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The Effect of Product Completeness and Pricing on Consumer Purchase Decisions at Nano Stores During the COVID-19 Pandemic in Bandung Regency, Indonesia.

Pengaruh Kelengkapan Produk dan Penetapan Harga terhadap Keputusan Pembelian Konsumen pada Nano Store Selama Pandemi COVID-19 di Kabupaten Bandung, Indonesia.

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ABSTRACT

This study aims to determine and analyze the effect of product completeness and pricing on consumer purchasing decisions at nano-store class retailers in Bandung Regency, Indonesia during the Covid-19 pandemic. The quantitative descriptive research method, while the data used are primary data collected through questionnaires to 110 respondents and analyzed using descriptive analysis and multiple regression. The results showed that product completeness and pricing simultaneously had an effect of 60.8% on purchasing decisions. In this study, it can also be seen that partially product completeness and pricing have a positive and significant effect on consumer purchasing decisions for nano stores. This means that the more complete the product provided and the better the pricing, the higher the level of consumer decision to make a purchase.

Keyword: Product completeness, pricing, purchasing decisions, COVID-19 pandemic

JEL Classifications: L11, L81

ABSTRAK

Penelitian ini bertujuan untuk mengetahui dan menganalisis pengaruh kelengkapan produk dan penetapan harga terhadap keputusan pembelian konsumen pada ritel kelas nano store di Kabupaten Bandung, Indonesia selama pandemi Covid-19. Metode penelitian deskriptif kuantitatif, sedangkan data yang digunakan merupakan data primer yang dikumpulkan melalui penyebaran kuesioner kepada 110 orang responden dan dianalisis menggunakan analisis deskriptif dan regresi berganda. Hasil penelitian menunjukkan bahwa kelengkapan produk dan penetapan harga secara simultan berpengaruh sebesar 60,8% terhadap keputusan pembelian. Dalam penelitian ini juga dapat diketahui bahwa secara parsial kelengkapan produk dan penetapan harga berpengaruh positif dan signifikan terhadap keputusan pembelian konsumen nano store. Artinya semakin lengkap produk yang disediakan dan semakin baik penetapan harga, maka semakin tinggi tingkat keputusan konsumen untuk melakukan pembelian.

Kata kunci : Kelengkapan produk, penetapan harga, keputusan pembelian, pandemi COVID-19

JEL Klasifikasi: L11, L81

BACKGROUND

Nano Store (in local Indonesian terms called warung) is a place to sell community needs such as food, drinks, grocery, and so on (Chaniago, 2020; Boulaksil, 2017). The existence of the nano store has never subsided, even though many modern retailers have appeared with various features. The ability of a nano store to provide goods that are often needed and easily accessible by the public makes it still exist.

For now, there is no definite statistical data regarding the number of nano stores in Indonesia. This is because there are so many nano stores that arise and fall, so they cannot determine real statistical data. The ease and flexibility in opening a nano store business are the factors that trigger the number of nano stores operating to meet the needs of the community.

The community in fulfilling their needs can meet the needs of various retailers, nano store is one of the options available. A person's decision to shop at a nano store is determined by various factors. The purchase decision according to Kotler & Armstrong (2014) is a step where the buyer makes a decision-making process in which consumers buy. Many things make consumers decide to buy, starting from the friendliness, distance from home, and most importantly, the completeness of the product and the price set on a product in a nano store. Chaniago's research (2020) has proven that service quality and product quality determine nano store consumer loyalty. In this case, the consumer will take an alternative that is very profitable for him.

Nano stores business actors to know what the needs and desires of consumers are so that the products to be offered are in accordance with the demands of consumers, including the determination of the selling price of an item. The selling price is designed according to the quality of the product offered, how much it is needed by the consumer, and the purchasing power of the intended consumer.

The results of observations in the research area of Bandung Regency, Indonesia (March 2021) during one year of the Covid-19 pandemic, economic growth has decreased. Quite a few nano stores are closed and not operating. Their turnover decreased by an average of around 50%. Even so, there are a small number of nano stores that grow and develop, especially nano stores that sell fresh vegetables needed by the community. Seeing these things, an analysis is needed related to the completeness of the product and the pricing of what kind of product is an attraction for the public to make purchasing decisions at a nano store.

LITERATURE REVIEW

Product Completeness

A product is anything that can be offered to a market to fulfill a need or desire. Consumers will see a product based on the characteristics or characteristics, or product attributes of the product (Kotler, 2002: 448). Meanwhile, Alma (2007: 139) states that a product is a set of tangible and intangible attributes, including color, price, the good name of the factory, the good name of the shop that sells (retailers), and factory services and retailer services received by buyers to satisfy his desires. Prastowohadi (2020) argues for the product is a consumer who buys

something to satisfy his needs, be it a physical or chemical collection. Looking at the explanation above, the product is a set of attributes that includes all product identities and services that can be offered by companies/individuals to the market to meet the needs and desires of consumers.

Raharjani (2005:8) suggests that the product completeness variable includes the variety of goods sold in supermarkets and the availability of these goods in supermarkets. Indicators of product completeness, consisting of:

1. The variety of products sold. Represents all products and goods offered by certain sellers to buyers and customers.
2. Variations of products sold. It is the type or type of product that is sold or available offered to consumers.
3. Availability of products for sale. Companies must distribute the product properly so that the product can be obtained easily by consumers.
4. Various brands are available. There are many types of brands that are available in stores as trade goods.

Pricing

It is to determine the price of the product according to the value of benefits received by the buyer (Efawati, 2016). If the price set is higher than the value of benefits received by consumers, the retail store has a big chance of losing the ability to reap profits, even if the price is too low than the value of benefits to be received by consumers, the company may experience failure to achieve profit (Kotler & Armstrong, 2014). Ahmad & Syarif (2020), explain that price is a value that must be sacrificed by customers to own, use, use goods and services in satisfying their needs.

According to Rahman (2010: 79), pricing is divided into 3 orientations, namely:

1. Revenue, which focuses on breaking even to get maximum profit.
2. Capacity, it is taking advantage of supply and demand to decide the price of a good.
3. Customers, provide appropriate prices to accommodate all types of customers and potential buyers of merchandise.

Meanwhile, Swastha & Irawan (2005: 242) reminded that several factors that influence prices, namely: economic conditions, supply and demand, competition, and local government supervision. This means that in setting prices, multifactor need to be considered. Kotler & Armstrong (2014) provide several factors in determining the price of goods, namely: price affordability, price compatibility with product quality, price competitiveness, and price compatibility with the benefits of merchandise.

Purchasing Decisions

Schiffman & Kanuk (2009: 112) states that a purchase decision is to choose from two or more choices to buy something or not. This means that a person can decide if several alternative options are available. Purchasing decisions can certainly direct a person's decision-making process. Purchasing decisions are also influenced by the behavior of consumers. Meanwhile, Farida & Luluh (2020), states

that purchasing decisions are a process of determining choices, where consumers want to buy. In addition, decision-making is an individual activity that is directly involved in using and obtaining goods offered by sellers or retail stores.

In general, in retail there are several stages of the purchase decision process, namely: identification of needs, information retrieval, evaluation of various alternatives, purchase decisions, post-transaction behavior. Kotler and Keller (2007: 262) state that the factors that influence consumers in deciding to buy themselves consist of cultural, social, personal, psychological. Meanwhile, Tjiptono (2012) classifies these factors into six dimensions, namely: product choice, brand choice, dealer choice, purchase time, purchase amount, and payment method. Theoretically, several factors that can influence a consumer's decision to make a purchase.

RESEARCH METHODOLOGY

This research was conducted in the area of Bandung Regency, Indonesia. The research method uses a quantitative descriptive method. According to Gursida & Harmon (2017), the use of this method will be able to explain existing data and facts so that it can make a clear picture to the reader. Data analysis using mean test and multiple regression. The data were obtained by distributing questionnaires to nano store consumers. A total of 110 respondents were taken by purposive/judgment sampling, sampling was carried out when consumers finished shopping at the nano store. The sample selection was based on certain criteria, namely: >17 years of age, and had shopped ≥ 3 at another nano store/grocery store. The selection of nano stores is also carried out purposively/judgments with the criteria of a minimum of 10 to 20 transactions per day.

RESULTS AND DISCUSSION

The results showed that the majority of nano store consumers are women (63.1%), the average age of those who shop is 18-22 years, their occupations are students and students (83.8%) and the frequency of shopping is 5-7 times per week. This means that nano store consumers are mostly young people who often shop at nano stores with small quantities of rupiah. It seems that frequent shopping at the nano store is a pleasant joy. In the following table, the average score for respondents' agreement on each variable is presented.

Table 1: Respondents' Average Answers on Each Variable

Variable	Mean	Standard dev.
Product Completeness	4,1111	0,7467
Pricing	4,0659	0,7074
Purchasing decisions	4,0266	0,7617

Source: Research result, 2021

Based on table 1, information is obtained that the average respondent's answers about the completeness of the products sold, price-fixing, and purchasing

decisions by nano store consumers are given an approval score above the number 4. Because the data is taken using a scale of 5 from Likert's, all these scores are included in the good criteria. While the majority of the standard deviation is less than 1 or still below 20%, it means that there is uniformity of opinion from nano store consumers in providing an assessment.

To determine the effect of variable product completeness and pricing on purchasing decisions, the respondent's data in the form of consumer perceptions, normality is tested first. The results of the data normality test are shown in Figure 2.

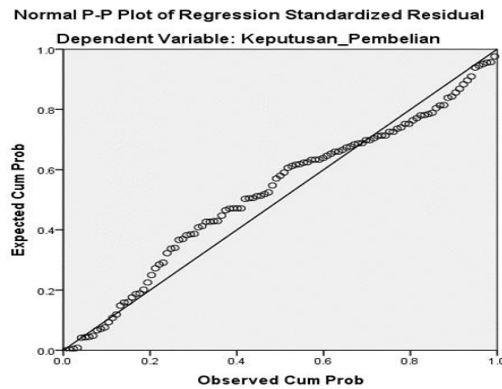


Figure 1: Normality data

Figure 2 shows a graph of the p.plot normality, it can be seen that the points follow and approach the diagonal line, so it can be concluded that the data obtained meet the normality assumption and the regression analysis is feasible to continue. The data from multiple regression processing are as shown in table 2 to table 4.

Table 2: Anova

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.367	2	5.684	83.843	.000 ^b
	Residual	7.321	108	.068		
	Total	18.688	110			

a. Dependent Variable: Purchasing_decisions
b. Predictors: (Constant), Pricing, product_completeness

Table 2 Anova displays the significance value (sig.) The F test is 0.000. Because of Sig. $0.000 < 0.05$, it can be concluded that product completeness and pricing are proven to influence purchasing decisions of nano store consumers. In the following table, the coefficient values of each variable are presented, the results are as shown in table 3.

Table 3: Coefficients Regression

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.529	.272		1.949	.054
	Product_completeness	.441	.077	.438	5.711	.000
	Pricing	.415	.074	.428	5.577	.000

a. Dependent Variable: Purchasing_decisions

Table 3 shows that the product completeness variable has a significant 0% and the price-setting variable is calculated at a significant level of 0%, with an alpha level of 5%, so each variable is partially proven to influence on purchasing decisions of nano store consumers. Table 4 below presents the total effect of simultaneous influence of the variable product completeness and product determination on purchasing decisions.

Table 4: Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780 ^a	.608	.601	.26036
a. Predictors: (Constant): Pricing, Product_completeness				
b. Dependent Variable: Purchasing_decisions				

According to table 4, it is known that the square value is 0.608 or 60.8% and is significant at 0% (see Table 2 Anova). This figure is an explanation that the variable "Product completeness and pricing" proved to effect on "Purchase Decision" by 60.8%. In addition, the rest (100% -60.8%) = 39.2% is influenced by other variables outside the variables studied.

The total influence of 60.8% is considered quite strong. This is because of the opinion of nano store consumers, that the goods sold such as types, diversity, and kinds are considered good, and the price they pay to get such goods is feasible and reasonable. This is in accordance with the view of Kotler (2002). This fairness is related to the price level, price suitability with benefits, and competitive selling price with other retailers. The same thing also happens to consumer purchasing decisions, consumers feel motivated and motivated to choose certain products, certain brands that are known, the number of flexible purchases, speed of service, and ease of payment. Purchasing decisions at stores like nano store is proven by the frequency of frequent purchases, which is an average of 5-7 times per week. The nano store's proximity to the store is the main attraction for consumers to shop frequently. However, from the observation, the average rupiah of consumer purchases to nano stores is still low when compared to modern retail consumers. The reason is that the majority of consumers shop at nano stores only to complete small additional needs.

To increase the competitiveness of nano stores, nano store entrepreneurs should be able to make prices that compete with modern retailers. The ability to determine the selling price concerning competitors is needed. Chaniago (2020) has warned that in uncertain conditions and situations such as the Covid-19 period, it is necessary to adjust the selling price. Selling price adjustments can be achieved in various ways, such as: lowering the level of profit, improving service quality by maintaining and ensuring that the goods sold are safe from Covid-19, encouraging consumers to behave safely, providing healthy packaging of goods, free delivery of goods, this ultimately will increase consumer confidence to buy goods and transact.

CONCLUSIONS

This research was conducted when Indonesia was hit by Covid-19. The results of the research prove that in a store like a nano store, the completeness of the product and product pricing both partially and simultaneously affect consumer purchasing decisions. This research should be continued in other areas in Indonesia. In addition, the criteria for respondents should be added with the criteria that they already have their income and the number of respondents should be even greater.

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