



Elevating Demand: Product Quality and Purchase Intention in Balinese Silver Craft Economies

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Abstract. *This quantitative investigation provides a nuanced examination of product quality's impact on purchase decisions, with purchase intention as a key behavioural mediator. The study focuses on consumers of Yas Silver in Gianyar, Bali, a culturally rich, tourism-dependent context vital to economic development. Employing a descriptive-associative approach, data were meticulously collected via Likert-scale surveys from 96 respondents, purposively and randomly sampled from an unstated population. The findings revealed statistically significant positive effects: product quality significantly enhances purchase intention and directly drives purchase decisions; purchase intention significantly mediates this relationship. Contributing to international marketing, behavioural economics, and economic development literature, this research empirically substantiates the crucial role of product quality, operating through purchase intention, in shaping consumer behaviour within similar tourism-reliant economies. The findings offer pertinent, behaviourally informed, and strategically actionable marketing insights for international businesses, particularly in artisanal and tourism sectors, seeking to optimise marketing effectiveness and foster sustainable economic growth in global cultural destinations.*

Keywords: *Product quality; purchase intention; purchase decision; consumer behaviour*

Abstrak. Penelitian kuantitatif ini mengkaji pengaruh kualitas produk terhadap keputusan pembelian, dengan niat beli sebagai variabel mediasi utama. Studi ini menitikberatkan pada konsumen kerajinan perak Yas di Gianyar, Bali, suatu daerah yang kaya budaya dan bergantung pada sektor pariwisata untuk pembangunan ekonomi. Data dikumpulkan melalui survei skala Likert terhadap 96 responden yang dipilih secara purposif dan acak dari populasi yang tidak teridentifikasi. Temuan penelitian menunjukkan bahwa kualitas produk secara signifikan meningkatkan niat beli serta secara langsung mempengaruhi keputusan pembelian, di mana niat beli juga berperan sebagai mediator yang signifikan dalam hubungan tersebut. Penelitian ini memberikan kontribusi pada bidang pemasaran internasional, ekonomi perilaku, dan pembangunan ekonomi dengan membuktikan peran penting kualitas produk melalui niat beli dalam membentuk perilaku konsumen di wilayah yang bergantung pada pariwisata. Temuan penelitian ini menyajikan wawasan pemasaran yang relevan dan dapat diimplementasikan secara strategis oleh pelaku bisnis internasional, khususnya di sektor kerajinan dan pariwisata, untuk meningkatkan efektivitas pemasaran serta mendukung pertumbuhan ekonomi berkelanjutan di destinasi budaya global.

Kata kunci: Kualitas produk; niat beli; keputusan pembelian; perilaku konsumen

1. INTRODUCTION

The burgeoning demand for goods and services amongst Indonesian consumers continues its upward trajectory, a trend well-documented by Njoto-Feillard & Azali (2016) through the proliferation of entrepreneurial ventures across diverse economic sectors. The jewellery industry, especially in culturally resonant destinations like Bali, assumes considerable prominence against this backdrop of dynamic economic expansion. Bali, globally celebrated as a nucleus of artisanal craftsmanship (Astara et al., 2020; Wijaya et al., 2019), boasts a flourishing silver craft sector. Silver jewellery, as highlighted by Astara et al. (2020), esteemed for both its inherent preciousness and aesthetic magnetism, is not only deeply ingrained in Balinese cultural traditions but also progressively embraced as a quintessential lifestyle accessory, serving to enhance self-image and project personal distinction. Significantly, and as Jain & Ohri (2022) point out, this escalating demand surpasses conventional demographic boundaries, with a marked upswing in male consumers adopting jewellery, consequently propelling further market amplification.

Notwithstanding the overall buoyant market conditions, individual enterprises within Bali's intricate silver craft ecosystem grapple with enduring operational and market-related complexities (Telagawathi et al., 2022). Yas Silver, a distinguished silversmith located in Gianyar Regency, serves as a compelling case in point. Despite a steadfast commitment to superior product quality, unequivocally demonstrated through the exclusive utilisation of 925 sterling silver, a premium alloy universally lauded for its lustrous sheen and robust durability, Yas Silver confronts pronounced fluctuations in sales performance. Indeed, meticulous empirical observation at Yas Silver unveils a pattern of inconsistent sales trajectories, characterised by substantial year-on-year surges frequently counterbalanced by subsequent intervals of conspicuous contraction. A constrained assortment of product offerings, coupled with design aesthetics that arguably fail to fully resonate with the evolving preferences of contemporary youth, have been tentatively identified as salient factors potentially undermining customer contentment and diminishing overall brand desirability at Yas Silver. These demonstrably observable inconsistencies in sales revenue, compounded by inherent limitations in product diversification, collectively underscore a pivotal empirical quandary: within a fiercely competitive marketplace, how can enterprises such as Yas Silver, firmly dedicated to upholding elevated product quality benchmarks, effectively ensure sustained and predictable consumer purchase decisions?

From a robust theoretical perspective, a granular understanding of the fundamental determinants underpinning consumer purchase decisions within this nuanced context remains of paramount importance. Sakharam et al. (2024) cogently underscores the indispensable role of penetrating consumer behaviour insights in facilitating optimal organisational profitability, axiomatically highlighting the imperative for producers to meticulously appraise evolving consumer perceptions and emergent preference paradigms. Purchase decisions, operationally defined by Suryawan, Handayani, et al. (2023) as volitional actions purposefully undertaken to resolve extant challenges or proactively achieve pre-defined objectives, are fundamentally shaped by a constellation of influences, spanning utilitarian problem-solving imperatives to aspirational desires for self-fulfilment. Drawing on established consumer behaviour tenets, Suryawan, Sumerta, et al. (2023) emphatically assert that authentic purchase decisions inherently necessitate a process of deliberate selection from a repertoire of viable alternatives, ultimately predicated upon the degree of consumer gratification derived from experiential encounters with products or services.

Amongst the panoply of multifaceted variables demonstrably influencing purchase decisions, product quality persistently emerges as a preeminent determinant of consumer choice. Muhtarom et al. (2022) advance the proposition that product quality constitutes a primary attribute instigating affirmative consumer purchase behaviours, whilst Kotler et al. (2024) comprehensively conceptualises product quality as the holistic ensemble of features and inherent characteristics of tangible goods or intangible services, definitively encompassing their intrinsic capacity to effectively satisfy both explicitly articulated and implicitly understood consumer exigencies. Accordingly, the strategic provision of demonstrably superior product quality is widely theorised to exert a considerable positive influence on consumers' proclivity to engage in purchase transactions, thereby fostering discernible purchase intentions. However, whilst the ostensibly positive correlation between product quality and overarching consumer behaviour patterns is broadly acknowledged within the extant marketing

literature, empirical findings pertaining to the direct and quantifiable effect of product quality on ultimate purchase decisions remain somewhat paradoxically, inconclusive and occasionally contradictory. For instance, Nafilah et al. (2019) meticulously documented a statistically significant and positively correlated relationship, yet Hilmawan (2019), in a contrasting study, conversely reported a non-significant direct effect, thereby highlighting a salient empirical divergence.

Furthermore, purchase intention, representing a consumer's conscious predisposition and cognitive inclination towards procuring a specific product predicated upon cumulative experiential learning and deeply held aspirational desires (Kotler et al., 2024), is robustly theorised within consumer psychology and marketing science as a pivotal antecedent and demonstrably reliable predictor of tangible purchase decisions. Suryawan et al. (2024) delineates purchase intention as a foundational component of overarching consumer cognitive frameworks, functioning as a proximal determinant directly preceding volitional purchase actions. While extant scholarly inquiry consistently substantiates the empirically verifiable positive impact of product quality on purchase intention formation (Rosillo-Díaz et al., 2024) and, concomitantly, the analogous positive effect of purchase intention on subsequent purchase decisions (Sakinah & Firmansyah, 2021), the precise mediating role and quantifiable magnitude of purchase intention within the intricate nexus connecting product quality and purchase decisions remains a compelling avenue for further rigorous empirical scrutiny, particularly within circumscribed and culturally distinctive market contexts such as the Balinese silver craft industry and its attendant international marketing dynamics.

The confluence of empirically observed sales volatility and multifaceted operational challenges at Yas Silver, juxtaposed with the persistent theoretical ambiguities and unresolved scholarly debates surrounding the complex interplay of product quality, purchase intention, and ultimate purchase decisions, collectively constitute the central empirical and theoretical impetus underpinning this investigative research endeavour. By methodically dissecting the mediating function of purchase intention within the intricate product quality-purchase decision relational architecture, specifically within the circumscribed empirical domain of Yas Silver and the wider Balinese silver craft industry, this study is purposefully designed to yield both practically applicable, actionable insights directly relevant to enterprises confronting analogous challenges in comparable market settings, and concurrently contribute substantive, incrementally valuable knowledge to the broader, continually evolving academic corpus concerning nuanced consumer behaviour patterns within international marketing contexts.

2. LITERATURE REVIEW

Resource-Advantage Theory (R-A Theory)

Rooted in resource-based theory and evolutionary economics, the Resource-Advantage (R-A) theory furnishes a compelling framework for understanding sustained competitive advantage. In contradistinction to market-positioning perspectives, R-A theory, as conceived by Hunt & Morgan (2015), posits that firms attain superior performance through the strategic acquisition and deployment of heterogeneous and imperfectly mobile resources. For enterprises such as Yas Silver in Bali's craft sector, superior product quality – embodied in their commitment to 925 sterling silver – constitutes a critical, value-generating resource. R-A theory underscores that by continuously investing in and leveraging this resource to cultivate strong brand associations anchored in Balinese heritage and artisanal mastery, alongside nurturing robust customer relationships, Yas Silver can enhance perceived value and differentiation. Ultimately, this strategic resource deployment, guided by R-A theory, is instrumental in driving purchase intention and securing sustainable purchase decisions within the intensely competitive global jewellery market.

Stimulus-Organism-Response (SOR) Paradigm

The Stimulus-Organism-Response (SOR) paradigm offers a parsimonious yet potent theoretical lens through which to examine consumer behaviour. Originating from environmental psychology developed by Mehrabian & Russell in 1974, the SOR model, as highlighted by Hochreiter et al. (2023) elucidates how external marketing stimuli (S) instigates internal organismic states (O) that culminate in

behavioral responses (R). In the context of Yas Silver, product quality serves as a pivotal marketing stimulus. According to the SOR framework, high product quality (S) acts as a potent external cue that triggers favourable internal organismic states (O) within consumers, notably enhancing perceptions of value and fostering purchase intention. These positive organismic states, in turn, directly mediate the ultimate behavioral response (R): the consumer's purchase decision. The SOR paradigm thus provides robust theoretical architecture for explicating the mediating role of purchase intention in translating product quality into tangible purchase decisions for craft enterprises operating within culturally rich, tourism-reliant markets such as Bali.

Product Quality and Purchase Intention

Extant literature robustly establishes product quality as a salient antecedent to purchase intention. Consumers evaluate products as bundles of attributes designed to fulfil specific needs and desires (Kotler et al., 2024). When product quality aligns with or exceeds consumer expectations, it serves as a potent stimulus, triggering consumer interest and fostering a predisposition to purchase. Indeed, superior product quality acts as a compelling attractor, enhancing product desirability and consequently, purchase intention. This proposition is empirically supported by Nafilah et al. (2019), whose research unequivocally demonstrated a significant positive relationship between product quality and purchase intention. Corroborating these findings, Hilmawan (2019) similarly confirmed a positive and significant impact of product quality on consumers' inclination to purchase. These converging empirical insights underscore the critical role of product quality in shaping consumer decision-making across diverse market contexts. Based on this established theoretical and empirical foundation, the following hypothesis is formulated:

H1: Product Quality exerts a positive and significant influence on Purchase Intention among Yas Silver consumers.

Purchase Intention and Purchase Decision

Purchase intention, representing a consumer's proclivity to purchase a specific brand or engage in purchase-related behaviours, is widely recognised as a proximal predictor of actual purchase decisions. The emergence of purchase intention initiates an active information-seeking process, wherein consumers are motivated to gather product-related information to inform their subsequent actions (Jerath & Ren, 2021). The intensity of marketing stimuli directly correlates with the extent of consumer information search; richer, more compelling stimuli are likely to instigate more thorough information seeking. When acquired information sufficiently alleviates perceived risk and reinforces anticipated satisfaction, consumers are increasingly likely to proceed with a purchase decision. As Suryawan, Handayani, et al. (2023) and Suryawan & Meiyani (2025) elucidate, purchase decisions reflect a consumer's affirmative disposition towards acquiring or utilising a product or service deemed capable of fulfilling their needs and expectations, coupled with a willingness to accept any associated risks. Empirical evidence substantiates this theoretical linkage. Hilmawan's (2019) findings robustly indicate a positive and significant effect of purchase intention on purchase decisions. This is further reinforced by Sakinah & Firmansyah (2021), who similarly established a significant positive relationship between purchase intention and subsequent purchase behaviour. Therefore, the following hypothesis is formulated:

H2: Purchase Intention exerts a positive and significant influence on Purchase Decision among Yas Silver consumers.

Product Quality and Purchase Decision

Product quality stands as a critical determinant in consumer purchase decisions, often constituting a primary evaluative criterion. Consumers assess product quality based on a holistic evaluation of attributes, encompassing durability, reliability, and the extent to which a product fulfils its intended functions and meets pre-purchase expectations (Suryawan, Pratiwi, et al., 2024). Positive consumer perceptions of product quality cultivate favourable attitudes and preferences, which, in turn, significantly influence the ultimate purchase decision. Indeed, positive consumer perceptions regarding product quality act as a potent attractor, stimulating demand and directly encouraging purchase

behaviour and loyalty (Meryawan et al., 2022). Suryawan, Pratiwi, et al. (2024) research provides compelling empirical support for this assertion, demonstrating a positive and significant effect of product quality on purchase and repurchase decisions. Based on the convergent theoretical and empirical evidence, the following hypothesis is formulated:

H3: Product Quality exerts a positive and significant influence on Purchase Decision among Yas Silver consumers.

The Mediating Role of Purchase Intention in the Product Quality-Purchase Decision Relationship

Product quality not only directly influences purchase decisions but also indirectly shapes them through the mediating mechanism of purchase intention. High product quality engenders consumer confidence in a product's attributes and performance, thereby bolstering purchase intention and consequently, the likelihood of a purchase decision (Rosillo-Díaz et al., 2024). When product quality aligns with consumer expectations, it provides a powerful stimulus that cultivates consumer interest and ultimately motivates purchase action. Sakinah & Firmansyah (2021) empirically validated the mediating role of purchase intention, demonstrating that purchase intention significantly mediates the relationship between product quality and purchase decisions. This mediating effect is further corroborated by Nafilah et al. (2019), whose research similarly confirmed that purchase intention acts as a significant mediator in the product quality-purchase decision nexus. Synthesising these theoretical and empirical insights, the following hypothesis is formulated:

H4: Purchase Intention mediates the positive influence of Product Quality on Purchase Decision among Yas Silver consumers.

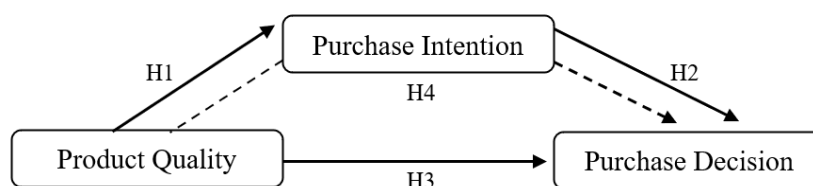


Figure 1. Research Conceptual Framework

Source: Theoretical review and previous research findings

3. METHOD

This study employed quantitative research design, utilising a descriptive and associative approach to investigate the relationships between variables. A quantitative methodology, underpinned by positivist philosophy, was deemed appropriate for examining a defined population and sample, employing structured research instruments, and conducting statistical analysis to test pre-determined hypotheses (Kittur, 2023). The descriptive approach aimed to provide a detailed portrayal of the relationships among the variables under investigation, while the associative component, aligned with Kittur's (2023) definition, sought to determine the nature and significance of the relationships between Product Quality, Purchase Intention, and Purchase Decision, specifically, within the context of Yas Silver consumers.

A purposive random sampling method was meticulously applied to select a representative sample ($n=96$) from the Yas Silver unstated visitor population, ensuring the sample mirrored the characteristics of this broader group and facilitated valid inferential generalization. The sample size, calculated using the formula delineated by Riduwan & Akdon (2013), was affirmed as statistically appropriate for the intended Partial Least Squares Structural Equation Modelling (PLS-SEM) analysis, thereby enabling the derivation of meaningful and defensible conclusions within the defined research parameters. This sampling method was strategically chosen to align participant selection with pre-defined research objectives, prioritising in-depth contextual understanding over broad generalisability, and involved the application of stringent inclusion criteria: a minimum age of 17 years, guaranteeing legal adulthood and cognitive competence; and documented prior purchase experience at Yas Silver,

aligning with the study's focus on purchase decisions.

4. RESULT AND DISCUSSION

Figure 2 illustrates the PLS-SEM analysis results, integrating both the measurement and structural models. The outer model confirms robust indicator loadings and convergent validity, while the inner model reveals significant structural paths with high explained variance. This comprehensive depiction underpins subsequent hypothesis testing and theoretical interpretation while further enhancing the understanding of the latent constructs and their interrelationships.

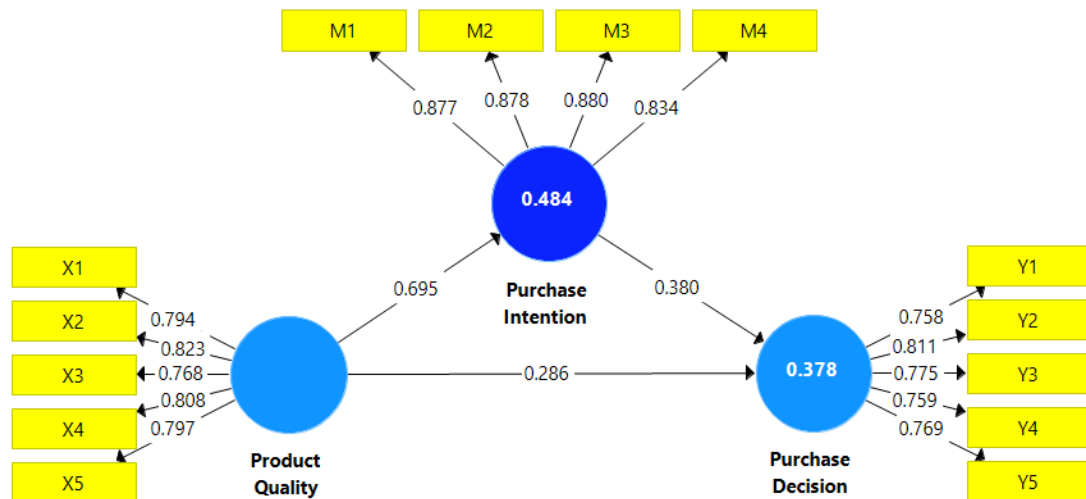


Figure 2. Measurement and Structural Model Output
Source: Primary data processed (2024)

Measurement Model (Outer Model)

Convergent Validity

Convergent validity of the measurement model is assessed by examining the inter-correlation between indicator scores and their respective latent variable scores. Indicator validity is deemed acceptable based on established thresholds for Average Variance Extracted (AVE) or the magnitude of individual outer loadings for each variable's dimensions. Specifically, individual reflective indicators (see Figure 2) are considered to exhibit high validity if they correlate at a level exceeding 0.7 with their intended construct. Furthermore, an AVE value of at least 0.5 is conventionally required to establish adequate convergent validity, indicating that a latent variable explains, on average, more than half of the variance in its associated indicators (Ghozali, 2018).

Table 1. Results based on Outer-Loadings

Variables	Indicators	Outer Loadings	Threshold	Status
Purchase Intention (Ferdinand, 2014)	Transactional Interest (M1)	0.877	0.70	Valid
	Referential Interest (M2)	0.878	0.70	Valid
	Preferential Interest (M3)	0.880	0.70	Valid
	Explorative Interest (M4)	0.834	0.70	Valid
Product Quality (Larasati, 2022)	Performance (X1)	0.794	0.70	Valid
	Reliability (X2)	0.823	0.70	Valid
	Feature (X3)	0.768	0.70	Valid
	Durability (X4)	0.808	0.70	Valid
	Conformance (X5)	0.797	0.70	Valid
Purchase Decision	Product Choice (Y1)	0.758	0.70	Valid

(Kotler & Armstrong, 2016)	Brand Choice (Y2)	0.811	0.70	Valid
	Place Choice (Y3)	0.775	0.70	Valid
	Purchase Time (Y4)	0.759	0.70	Valid
	Purchase Amount (Y5)	0.769	0.70	Valid

Source: Primary data processed (2024)

Data presented in Table 1 unequivocally demonstrate that the outer loadings for all research indicators surpass the 0.70 benchmark, robustly confirming indicator validity. This result signifies strong item reliability, ensuring that each observed variable effectively represents its respective latent construct. Moreover, the consistently high outer loadings reinforce the measurement model's robustness, thereby enhancing the credibility of subsequent structural model assessments.

Table 2. Results based on Average Variance Extracted (AVE)

Variable	AVE	Threshold	Status
Purchase Intention	0.752	0.50	Valid
Product Quality	0.637	0.50	Valid
Purchase Decision	0.600	0.50	Valid

Source: Primary data processed (2024)

As presented in Table 2, the Average Variance Extracted (AVE) values for all research variables are demonstrated to exceed the 0.50 threshold, thereby confirming data validity. This result indicates that each construct explains a greater proportion of variance in its indicators than the variance attributable to measurement error, ensuring convergent validity. Furthermore, the findings affirm that the latent constructs adequately reflect the underlying theoretical concepts, reinforcing the robustness of the measurement model.

Discriminant Validity

Discriminant validity, a cornerstone of construct validation, is assessed to ascertain the extent to which latent constructs are empirically distinct from one another. High discriminant validity provides robust evidence that a construct is indeed unique and accurately captures the specific phenomenon it is intended to measure. Cross-loadings analysis serves as a primary method for evaluating discriminant validity in the context of structural equation modelling. A threshold value exceeding 0.70 for item loadings is conventionally considered indicative of satisfactory discriminant validity (Ghozali, 2018).

Table 3. Results based on Cross-Loadings

Items	Purchase Intention	Product Quality	Purchase Decision
M1	0.877	0.671	0.488
M2	0.878	0.548	0.521
M3	0.880	0.620	0.507
M4	0.834	0.567	0.495
X1	0.503	0.794	0.494
X2	0.534	0.823	0.456
X3	0.560	0.768	0.461
X4	0.548	0.808	0.403
X5	0.626	0.797	0.382
Y1	0.383	0.417	0.758
Y2	0.418	0.415	0.811
Y3	0.397	0.451	0.775
Y4	0.493	0.440	0.759
Y5	0.530	0.409	0.769

Source: Primary data processed (2024)

Examination of Table 3 confirms discriminant validity through two key findings: first, indicator loadings are consistently higher on their respective constructs; second, all cross-loadings exceed 0.70,

collectively validating all indicators.

Internal Consistency Reliability

Composite reliability and Cronbach's alpha were employed to evaluate internal consistency reliability, reflecting the extent to which indicators measure their latent constructs. Values between 0.6 and 0.7 suggest adequate reliability, while values above 0.7 indicate strong reliability, ensuring the measurement instrument consistently reflects the intended construct (Ghozali, 2018).

Table 4. Results based on Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Status
Purchase Intention	0.890	0.924	Highly Reliable
Product Quality	0.857	0.898	Highly Reliable
Purchase Decision	0.834	0.882	Highly Reliable

Source: Primary data processed (2024)

Table 4 confirms high internal consistency reliability for all variables, as evidenced by composite reliability and Cronbach's alpha values surpassing 0.70. This signifies that measurement items consistently and accurately reflect intended constructs with minimal error, strengthening confidence in the findings' consistency.

Structural Model (Inner Model)

R-Square (R²)

To evaluate the predictive capability of the model, the Coefficient of Determination (R²) was examined. This statistic, ranging from 0 to 1, provides a measure of the proportion of variance in an endogenous construct that is explained by its antecedent predictors. Established guidelines for interpretation suggest that R² values of 0.19, 0.33, and 0.67 represent weak, moderate, and strong levels of predictive accuracy, respectively (Ghozali, 2018).

Table 5. R² Test Results

Variable	R-Square	Status
Purchase Intention	0.484	Moderate
Purchase Decision	0.378	Moderate

Source: Primary data processed (2024)

Table 5 reveals R-squared values of 0.484 for Purchase Intention and 0.378 for Purchase Decision (also illustrated in Figure 2), both indicative of moderate models. For Purchase Intention, Product Quality explains 48.4% of variance, leaving 51.6% unexplained. For Purchase Decision, Product Quality and Purchase Intention together account for 37.8% of variance, with 62.2% unexplained. Both R-squared values fall within the 0.33 – 0.67 range, confirming their moderate model classification.

F-Square (Effect Size)

To assess the relative influence of an exogenous construct on an endogenous construct, the f-square (f²) value is employed. According to established criteria, an f² greater than 0.02 suggests a subtle effect, while values exceeding 0.15 and 0.35 indicate moderate and strong effects, respectively, of the independent latent variable upon the dependent latent variable (Ghozali, 2018).

Table 6. f² Test Results

	Purchase Intention	Product Quality	Purchase Decision
Purchase Intention			0.120
Product Quality	0.937		0.068
Purchase Decision			

Source: Primary data processed (2024)

The f-square (f²) values presented in Table 6 indicate a subtle influence of Purchase Intention on Purchase Decision (f² = 0.120). In contrast, the effect of Product Quality on Purchase Intention is

pronounced, with an F^2 of 0.937, representing a strong influence. The impact of Product Quality on Purchase Decision, however, is attenuated, registering an F^2 of 0.068.

Model Fit

Standardized Root Mean Square (SRMR) was utilised to assess model fit, with a threshold of < 0.10 for acceptable fit (Ghozali, 2018). The SRMR value obtained is within this limit, confirming good model fit. This indicates that the structural model adequately represents the data and captures variable relationships. A well-fitting model strengthens findings' robustness and reliability, reinforcing the research implications.

Table 7. Model Fit Evaluation Results

	Saturated Model	Estimated Model
SRMR	0.072	0.072
d_ULS	0.538	0.538
d_G	0.261	0.261
Chi-Square	141.987	141.987
NFI	0.817	0.817

Source: Primary data processed (2024)

Based on the analysis presented in Table 7, the Standardized Root Mean Square Residual (SRMR) value is 0.072, which is favourably below the required value of 0.10 ($SRMR < 0.10$). Therefore, the research model is validated as exhibiting a good fit.

Hypotheses Test Results (Bootstrapping)

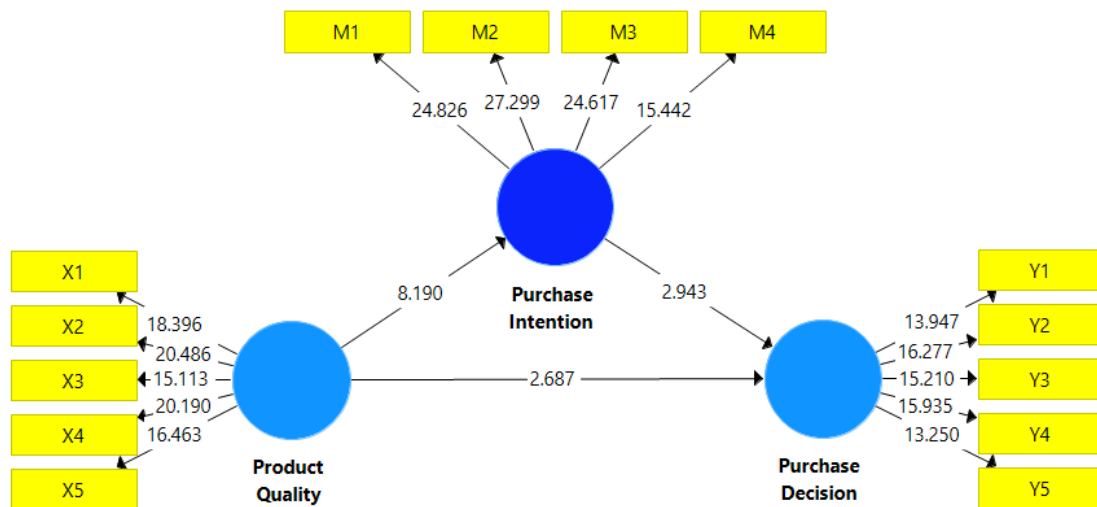


Figure 3. Bootstrapping Model Output

Source: Primary data processed (2024)

A bootstrapping procedure (see Figure 3) was employed to generate T-statistics and P-values for the purpose of hypothesis testing. In accordance with conventional statistical thresholds, a P-value of 0.05 or less ($\alpha = 5\%$), coupled with a T-statistic exceeding 1.96, provides the evidentiary basis for rejecting the null hypothesis (H_0) and accepting the alternative hypothesis (H_a). This analytical outcome robustly indicates a statistically significant association between the variables under investigation (Ghozali, 2018).

Table 8. Direct Effect Test Results

Direct Effect	Original Sample (O)	T Statistics (O/STDEV)	P Values	Status
Product Quality -> Purchase Intention	0.695	8.190	0.000	Positive and Significant
Purchase Intention -> Purchase Decision	0.380	2.943	0.003	Positive and Significant
Product Quality -> Purchase Decision	0.286	2.687	0.007	Positive and Significant

Source: Primary data processed (2024)

Direct effect analysis convincingly validates the postulated relationships within the structural model (see Table 8). Regarding the relationship between product quality and purchase intention, the analysis decisively confirms a significant positive association (t-statistic = 8.190, $p < 0.001$, path coefficient = 0.695), thereby supporting Hypothesis 1. Similarly, the hypothesised positive and significant influence of purchase intention on purchase decision was empirically substantiated (t-statistic = 2.943, $p = 0.003$, path coefficient = 0.380), thus confirming Hypothesis 2. It is noteworthy that purchase intention exhibits the most prominent effect on purchase decision, evidenced by its leading path coefficient. Furthermore, the direct effect of product quality on purchase decision was also found to be statistically significant and positive (t-statistic = 2.687, $p = 0.007$, path coefficient = 0.286), thus supporting Hypothesis 3. In essence, these findings comprehensively affirm the hypothesised direct effects, demonstrating that while both product quality and purchase intention are significant antecedents of purchase decisions, purchase intention exerts the most substantial influence.

Table 9. Indirect Effect Test Results

Direct Effect	Original Sample (O)	T Statistics (O/STDEV)	P Values	Status
Product Quality -> Purchase Intention -> Purchase Decision	0.264	2.946	0.003	Complementary Partial Mediation

Source: Primary data processed (2024)

The indirect effect of product quality on purchase decision, channelled through purchase intention, was tested (see Table 9). The findings decisively established a statistically significant positive indirect effect (t-statistic = 2.946, $p = 0.003$, path coefficient = 0.264), providing strong support for Hypothesis 4, which posited that purchase intention mediates the relationship between product quality and purchase decision. The observed pattern aligns with complementary partial mediation. Given the simultaneous presence of a significant positive direct effect of product quality on purchase decision, and a significant positive indirect effect via purchase intention, it is evident that purchase intention serves as a complementary mediator (Hair et al., 2022), reinforcing the positive effect of product quality on purchase decision.

Product Quality as a Behavioural Antecedent to Purchase Intention: Empirical Evidence from Bali Silver Craft

Empirical evidence robustly supports a significant positive influence of product quality on purchase intention, thus validating Hypothesis 1 and aligning with core tenets of behavioural economics. This finding suggests that cognitive evaluations of product quality directly and positively impact consumers' psychological predisposition towards purchasing Yas Silver products. From a behavioural economics viewpoint, this underscores the principle that perceived product quality functions as a crucial value cue, shaping consumer expectations and confidence, which are fundamental drivers of purchase intention. Consistent with marketing literature, as elucidated by Kotler et al. (2024), and reinforced by Kim et al. (2021), superior product quality not only enhances perceived value but also cultivates consumer trust, both of which are critical psychological antecedents to purchase interest and, consequently, economic transactions. In the context of economic development within Bali's craft sector, this implies that investments in quality enhancement are not merely operational improvements but strategic interventions to shape consumer behaviour and stimulate demand.

Effect of Purchase Intention on Purchase Decision in Yas Silver Consumers: A Psychological Driver of Economic Action

The significant positive effect of purchase intention on purchase decision, confirming Hypothesis 2, highlights its pivotal psychological role in translating latent consumer interest into actual purchase behaviour. Purchase intention emerges as the most dominant factor influencing purchase decision within this model, reinforcing its primacy as a cognitive gatekeeper in the consumer decision-making process for Yas Silver products. From a behavioural economics standpoint, this finding underscores the predictive power of purchase intention as a measurable proxy for actual economic action. As Suryawan, Sumerta, et al. (2024) emphasize, purchase intention represents a critical cognitive stage that propels consumers towards a purchase decision. Furthermore, this highlights a key behavioural pathway: once purchase interest is triggered, consumers actively engage in information seeking and evaluation, demonstrating the proactive cognitive processes underlying economic choices. For economic development, particularly in fostering entrepreneurial success in Bali, cultivating strong purchase intention becomes a crucial lever to convert consumer interest into tangible economic outcomes.

Effect of Product Quality on Purchase Decision in Yas Silver Consumers: Direct and Indirect Pathways to Economic Exchange

The statistically significant positive relationship between product quality and purchase decision, supporting Hypothesis 3, underscores the direct behavioural economic impact of product quality on final purchase outcomes. This finding reinforces the core marketing principle that product quality serves as a fundamental behavioural driver of purchase decision by directly addressing and fulfilling consumer needs and expectations, thereby facilitating economic exchange. From a behavioural economics perspective, this direct effect highlights the 'fast thinking' system in consumer choice, where immediate perceptions of quality can trigger rapid purchase decisions. As Suryawan, Handayani, et al. (2024) and Suryawan, Pratiwi, et al. (2024) corroborates, consumers often rely on perceived product quality as a primary heuristic, encompassing durability, reliability, and functional performance, to simplify and expedite purchase choices. For economic development in the Balinese craft sector, this reinforces the importance of maintaining visible and tangible quality cues to directly stimulate purchase behaviour and drive economic activity.

The Mediating Role of Purchase Intention in the Product Quality-Purchase Decision Relationship for Yas Silver Consumers

The significant positive indirect effect, validating Hypothesis 4, definitively confirms that purchase intention functions as a crucial behavioural mediator in the relationship between product quality and purchase decision, revealing a nuanced psychological mechanism at play. The presence of complementary partial mediation, from a behavioural economics viewpoint, suggests a dual-process model of consumer choice: product quality exerts both a direct, potentially heuristic-driven, influence, and an indirect, more considered, influence channelled through purchase intention. This indicates that while product quality has a direct impact, a considerable portion of its influence is effectively channelled through purchase intention, thereby highlighting purchase intention as a vital behavioural mechanism translating product quality into purchase decisions, and ultimately, economic transactions, for Yas Silver products. As validated by prior studies (Nafilah et al., 2019; Sakinah & Firmansyah, 2021), purchase intention's mediating role in quality-purchase decision dynamics is consistently observed across diverse consumer contexts, further reinforcing its significance as a fundamental behavioural driver of economic activity in various market settings. For economic development in culturally-rich, tourism-dependent economies like Bali, understanding and leveraging this mediating mechanism becomes crucial for designing effective strategies to stimulate demand, enhance the economic viability of local crafts, and promote sustainable economic growth through informed behavioural interventions.

5. CONCLUSION

This study unequivocally validates the hypothesized relationships, firmly establishing the pivotal roles of product quality and purchase intention in driving purchase decisions among Yas Silver consumers in Gianyar, Bali. The findings decisively demonstrate that superior product quality significantly enhances purchase intention and exerts a direct positive influence on purchase decision. Moreover, the study confirms that purchase intention functions as a critical complementary partial mediator, amplifying the impact of product quality on the ultimate purchase outcome. The pre-eminence of purchase intention as the strongest predictor of purchase decision within the model underscores its crucial role as the primary catalyst for consumer action in this market. The significance of these findings extends to both theoretical and practical domains.

Theoretically, this study proffers nuanced and empirically grounded insights into extant consumer behaviour models, particularly as they pertain to the nuanced confluence of cultural tourism and sustainable product consumption. Notably, the mediating role of purchase intention elucidated herein underscores the salience of behavioural economic principles in understanding consumer decision-making in cultural contexts. From a decidedly practical perspective, these robust results furnish actionable, behaviourally-informed strategies for enterprises operating within the souvenir and artisanal industry landscape. To optimise purchase conversion rates for artisanal products such as Yas Silver, businesses must strategically prioritise investments in the sustained enhancement of product quality, while concurrently deploying meticulously crafted marketing initiatives specifically designed to cultivate, and critically, to strategically strengthen, consumer purchase intention.

Future research endeavors should consider expanding the scope of this study by incorporating other pertinent variables, such as perceived price fairness, brand authenticity, or the influence of social norms. Furthermore, investigating these relationships across varied cultural contexts and tourism destinations would enrich the universality of the model and provide valuable comparative insights. Employing mixed-methods approaches, combining quantitative analysis with qualitative explorations, could also offer a more holistic and in-depth understanding of the complex factors driving consumer purchase behavior in the tourism souvenir market, paving the way for the development of demonstrably more effective and precisely targeted marketing strategies, thereby contributing to both enhanced business performance and the sustainable economic vitality of tourism-dependent cultural destinations.

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