factor influencing consumers' purchase decisions, especially for necessities such as food and clothing. To remain competitive, companies must consider consumers' purchasing power and competitors' pricing strategies (Arif & Siregar, 2021; Saldanha et al., 2021). While low prices attract price-sensitive consumers, premium pricing strategies may appeal to those who associate higher costs with better quality and exclusivity. Striking the right balance between price and perceived value is essential for companies aiming to capture market share and build customer loyalty.

G. Theoretical Framework and Conceptual Construction

The theoretical framework articulates the research paradigm, providing a structured response to the identified research problem. This study analyzes two independent variables—Product Quality and Product Price—for their impact on the dependent variable, Purchase Decision. Product quality encompasses three primary dimensions: reliability,

durability, and aesthetics, collectively influencing consumers' purchasing decisions. Reliability, as described by Garvin (2002), as cited in Syahril et al. (2018) and later expanded by Parasuraman et al. (2005), refers to a product's ability to perform consistently without defects over time. Consumers prioritize products they perceive as trustworthy and durable. Indicators for reliability include functional consistency, absence of defects, and user confidence in the product. As defined by Kotler and Keller (2006), Durability pertains to the longevity of a product's functionality, with contemporary perspectives emphasizing sustainability as a critical element (Makadok & Ross, 2022). Indicators for durability include product longevity, performance under various conditions, and environmental sustainability. Lastly, aesthetics, identified by Holbrook (2006) and refined by Reimann et al. (2010), relates to a product's visual and emotional appeal. Its indicators are visual attractiveness, unique design, and perceived aesthetic value.

Product price also plays a pivotal role in shaping purchase decisions, with three key dimensions: affordability, price comparison, and monetary value. Based on Monroe's (2012) theory and Zeithaml's (2006) extensions, affordability reflects consumers' ability to pay for a product, emphasizing perceived value about cost. Indicators for affordability include perceived product price fairness, willingness to pay, and cost-benefit analysis. As Zeithaml et al. (2006) highlight, price comparison involves consumers evaluating prices using modern technology to make informed decisions. Indicators include comparison of similar products' prices, perception of competitive pricing, and assessment of market pricing dynamics. Monetary value, defined by Lovelock and Patterson (2015), focuses on the relationship between price and perceived quality. Indicators are the alignment of price with quality, satisfaction with monetary expenditure, and benefits received relative to the price paid. Together, these variables—Product Quality and Product Price—are crucial factors in influencing purchase decisions, as evidenced in the craft product market of Atauro District. The dependent variable, Purchase Decision, is characterized by intention to purchase, frequency of purchase, and customer satisfaction, reflecting the mental and behavioral processes involved in selecting, acquiring, and using products. This research constructs hypotheses to explore the significant impacts of product quality, product price, and their interaction on consumer purchase decisions in the Atauro District.



Notes: **PQ**= Product Quality; **PP**= Product Price; **PD**= Purchasing Decisions

III. METHODOLOGY

A. Research Location

This research was conducted in Beloi Village in 2024. The selected location, Beloi, serves as a hub for producing and selling artisanal products, making it an ideal setting to study the impact of product quality on consumer purchasing decisions.

B. Population and Sampling

The study employs a sampling method with the target population classified as undefined. Kotrlík and Higgins (2001) cite Cochran's formula (1977), which is applied to 384 sample sizes to determine the sample size. The study employs a non-probability sampling technique, specifically accidental sampling. This approach is based on spontaneous factors, where the researcher selects conveniently available respondents who represent the population's characteristics. This method ensures practicality and efficiency while focusing on the target population's key demographic and behavioral traits.

C. Data Collection Technique

Data was collected through questionnaires, commonly used in empirical studies (Brites et al., 2021; Silva et al., 2023). The quality of artisanal products, consisting of three main dimensions (Reliability, Durability, and Aesthetics), was assessed using specific indicators. These dimensions were evaluated through indicators such as Durability indicators, Reliability indicators, and Aesthetic indicators. Similarly, artisanal product prices were examined using three key dimensions: Affordability, Price Comparison, and Perceived Value. Three key dimensions were analyzed regarding consumer purchase decisions: Purchase Intention, Purchase Frequency, and Customer Satisfaction. This study employed the Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) (Bertan & Serkan, 2013). The questionnaires were distributed to respondents on Atauro Island, using accidental sampling to ensure that the sample was representative of consumers of artisanal products in the region. Data was collected directly from the respondents in Atauro, and the surveys were administered and completed on-site.

D. Data Analysis Technique

This quantitative study explores respondents' perceptions of the quality and prices of artisanal products and how these factors influence tourists' purchase decisions on Atauro Island. This model's testing process is grounded in theoretical and empirical sources related to the quality of artisanal products and price influences on consumer purchasing decisions. Statistically, the analysis is conducted using SMART PLS 4.0, which assesses the model's validity and reliability, as Hair et al. (2014) recommended.

The process follows established steps to conclude the indicators and statistics, primarily utilizing the coefficient to test the hypotheses. The relationship is considered significant in PLS if the T-value exceeds the minimum threshold of 1.96 and the P-value below the maximum threshold of 0.05 (Hair et al., 2014; Edeh, Lo, and Khojasteh, 2023). This approach

ensures that the results are reliable and valid for assessing the influence of product quality and price on tourist purchasing decisions in Atauro Island.

IV. RESULT AND DISCUSSIONS

A. Demographic Information of Respondents

The survey data show that 384 tourists responded, with a more significant proportion of respondents being local or regional tourists. The distribution between men (61%) and women (39%) is significant, with men showing more interest in visiting Atauro Island and purchasing local products. Women, however, are less likely to visit Atauro or buy products directly from the island. Moreover, most respondents are young, particularly those aged 18-25 (78%), indicating a youthful demographic regularly visiting Atauro (see Table 1).

In addition, regarding education level, The majority of respondents (86%) are university students, with some working as interns on the island or in the local community. Other educational levels include secondary school graduates (7%) and undergraduates (7%). Regarding profession: The most significant respondents are students (79%), indicating that Atauro is a popular destination for students looking to refresh or take short breaks during holidays or weekends. Other professions include government staff (4%), teachers (1%), and private company workers (16%). This data highlights a younger, primarily student-based demographic visiting Atauro. Their primary interests are recreational and educational, and the local community is significantly involved in facilitating tourism.

Table 1: Demographic Information of Respondents

Respondents	Percentages (%)
Gender	
Men	61%
Women	39%
Age groups	
18-25	78%
26-35	17%
36-45	4%
46 >	1%
Educational Background	
Secondary	7%
University students	86%
Undergraduate	7%
Master graduate	0%
Profissaaun	
Students	79%
Public employees	4%
Teacher and lecturer	1%
Workers (private company)	16%

B. Inferential Statistic Analysis

➤ Reliability Testing

According to Hair et al. (2017), reliability testing is critical to ensuring the quality of measurement instruments in quantitative research. Composite Reliability (CR) and Cronbach's Alpha are commonly used to assess reliability.

The ideal value for Composite Reliability should be at least 0.7, indicating good reliability. If the value is below 0.6, it is considered low. Measurement instruments such as Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) are widely used to assess reliability. Values above 0.7 are generally considered the threshold for a reliable instrument (see Table 2).

Table 2: Composite Reliable Measurements

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Purchase Decisions	0.895	0.895	0.927	0.760
Product Quality	0.803	0.821	0.869	0.625
Product Price	0.804	0.817	0.87	0.626

➤ Inner Model Testing

The R-square (R^2) is a measure that assesses the proportion of variance in the dependent latent variable explained by the independent variables in the model. The R^2 value ranges from 0 to 1, with values closer to 1 indicating higher explanatory power. According to Chin (1998), an R^2 value of 0.67 is considered substantial, 0.33 is moderate, and 0.19 is considered weak. Hair et al. (2017) suggest that an R^2 value of 0.57 or higher is sufficient for predictive models, particularly in social and behavioral research contexts, indicating a strong model fit (see Table 3).

Table 3: R-Square

	R-square	R-square adjusted
Purchase Decisions	0.575	0.573

This value signifies that the independent variables in the model can explain 57.5% of the variance in the "Decision Making" construct. According to Cohen (1988), an R^2 value of this magnitude is categorized as "moderate," though its significance depends on the field of study. This value is considered adequate for social or behavioral research, suggesting that the model has a good predictive ability. The adjusted R^2 value is slightly lower than the regular R^2 , which is shared as it adjusts for the number of predictor variables included in the model. This adjustment prevents overfitting, which could arise from adding too many variables that don't contribute substantially to the model. In this case, the slight decrease (0.002) indicates that adding additional variables did not lead to overfitting or a reduction in model efficiency. Hair et al. (2019) suggest that an R^2 value between 0.50 and 0.75 is typically considered sufficient for research based on Structural Equation Modeling (SEM) or Partial Least Squares (PLS) models. This range is generally acceptable in social research, where variability is often complex.

➤ Hypothesis Testing

Hypothesis testing, using bootstrapping from Smart PLS 4.0, evaluates the significance of relationships within the structural model. The p-value indicates statistical significance. A p-value less than 0.05 (5%) indicates a significant relationship between variables, while a p-value greater than 0.05 suggests no significant relationship. Hair et al. (2017) state that Structural Equation Modeling (SEM) is

essential for testing complex hypotheses involving latent variables, with bootstrapping providing robust results.

• Hypothesis Testing Results:

Table 4 and Figure 3 show that the first hypothesis, Product Quality → Purchase Decisions; Original Sample (O): 0.468 (This indicates that "Product Quality" has a positive influence on "Decision Making." For each unit increase in Product Quality, Decision Making increases by 0.468). T-statistics ($|O/STDEV|$): 8.688 (The high t-statistics value indicates statistical significance). P-value: 0.000 (A p-value less than 0.05 indicates a highly significant effect). This confirms that Product Quality significantly influences Purchase Decisions.

The second hypothesis is Product Price → Purchase Decisions; Original Sample (O): 0.360 (This indicates that "Product Price" has a positive influence on "Decision Making." For each unit increase in Product Price, Decision Making increases by 0.360). T-statistics ($|O/STDEV|$): 5.990 (The high t-statistics value indicates statistical significance). P-value: 0.000 (A p-value less than 0.05 confirms statistical relevance). This shows that Product Price significantly influences Purchase Decisions.

The last hypothesis is Product Quality → Product Price → Purchase Decisions; Original Sample (O): 0.266 (This indicates that "Product Quality" and "Product Price" together positively influence "Decision Making"). Standard Deviation (STDEV): 0.040 (This shows a slight variance, suggesting consistent results across samples). T-statistics ($|O/STDEV|$): 6.616 (The t-statistics value is high, indicating statistical significance). P-value: 0.000 (A p-value less than 0.05 confirms statistical relevance). This supports the idea that product quality and price significantly affect Purchase Decisions.

Table 4: Hypotheses Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Obs
Product Quality-> Purchase Decisions	0.450	0.454	0.055	8.217	0.000	Significant
Price Product-> Purchase Decisions	0.365	0.365	0.060	6.087	0.000	Significant
Product Quality-> Product Price-> Purchase Decisions	0.266	0.266	0.040	6.618	0.000	Significant

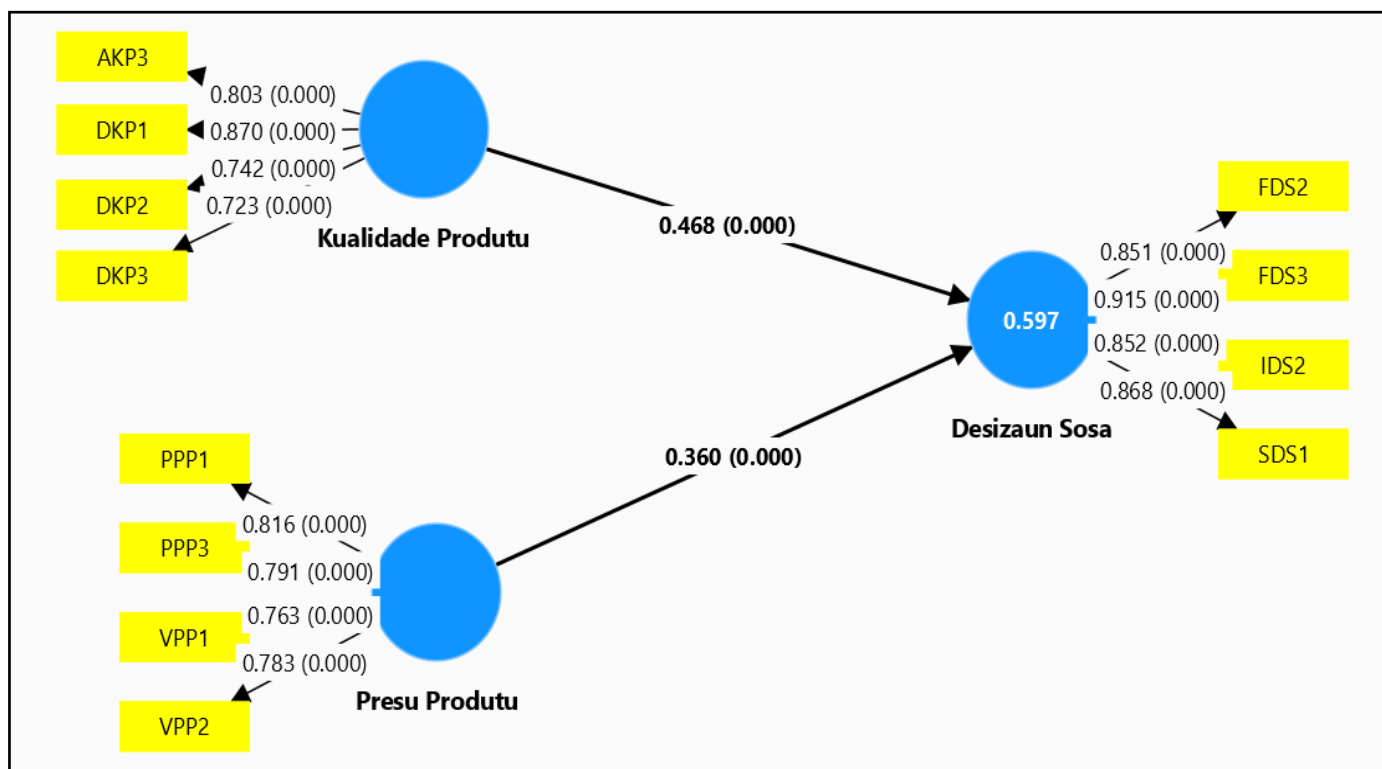


Fig 3: Hypotheses Testing of Path Coefficient

C. Discussion

➤ Relationship Between Product Quality and Purchase Decision

Product quality is a key factor influencing consumer purchasing decisions. A high-quality product meets or exceeds consumer expectations, directly affecting customer satisfaction and loyalty. Based on marketing theory and empirical findings, this discussion will explain how product quality impacts purchasing decisions. Product quality reflects a product's ability to fulfill consumer needs and desires. According to Garvin (2006), as cited in Syahrial et al. (2018), product quality can be measured across dimensions such as performance, durability, aesthetics, and reliability. Products that perform well over time are perceived as higher quality. Consumers who are satisfied with a product's quality are likelier to make a favorable purchasing decision. Kotler & Keller (2016) argue that high-quality products increase consumers' perceived value, encouraging repeat purchases. Products that meet or exceed consumer expectations enhance their confidence, ultimately affecting their purchase decision.

In addition, product quality and purchase decisions are closely linked to customer satisfaction. Parasuraman, Zeithaml, & Berry (2010) developed the SERVQUAL model, which suggests that superior product and service quality results in higher customer satisfaction. Satisfied consumers are likelier to repeat purchases and recommend products to others. Zeithaml (2012) and Saldanha et al. (2021) also emphasize that consumers view product quality as a primary factor when evaluating a product's value. Consistent, high-quality products build customer loyalty, leading to repeat purchases and a preference for the brand. Therefore, empirical research supports this relationship. In the study, the effect of product quality on purchase decisions had a significant value of Original Sample (O) 0.450, with a T-statistic of 8.217 and a p-value of 0.000, indicating a substantial and significant impact. This confirms that product quality is essential in determining consumer purchasing decisions. By maintaining high product quality, companies can improve their brand reputation, enhance customer satisfaction, and influence consumer purchase decisions. In a competitive market, consistent quality can serve as a differentiating factor that encourages consumers to choose one product over another.

➤ *Relationship Between Product Price and Purchase Decision*

Product price is another key factor influencing consumer purchasing decisions. Price is an indicator of value to consumers and is an essential consideration in product evaluation. This discussion will explain how product price influences consumer purchase decisions. Product price reflects the financial sacrifice consumers are willing to make to obtain a product. Kotler & Keller (2016) define price as "the amount of money charged for a product or service, or the amount of value consumers exchange to receive the benefits of using the product or service." Consumers often associate price with product quality. Consumers are more likely to purchase if a product's price is reasonable regarding its benefits. Conversely, consumers may doubt the product's quality if the price is too low. Therefore, a reasonable price that aligns with consumer value perceptions can encourage purchasing decisions.

Moreover, according to Zeithaml (2012), perceived value is the consumer's general evaluation of the benefits received from a product compared to its price. Consumers will assess whether the product is worth the price they pay. A balanced price that aligns with product quality can create a positive perception of value, leading to higher purchase intentions. Consumers also tend to compare prices with other competing products. Monroe (2012) and Saldanha et al. (2021) suggest that consumers are more likely to purchase favorably if a product's price is competitive and proportional to its quality. Product price is also related to consumer satisfaction. If consumers feel that the price is justified by the quality they receive, they are more likely to be satisfied and make future purchases. Kotler and Armstrong (2012) note that pricing strategies can influence customer loyalty. Competitive and transparent pricing can build positive brand perceptions, influencing purchasing decisions.

The research findings show that product price significantly impacts purchasing decisions. The T-statistic value of 6.087 and p-value of 0.000 indicate a strong relationship between product price and purchase decisions, which confirms that product price is critical in influencing consumer purchase decisions. These findings suggest that consumers view price as a key factor in product evaluation. If the price is perceived as reasonable and aligned with consumer expectations, it can enhance the likelihood of a favorable purchase decision.

➤ *Relationship Between Product Quality, Price, and Purchase Decision*

Product quality and price are two primary factors influencing consumer purchase decisions. These two factors often shape consumers' perceptions of a product's value. Product quality refers to a product's ability to meet or exceed consumer expectations. High-quality products increase consumer perceptions of value. Garvin (2007), as cited in Syahrial et al. (2018), explains that product quality can be measured along various dimensions, such as performance, durability, aesthetics, and reliability. Consumers who perceive a product as high quality are more likely to trust and feel confident purchasing it. Price is an economic factor that

consumers consider when evaluating products. They often compare a product's price with its quality. A product of high quality and a reasonable price can create a positive perception of value, which increases the likelihood of a purchase.

Product quality and price are strongly interconnected. Zeithaml (2010) argues that consumers evaluate product quality based on the price they pay. Products priced reasonably and offering good quality are perceived as providing more excellent value, leading to positive purchase intentions. In this context, Rao and Monroe (1989) and Saldanha et al. (2021) suggest price signals to consumers about product quality. If a product is priced high, consumers may assume it is of higher quality, while a low price may be associated with lower quality. The combination of product quality and price affects consumers' perceptions of value. Kotler & Keller (2016) explain that perceived value is the consumer's overall evaluation of the benefits they receive from a product relative to the price they pay. When product quality is high and the price is reasonable, consumers perceive the product as offering good value, encouraging purchase decisions.

The research shows that product quality and price significantly indirectly affect purchasing decisions. The Original Sample value (O) of 0.266 and T-statistic of 6.616 indicate this. This suggests that when consumers perceive higher quality, they are more likely to make a favorable purchase decision. These findings support the theory that product quality and price significantly impact purchasing decisions. A balanced combination of price and quality increases the likelihood of positive consumer purchase decisions. Understanding how product quality and price influence consumer decisions is crucial for businesses to design effective marketing strategies. Nagle and Holden (1995) recommend that companies use value-based pricing strategies, where the price reflects the perceived value to the consumer. If a product offers high quality, the price should align with consumer perceptions of its value to encourage purchase decisions.

Furthermore, businesses should ensure that the product's quality justifies its price. If a product is perceived as low quality but expensive, consumers may feel it does not offer adequate value. Similarly, consumers may question its authenticity or effectiveness if the price is too low for a high-quality product. Therefore, maintaining a balance between cost and quality is essential for businesses to influence consumer purchasing decisions positively.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusion

Atauro, with its rich natural beauty and unique ecosystem, is home to a community that produces handicrafts, contributing significantly to the local economy. These handicrafts, cherished by tourists, present an opportunity for the community to develop economically by offering local products that generate income. However, challenges also exist regarding the quality and pricing of these products, which impact tourists' purchasing decisions.

This research concludes that the quality and pricing of handicrafts are crucial factors influencing tourists' choices, with better quality and competitive pricing leading to increased sales.

This study of Atauro shows that the importance of quality in handicrafts significantly impacts tourists' decisions to purchase. High-quality products at competitive prices attract more tourists to buy local handicrafts. Moreover, the community's involvement in producing and maintaining these products is essential. This involvement benefits the local economy and helps preserve Atauro's cultural heritage and traditions.

B. Recommendations

➤ *Based on the Findings of this Study, the Following Recommendations are Provided:*

- *Local Government:*
- **Infrastructure Development:** The government should invest in infrastructure, particularly transportation and public facilities, to support access to tourist areas.
- **Training and Education:** Provide training programs for artisans to enhance their skills and knowledge regarding product quality and marketing strategies.
- **Tourism Promotion:** Promote local handicrafts as tourist attractions to attract domestic and international tourists to purchase products.
- *Local Community:*
- **Collaboration:** The community should work in groups to promote handicraft products and share resources to improve product quality.
- **Cultural Preservation:** Educate the community on preserving traditional craftsmanship techniques and passing them down to future generations.
- **Consumer Feedback:** Engage with tourists to gather feedback on the products offered, understand market expectations, and continuously improve product offerings.

These steps will contribute to the sustainability of the local economy and the preservation of Atauro's cultural heritage.

C. Limitation for Future Studies

This study focuses on product quality and price that statistically affected customer purchase decisions on a small island as a tourist destination. Even though these two variables influence the purchasing choices, there might be other possibilities for factors that affect the purchasing decisions, such as convenient places, delivery systems, and actual image in online and offline products that are eligible, which could lead to purchasing decision-making. Thus, future studies could consider these refereed attributes in their future research.

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