



Analysis of Factors Influencing Purchase Decisions at Indomaret Retail Stores

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ABSTRACT

This study aims to identify and analyze the factors that influence purchasing decisions at Indomaret in Pekanbaru. The object of research is customers who shop at Indomaret in Pekanbaru City. The technique of determining the sample by nonprobability sampling, using the incidental sampling method. The data analysis technique used Structural equation modeling using the Smart PLS version 3 application. The findings from this study note that price and product completeness have a positive effect on purchasing decisions at Indomaret. While location has a positive and significant effect on buying decision. Based on the determination test it was concluded that product completeness, location and price simultaneously influence purchasing decisions at Indomaret in Pekanbaru. For future researchers, it is hoped that the results of this study can become a reference for research with similar titles and add other variables to be examined in depth.

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INTRODUCTION

The retail business is a promising business and is very important in human life because it directly serves the end consumer. Retail is involved in every transaction of human needs, from everyday products such as groceries to tertiary products. In recent years, Indomaret (PT Indomarco Prismaatama) and Alfamart (PT Sumber Alfaria Trijaya) have become two big names in retail companies that have experienced rapid growth. The two companies have the same target market, namely reaching end consumers by opening outlets in various areas such as housing, offices, tourism and apartments. In Pekanbaru City, as the capital and largest city in Riau Province, Indomaret has proven successful with the many Indomaret outlets that can be found.

The continuity of the retail business is highly dependent on retail consumer purchasing decisions, because these decisions have a direct impact on sales volume. Therefore, it is important for entrepreneurs in the retail business to pay attention to the factors that are considered by consumers in deciding to make a purchase. (Tjiptono, 2014) purchasing decisions are a process where consumers know the problem, seek information about a particular product or brand and evaluate how well each of these alternatives can solve the problem, which then leads to a decision. There are many factors in the retail mix that can influence purchasing decisions, such as product, promotion, location, stock, service, design and layout, communication and

atmosphere.(Nurbianto et al., 2018),(Rizky et al., 2021)and price is also a determining factor in the purchase decision of a product(Gusdaputra et al., 2023).

Based on a survey conducted by researchers at several Indomaret in Pekanbaru City, it was found that consumers often cancel purchases because the product or brand they want is not available. One example that often occurs is the shortage of mineral water, especially the Aqua brand. Products are a very important aspect for Indomaret in Pekanbaru, because consumers come with the aim of meeting product needs. Consumers will tend to choose to shop at places that provide a variety of products with good variations and are always available. Consumers report that several types of product sizes are often not available at Indomaret in Pekanbaru, either due to delays in delivery or delays in restocking products. As an example, Cigarette products under the Sampoerna brand size 12'S are often not available. Apart from that, there were also complaints that Elpiji gas at several Indomarets was not available several times.

The location of some Indomaret in Pekanbaru City is on narrow roads with heavy vehicle activity which is a consideration for consumers to decide to shop because consumers need convenience in shopping. The high intensity of consumers, the lack of availability of parking lots, the roads that are not too wide and also the suspicion that there are non-consumer vehicles parked in the yard have resulted in complaints about parking access by consumers. Based on the researcher's search for reviews of several Indomaret websites in Pekanbaru, there were complaints about the difficulty of parking access which resulted in cancellation of purchases by consumers. Price is also one of the complaints submitted by consumers(Iskamto, 2017; Iskamto et al., 2023; Iskamto & Risman, 2018). Based on interviews with the head of an Indomaret shop in Pekanbaru, it is known that there are consumers who complain that the price of goods is higher than the price at other Indomaret.(Efdison, 2021; Wulansari & Pratama, 2022).

In an increasingly competitive retail industry, it is important for Indomaret to understand the factors that influence consumer purchasing decisions in Pekanbaru. With a better understanding of these factors, Indomaret can develop more effective marketing strategies and maximize consumer satisfaction.

LITERATURE REVIEW

Price

According to Kotler (2012) In determining prices, there are methods that involve selecting the final price by considering factors such as psychological pricing, where prices are used by consumers as an indication of quality and the company's pricing policy strategy. The company's pricing policy aims to provide price guidance to the sales team so that it can be given to consumers, as well as achieve company profitability. (Tjiptono, 2012) argues that price is a monetary unit or other measure (including other goods and services) that is exchanged in order to obtain the right to own or use an item or service. This understanding is in line with the concept of exchange in marketing. It can be concluded that price is the result of a negotiation process between buyers and sellers to reach a price agreement that meets the wishes of both parties. In this process, sellers set a high initial price, while buyers bid at the lowest price they expected. Therefore, price is the amount of money that must be paid by consumers in exchange for obtaining a product. According to Kotler in(Indrasari, 2019), there are five price indicators, namely: (1) Price affordability (2) Price compatibility with product quality (3) Price competitiveness (4) Price compatibility with benefits. (5) Prices can influence consumers in making decisions.

Product Completeness

According to Ma'aruf, (2020) Providing a good product assortment will not only attract consumer interest, but also have an influence on their purchasing decisions. By having a complete selection of products, consumers will feel more satisfied because they can fulfill their various needs in one place. This can increase consumer loyalty and ultimately achieve company goals.(Kotler, 2009) Product completeness can be interpreted as the availability of all types of products offered by a producer to be owned, used, or consumed by consumers. Products purchased by consumers must be able to meet specific needs and provide benefits, so that product characteristics include not only physical features that can be felt in a real way, but also non-physical aspects such as image and services offered. Thus, product completeness refers to the variety of products available, including brand, quality, and

availability in stores at any time. Product assortment involves procuring goods appropriate to the type of business the store is running, such as food products, clothing, household goods, general products, and the like, with the aim of providing these products in stores in the quantity, time and price appropriate to achieve the goals of the store or retail company. (Utami, 2017) states that product completeness indicators are as follows: (1) Variety (2) Diversity (3) Product Availability.

Location

According to (Kotler and Armstrong, 2009) location is a company activity that makes the product available to targets, whereas according to (Lupiyoadi, 2013) states that location is a decision made by the company regarding where operations and staff will be placed. Location is a crucial factor because it refers to the physical structure of the place of business which is the main element that is visible and can create an impression for the company in carrying out business activities and services to consumers. According to Levi and Weirtz in (Utami, 2017) states that there are several related indicators in determining the location, namely as follows: (1) Visibility Distance (*visibility*) (2) Parking Lot (3) Traffic Flow Density.

Buying decision

Purchasing decisions are a fundamental psychological process and have an important role in understanding how consumers actually make decisions to buy products (Kotler and Keller, 2018). Meanwhile, according to (Schiffman and Kanuk, 2010) purchasing decisions involve choosing between two or more available alternative options. This decision-making process includes selecting the types and benefits of the product, determining the form of the product, selecting the brand, determining the number of products purchased, selecting the seller, determining the time of purchase, and selecting the payment method. Thus, purchasing decisions are the result of psychological processes that influence consumer preferences and needs. According to Kotler and Keller in (Indrasari, 2019) explained that indicators of consumer purchasing decisions are as follows: (1) Product choice (2) Brand choice (3) Dealer choice (4) Purchase time (5) Purchase amount.

ETHODS

This research is a quantitative descriptive study that aims to examine the effect of product completeness, location, and price on purchasing decisions at Indomaret Pekanbaru. The data used in this study consisted of primary data and secondary data. Primary data was obtained by distributing questionnaires to the selected respondents. While secondary data was obtained through books, documents, previous research, as well as interviews with managers or leaders related to the research object. The population in this study were consumers or customers who made purchases at Indomaret Pekanbaru using thenonprobability sampling technique. The sampling method uses incidental sampling, which is a sampling technique based on chance, that is, anyone who coincidentally or incidentally meets the researcher can be used as a sample, if the person met is deemed suitable as a data source. (Sugiyono, 2013). Based on the formula, the number of samples in this study were 97 respondents.

In the measurement model, outer loading values (reflexive indicators) are measured to relate each indicator to the latent variable it measures. This value reflects the weight or contribution of each indicator as a measure of the variable concerned. An indicator with a high outer loading or outer weight indicates that the indicator has a strong role as a measure of this variable, or it can be said to be dominant in describing this variable.

RESULTS AND DISCUSSION

After data collection is complete, the data is inputted into the smartPLS version 3 application and then an indicator feasibility test is carried out. In the first step, the researcher evaluates the values generated by each statement item to measure reflective indicators. Acceptable value limits according to Tabachnik and Fidell 2007 in (Pradana Perkasa et al., 2021) loading above 0.71 (excellent), loading 0.63 (very good), loading 0.5 (good), loading 0.45 (fair) and loading 0.32 (poor).

Evaluation of Measurement Model

An indicator is declared valid loading above 0.61 (excellent) on the construct variable being tested. The output of the validity test processing results using smartPLS Version 3 loading factor in the outer loading table gives the following results:

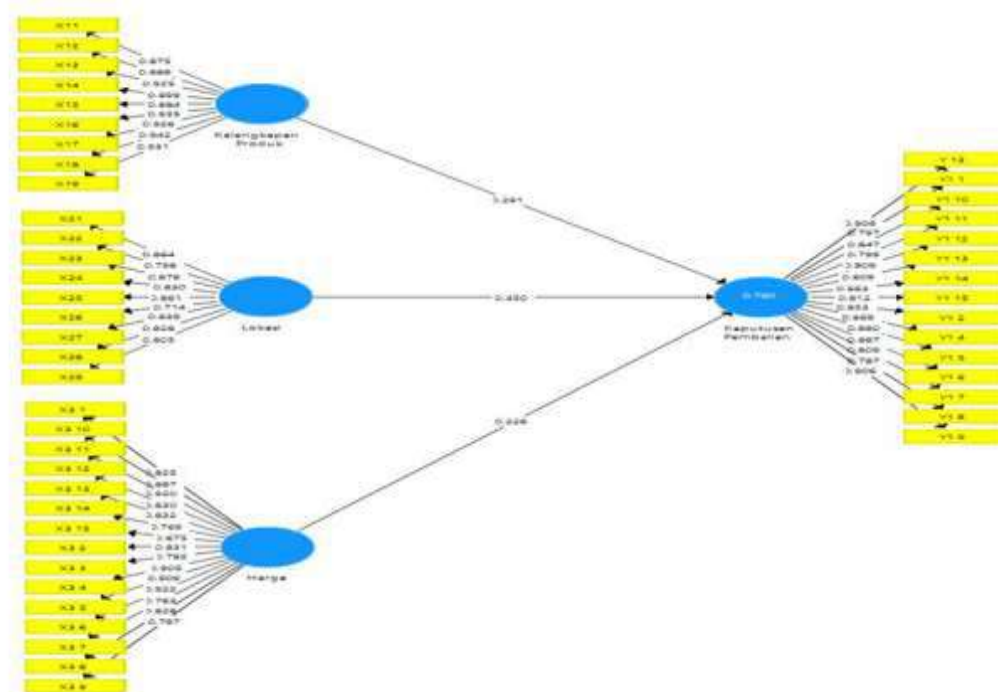


Figure 1. Algorithmic PLS Path Diagram

Source: Processed data from the smartPLS application Version 3, 2023

After calculating the loading factor, the loading value of the indicators shows a strong value above 0.6 (excellent). Furthermore, data analysis was carried out to see the validity value possessed by each variable using Average Variance Extracted (AVE) in the constructs of Reliability and Validity. The following are the results of the analysis:

Table 3 Construct Reliability and Validity Test Results

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Price	0.968	0.971	0.695
Product Completeness	0.975	0.978	0.831
Buying decision	0.964	0.968	0.672
Location	0.941	0.950	0.681

Source: Processed data from the smartPLS application Version 3, 2023

From table 3 the analysis of the validity test in table 3, it can be seen that all constructs in the research model have an AVE (Average Variance Extracted) that is greater than 0.5. This indicates that all constructs meet the convergent validity requirements. Thus, it can be concluded that the AVE values for the four variables meet the established validity criteria.

Reliability Test

Furthermore, the reliability test can be seen from the results of the composite reliability values in table 3 above. The composite reliability value is > 0.7 , meaning that the construct can explain more than 50% of the indicator variance. All constructs in the estimated model meet the criteria of discriminant validity. The lowest composite reliability value is 0.672 in the purchase decision construct. The reliability test was strengthened by cronchbach's alpha on the output of smartPLS Version 3 provided that the recommended value was > 0.6 . The table above shows Cronchbach's alpha values for all constructs > 0.6 . The lowest construct value in the location construct is 0.941

Furthermore, in the reliability test, it can be seen from the results of the composite reliability values in table 3. If the composite reliability value is greater than 0.7, it means that the construct can explain more than 50% of the indicator variance. All constructs in this research model meet the criteria of discriminant validity. However, it should be noted that the lowest composite reliability value is found in the purchase decision construct, with a value of 0.672. In addition, reliability was also tested using Cronbach's alpha on the output of SmartPLS version 3. The recommended Cronbach's alpha value must be greater than 0.6, and in the table above, all constructs have a Cronbach's alpha value greater than 0.6. The lowest value is found in the location construct, with a value of 0.941.

Evaluation of Structural Model

The first step in evaluating a structural model is to analyze and check for collinearity between constructs and the predictive ability of the model. After that, it is continued by measuring the predictive ability of the model using five criteria, namely the coefficient of determination (R^2), path coefficients, cross-validated redundancy (Q^2), and path coefficients (Sarstedt et al 2017). The coefficient of determination (R -square) to see the test value that only exogenous variables have, evaluation by testing the significance of the influence of exogenous (independent) variables on endogenous (bound) variables.

Table 4. Determination Coefficient Test Results

	R Square	R Square Adjusted
Buying decision	0.790	0.783

Source: Processed data from the smartPLS application Version 3 2023

The test results show a value of 0.790 for the product completeness construct, location and price on purchasing decisions. According to Sarstedt, et al in (Furadantin, 2018) the expected coefficient of determination is between 0 and 1, the R^2 values are 0.606 (strong), 0.50 (moderate), and 0.25 (weak). Based on data analysis, the R^2 value of 0.790 or 79% indicates that the purchasing decision variable has a strong ability to explain variations in the dependent variable.

Hypothesis testing

Based on data processing that has been done using smartPLS version 3 analysis to answer the hypothesis. Hypothesis testing in this study was carried out with a bootstrapping procedure. This study used a 95% confidence level so that the level of precision or inaccuracy limit was 5% (0.05) while the T-table value was 1.66. If the T-table value was > 1.66 , the hypothesis was accepted. The results of the bootstrapping analysis are as follows:

Table 5 Bootstrapping Test Results

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Product Completeness -> Purchase Decision (Y)	0.291	0.108	2,692	0.007
Location -> Purchase Decision (Y)	0.450	0.114	3,932	0.000
Price -> Purchase Decision (Y)	0.226	0.075	3,021	0.003

Source: Processed data from the smartPLS application Version 3 2023

So, testing the first hypothesis (H1), there is an influence between price and purchase decision with a statistical T value of $3.021 > 1.66$ t table, a positive original sample value of 0.226 means that price has an effect on purchasing decisions. Testing the second hypothesis (H2), there is an influence between product completeness and purchasing decisions which have a statistical T value of $2.695 > 1.66$ t table with a positive original sample value of 0.291 meaning that product completeness influences purchasing decisions. Testing the third hypothesis (H3), that there is a significant influence between location and purchasing decisions with a statistical T value of $3.932 > 1.66$ t table, the original positive sample value of 0.450 means that location has a positive and significant effect on purchasing decisions. Testing the fourth hypothesis (H4), there is an influence between product completeness, location and price on purchasing decisions simultaneously with an R² value of 0.790 or 79% with a strong level of influence.

DISCUSSION

Effect of Product Completeness on Purchasing Decisions

In the product completeness variable, that product completeness influences purchasing decisions at Indomaret Pekanbaru, this is because Indomaret makes full effort to meet the needs that consumers want, so that consumers feel their needs can be fulfilled easily. According to opinion (Ma'aruf, 2020) that the provision of a good product assortment will not only attract interest but can also influence consumer decisions in shopping. Consumers will evaluate a product sold at Indomaret as complete and of various types and brands. In addition, the products sold at Indomaret also have a large variety and stock of products, this allows consumers to choose and buy according to what they want. The results of this study are supported by research (Herline, 2018) and (Mansyur et al., 2021), but not supported by research (Rahayu, 2018) because product completeness has no effect on consumer purchasing decisions at Imam Market Range.

Effect of Location on Purchasing Decisions

In the location variable, that location has a positive and significant impact on purchasing decisions at Indomaret Pekanbaru. Consumers consider Indomaret locations in Pekanbaru easy to see and find. This can attract consumers to shop at Indomaret, besides that Indomaret also has a strategic location and is easy for consumers to reach. In addition to strategic locations, some Indomaret also have sufficient parking space and convenience for shopping there. The results of this study are in accordance with the theory put forward by (Lupiyoadi, 2013) where the location is a decision made by the company regarding where the operations and staff will be placed. This means that with a location that has a large sales area, the availability of parking space, easy to find and has a strategic location can be taken into consideration for consumers in making decisions to buy a product. (Rahayu, 2018) and (Polla et al., 2018).

Effect of Price on Purchasing Decisions

Furthermore, price has a positive effect on purchasing decisions at Indomaret Pekanbaru, this shows that when Indomaret issues a decision regarding the right and appropriate price, it will indirectly influence consumers in

purchasing products. Vice versa if the price given is inappropriate or inaccurate, then the consumer's desire to buy a product will or may decrease. The results of this study support theoretical studies (Kotler, 2012) with the conclusion that consumers use price as quality and company pricing policy with the aim of providing price quotas to salespeople to give to consumers and also as company profitability. This research is supported by research results (Angala et al., 2022) and (Prajogi & Patrikha, 2020).

Influence, Product Completeness, Location And Price On Purchasing Decisions

Based on the findings of this study, it shows that product completeness, location, and price simultaneously influence purchasing decisions. The price in question is a value or nominal that must be issued by the buyer in a transaction both in using services and goods. Furthermore, the completeness of the product referred to in this study is the provision of a good product assortment that will not only attract interest but can also influence consumer decisions in shopping. For the location variable referred to here is a wide sales area, availability of parking space, easy to find and has a strategic location can be taken into consideration for consumers in making decisions to buy a product. The findings from this study support previous research which stated that price, product completeness, and location affect the purchasing decision (Sihite et al., 2016), (Aminullah et al., 2018), (Susanti et al., 2021), (Kapriani & Kurniaty, 2020).

CONCLUSIONS AND RECOMMENDATIONS

Based on the previous analysis and discussion, as well as the data obtained during the research, the following conclusions can be that Product completeness influences purchasing decisions at Indomaret in Pekanbaru. Location has a significant effect on purchasing decisions at Indomaret in Pekanbaru. Prices affect purchasing decisions at Indomaret in Pekanbaru. Product completeness, location and price have a strong influence simultaneously. One of the steps that can be taken is to rent additional parking spaces around the Indomaret area. For future researchers, it is hoped that the results of this study can become a reference for research with similar titles and add other variables to be examined in depth.

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