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Determining Factors in Purchasing Decisions

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Abstract

The research aims to find out how much quality products, prices, and locations affect consumer buying decisions in the Insurgent Store. The type of research used is to use the SPSS 26 system with a model of multiple linear regression. For data retrieval in this research using qualitative method through the questionnaire and the population taken is as many as 100 respondents who are the consumers who have visited the Insurgent Store. The results show that the price is the determinant in consumers making purchases. This finding is a novelty that price determines consumers in making purchases at insurgent stores. Meanwhile, product and location are not determinants in purchasing decisions.

Keywords: product quality, price, location, decision buying

1. Introduction

Necessity is the aspect that drives the creature alive in activities and becomes the basis or reason for every individual to strive. While the desire is all needs of goods or services that want to be fulfilled every human. The rapidly changing business world marked by the number of companies that sprung in the field of trade in the form of shops, Minimarket, department stores (convenience stores), supermarkets and distributions (distribution store) and so forth, (Wicaksana & Utama, 2018). Based on a good opportunity and opportunity company engaged in the field of fashion and accessories in particular distro occurs very strict business competition and increasingly open competition that impacts the market share Insurgent distribution Store.

So this resulted in a decline in sales on the Insurgent Store. As for the sales data of Insurgent Store products for the last 3 months can be seen in the following table data:

Table 1. Insurgent Store Product Sales Data (PCS)

Months	Amount SOLD ITEMS
January 2020	1180
February 2020	998
March 2020	906

Source: Company Data, April 2020

According to the table above, it can be seen that sales data in Insurgent Store decreased from month to month. From January 2020 the number of items sold was 1180 and in February 2020 decreased 182 PCs. In March 2020 decreased by 92 PCs when compared to February 2020. Therefore, © Authors. Terms and conditions of this work is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License apply. Correspondence: Iskandar Ahmaddien *Universitas Sangga Buana*. Email: iskandar.ahmaddien@usbypkp.ac.id

companies engaged in the business of trading in particular distro must have knowledge of what can be the consideration of consumers in making purchasing decisions. Consumers always see some of the existing factors such as the quality of a product, the selling price, and the location where the product is sold, so that companies engaged in the trade business can make policies and a more effective strategy by combining the marketing mix that best suits the needs and desires of consumers (Jaafar, 2018).

Product quality is one of the tools used by marketers to determine the positioning of its products in the market. Therefore, every company must choose the level of quality of the product that it produces will help or support the effort to improve or maintain the positioning of the product in its target market. Quality is the ability of the product to carry out its functions, its capabilities include durability, reliability, thoroughness produced, ease of operation and serviceability and other valuable attributes on the product as a whole (Hoe & Mansori, 2018). Product quality is the ability of a company to give identity or feature to each product owned so that consumers can recognize the products owned by the company (Farhana, 2012).

2. Literature Review

Pricing is one of the elements of revenue-generating marketing; other elements produce costs (Ashraf, 2018). There is the principle of selling price should be able to cover the full cost plus a reasonable profit Price is a certain amount of money and services or goods that are available exchanged by the buyer to obtain a variety of product options and services provided by the seller (Sashi, 2012). There are several main elements of price activities including price lists, discounts, discounts, and payment periods There are four indicators that characterize the price of a product/service that is: affordability price, price suitability with product quality, price competitiveness, price compatibility with Benefits (Fahmi & Hands, 2039; Sashi, 2012; Surip et al., 2017)

Location is a store or retailer where in the area is a strategic area so it can maximize the profit (Fox et al., 2007; Nikola Knego, Kristina Petljak, 2014). Choosing a business location is a very important decision for the company to fulfill its needs. In addition, choosing the location has a strategic function in determining the achievement of the purpose of the business. One of the keys to success is location (Fuskova et al., 2018; Indarti, 2004). Determining a good location is an important decision because a place is a long-term resource commitment that can reduce the flexibility of future efforts, and the location will also affect future growth. The selected Area must be able to grow in terms of the economy so that the company can sustain its business survival. Selecting the location of the business effectively means avoiding negative risks to a minimum or in other words obtaining a location that has the maximum positive risk. Location selection will also impact on the costs that arise later on the results of the chosen one area/location as a business place. Consideration of selection of business locations will differ when the type of business that will be run also different. Industrial companies typically use cost minimizing strategy. On the other hand, the service business usually uses revenue maximizing strategy. As for the selection of warehouse location, usually determined by combining the cost factor and delivery speed. From a variety of site selection strategies, aims to maximize the company's profits (Kalinowski, 2016).

The Purchasing decision is the behavior that consumers are shown to seek, give, use, evaluate and spend a product and service that is expected to satisfy its needs (Kalinowski, 2016; Prasad & Jha, 2014, 2014). While the buying decision is a process by which consumers know the problem, look for information about a particular product or brand and evaluate how well each of these alternatives can solve the problem, which then leads to a purchase decision (Yap & Yazdanifard, 2014).

3. Methodology

The data collection techniques in this study used qualitative research methods using the questionnaire taken from the population of 100 respondents who were Insurgent stores consumers who had visited the Insurgent Store. For the questionnaire is transmitted via Google Form online. In this study also used research techniques of linear regression model using SPSS 26. The research was conducted from April to June to the respondents. This research is adopted from research (Foster et al., 2019; Imaningsih, 2018; Taiwo et al., 2017).

4. Result and Discussion

Description of respondents

The samples in this study amounted to 100 respondents, where questionnaires were disseminated to consumers through *Google forms* with the following results:

Table 2. Respondent's Gender

No	Gender	Amount	Percentage
1	Male	66	66%
2	Women	34	34%
Amount		100	100%

Source: Primary Data (Questionnaire), processed 2020

Depending on the gender table of the respondent can be noted that for the gender of the respondent is the most male is 66 people (66%) followed by a female respondent of 34 people (34%). This indicates the gender group of males is a potential consumer fixed in the purchase of Insurgent Store products.

Respondents Age

The data about the age of consumer Insurgent Store taken as the respondent is as follows:

Table 3. Respondents Age

No	Age	Amount	Percentage
1	17 S/d 25 years	90	90%
2	26 S/d 41 years	10	10
Amount		100	100%

Source: Primary Data (Questionnaire), processed 2020

According to the information on the age table of respondents can be noted that for the most important age of respondents is 17 S/d 25 years, which is 90 people (90%) Followed by respondents aged 26 to 41 years, i.e. as many as 10 people (10%). This indicates that respondents who have age 17 S/d 25 years are potential consumers in the purchase of Insurgent Store products.

Respondents Work

The data on the work of consumer Insurgent Store taken as a respondent is as follows:

Table 4. Respondents Work

No	Age	Amount	Percentage
1	Labor	1	1
2	Private employees	65	65%
3	Entrepreneurial	3	3
4	Students	28	28
5	Student	3	3
Amount		100	100%

Source: Primary Data (questionnaire), processed 2020

Based on the information in the worktable the respondent can be known that for the work of respondents the most are private employees as much as 65 people (65%) Followed by a student respondent of 28 people (28%). Subsequently respondents as an entrepreneurial of 3 people (3%) and students as many as 3 people (3%) And the last as 1-person laborer (1%). This indicates that respondents who work as private employees are potential customers in the purchase of Insurgent Store products.

Validity test

Here is the result of the validity testing of research data on Insurgent Store distributions:

Table 5. Validity Test Results

Variable	Indicators	Correlation	Sig. (2-tailed)	N	Description
Product quality X ₁	Types of insurgent product ingredients	.858	.000	100	Valid
	Quality Stitching Insurgent Products	.808	.000	100	Valid
	Durability of Insurgent products	.878	.000	100	Valid
	Types and models of insurgent products	.886	.000	100	Valid
	The appeal of insurgent products	.885	.000	100	Valid
Price X ₂	Price compatibility and product quality	.764	.000	100	Valid
	Price suitability with consumer purchasing power	.788	.000	100	Valid
	Affordability of product prices	.864	.000	100	Valid
	Price compatibility with the benefits that are felt	.895	.000	100	Valid
	Varied prices	.825	.000	100	Valid
Location X ₃	Location is easy to reach	.844	.000	100	Valid
	Wide place so that consumers freely	.786	.000	100	Valid
	Have adequate Parker place	.799	.000	100	Valid
	Location is in the center of the crowd	.863	.000	100	Valid
	Location easy to reach public transportation	.864	.000	100	Valid
Purchase decision Y	Purchase decision due to need	.786	.000	100	Valid
	Reponden looking for information before deciding on a purchase	.769	.000	100	Valid
	Compare prices with other products before deciding on a purchase	.786	.000	100	Valid
	Purchase decision because it has good quality and suitable price	.878	.000	100	Valid
	Continuous product Purchases	.816	.000	100	Valid

Source: Data processing using SPSS Statistic 26

The results of the validity testing table of research instruments are known that all indicators of each variable are declared valid because it is seen from its significance value, if the value of significance < 0.05 then declared valid and if otherwise the value of significance > 0.05, then it is declared invalid. Thus, indicators of the statement on product quality, price, location and purchase decision are valid or capable of measuring the variables, so that they can be used as a data collection tool in this study.

Reliability Test

The basis of decision making in reusability test is if the value of Cronbach's alpha > 0.60 then the questionnaire or poll expressed reliable or consistent and conversely if Cronbach's alpha > 0.60 then questionnaires or polls expressed unreliable or inconsistent.

Table 6. Reliability Test Results

Variable	Cronbach Alpha	Alpha coefficient	Description
X ₁ product quality	.908	.60	Reliable
X ₂ Price	.881	.60	Reliable
X ₃ Locations	.888	.60	Reliable
Y Purchasing Decisions	.863	.60	Reliable

Source: Data processing using SPSS Statistic 26

From the reliability test results in the table above, it can be seen that the statement has reliable results. These results have the meaning that all of Cronbach's Alpha is greater than the value of 0.60 so it can be concluded that the items of the questionnaire are reliable.

Classic Assumption Test

Test normality is useful for determining data that has been collected with normal distribution or not. Based on the test results normality with One-Sample method Kolmogorov-Smirnov with a look at the value of Monte Carlo Sig. (2-tailed) shows error with Monte Carlo Sign. 0.058 > 0.05 which means that the error is a normal distribution. The next step is to do a multicollinearity test can be seen from the multicollinearity test results above shows that the value of tolerance > 0.10, meaning that there is no multicollinearity and the value of VIF < 10.00 means that there is no multicollinearity. It can be concluded that the influence of product quality, price and location there is no multicollinearity between variables freely in the regression model. The final step is test heteroskedasticity. Based on the test results from the table above using the correlation Spearmen We can know that the significance of each-variable > 0.05 then, the hypothesis was received because the data did not exist heteroskedasticity. After carrying out the classical assumption test, the next step is to do the hypothetical test with the F test and the t test in accordance with the hypothesis that we mentioned earlier.

Table 7. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients			Standardized Coefficients Beta	Q	Sig.
	B	Std. Error				
1	Constant	.766	.767		.999	.320
	Product quality	-.133	.088	-.125	-1,513	.133
	Price	1,045	.080	1,016	13,044	.000
	Location	.041	.052	.047	.801	.425

From the table results above the regression equation has the following meanings:

Constant value of Unstandardized Coefficients. 766 This constant value states that if there is a product quality (x1), the price (x2), the location (x3) Then the consistency value of the purchase decision (Y) is. 766. Product quality (x1) has a regression coefficient of -0.133 with negative value, then product quality (x1) negative effect on the purchase decision (Y). Price (x2) has a coefficient of 1.045 with a positive value, then the price (x2) positively influence the decision of the purchase (Y). Location (x3) has a coefficient of 0.041 with a positive value, then the location (x3) positive effect on the purchase decision (Y).

From the test results, it is known that the price variable has a significant influence on purchasing decisions at the Insurgent Store. Consumers consider that the price is cheap and affordable that consumers expect to decide on the purchase price. This study is in accordance with the research conducted by (Adam, 2017; Albari & Safitri, 2018), which shows that price has a significant effect on purchasing decisions. From the description of the data and analysis of the results of research on the price variables described in the previous chapter, it can be stated that prices are able to influence consumers in making purchasing decisions that are most considered by consumers when buying. states that prices are a number of goods that can be offered to the market. to get attention, buy and use or consume and which can satisfy consumer wants or needs For respondents, when they want to make a purchase, price becomes their consideration before making a purchase, and they think that at an affordable price they can get what they expect, (Popovic et al., 2019). While other considerations of consumers regarding price estimates. The results of this study are in accordance with the theory of (Kapferer, 2008; Kumar & Srivastava, 2013) that price is used to position the brand of a product as a quality brand or vice versa, and the price is the basis of comparison between other competing brands. From this it can be seen that the insurgent store is able to prove that by playing a price that is affordable for all groups and from that affordable price consumers get what they expect and are able to compete with others of the same type. This research is very interesting because the quality of the product and the location are not influencing the purchasing decision process. From the descriptions of respondents, it can be seen that the people who buy this insurgent store product are millennials, almost 90 percent of those who make purchases are millennials so that quality and location are not something that makes the purchasing decisions of respondents. Quality and location are not important because price is the most determining factor in making a purchase. From the results of interviews with several respondents, insurgent stores already have a good brand among buyers. Because it already has a good brand, consumers see the price that determines the number of similar companies in Bandung.

5. Conclusion

The conclusion of this study is that there are several factors that are considered in the purchase decision. (1). Production Cost Factor: This factor calculates how much it costs to spend on a product. From the results of this accumulated cost, the insurgent store can set the price by: $\text{Production cost} + \text{desired profit in } (\%) = \text{pricing} / \text{selling price}$. (2). Competitor / Competitor Factors: This factor becomes the pricing strategy carried out by the insurgent store by means of competitors' prices as a reference or as a comparison for the prices that will be set by the insurgent store. The strategy used by the insurgent store is to set product prices cheaper than competitors' prices in order to attract customers, gain customers and market share. (3). Demand Factor: This factor refers to the number of requests, the quality of the fabric material requested, the design, the quality of the screen printing and the processing time. The author proposes several suggestions to be taken into consideration in carrying out pricing strategies and is expected to be useful for insurgent stores both for the present and the future. The first must be consistent with product pricing decisions. Then the insurgent store must not ignore the competition factor, even though the insurgent store is sure of the superiority of the product. Insurgent

stores need continuous monitoring of product prices set by competitors and make price adjustments. Thus, it is hoped that the prices of insurgent store products can be more competitive.

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