Determinants of Consumer Purchase Decision in Home Industry Product: A Case Study on Shrimp Cracker Home Industry

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Abstract

The development of the digital world today forces MSMEs to adapt in order to survive and thrive. Currently, many merchants complained that their sales had decreased, which resulted in a decrease in turnover. Therefore, MSMEs should be able to adapt by the digitalization of industry and trade. However, the current problems of MSMEs are not far away and still revolve around the same thing, namely capital. This study aims to investigate whether the variables of WoM, distribution channels, and product quality affect the decision to buy shrimp crackers and how these independent variables affect the dependent variable. This study is a quantitative study with multiple regression analysis. Based on data analysis and discussion this study found partially WoM (X1) influence purchase decision (Y) while product quality (X2) also influence purchase decision (Y) as well as distribution channels (X3) at shrimp cracker MSMEs at Tunjungan Village. Meanwhile, simultaneously all IV (X1, X2, and X3) are influence the DV (Y) with R2 about 0.661 or in other word 66.1% of DV are influenced by IVs.

ABSTRAK

Perkembangan dunia digital saat ini memaksa UMKM untuk beradaptasi agar dapat bertahan dan berkembang. Saat ini banyak pedagang yang mengeluhkan bahwa penjualan mereka mengalami penurunan yang berakibat pada penurunan omzet. Oleh karena itu, UMKM harus mampu beradaptasi dengan digitalisasi industri dan perdagangan. Namun, permasalahan UMKM saat ini tidak jauh dan masih berkisar pada hal yang sama yaitu permodalan. Penelitian ini bertujuan untuk mengetahui apakah variabel WoM, saluran distribusi, dan kualitas produk berpengaruh terhadap keputusan pembelian kerupuk udang dan bagaimana variabel independen tersebut mempengaruhi variabel dependen. Penelitian ini merupakan penelitian kuantitatif dengan analisis regresi berganda. Berdasarkan analisis data dan pembahasan penelitian ini menemukan secara parsial WoM (X1) berpengaruh terhadap keputusan pembelian (Y) sedangkan kualitas produk (X2) juga berpengaruh terhadap keputusan pembelian (Y) begitu juga dengan saluran distribusi (X3) pada UMKM kerupuk udang di Kelurahan Tunjungan. Sedangkan secara simultan semua variabel-variabel independen (X1, X2, dan X3) berpengaruh terhadap variabel dependen (Y) dengan R2 sebesar 0,661 atau dengan kata lain 66,1% variable dependen dipengaruhi oleh variable-variabel independen.

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INTRODUCTION

The development of the digital world today forces MSMEs to adapt in order to survive and thrive. Currently, many merchants complained that their sales had decreased, which resulted in a decrease in turnover - especially merchants in the Tanah Abang market in Jakarta. Their complaints were allegedly due to the massive online sales through e-commerce or other digital platforms (Aliyah, 2023). This is none other than due to the rapid digital development in the filed of industry and trade (Ganichev & Koshovets, 2021).

Therefore, MSMEs should be able to adapt by the digitalization of industry and trade. However, the current problems of MSMEs are not far away and still revolve around the same thing, namely capital. In fact, the digital world has become more sophisticated and far developed than the previous 2 years. Currently, the factors hampering MSMEs in Indonesia in particular are lack of business capital, marketing that has not been maximized, poor business management, and unskilled human resources. Although, the government and NGOs have tried to provide financial assistance, it is still not optimal and the nominal is not sufficient (Hadiyati, 2015; Wijaya, Nurhadi, & M. Kuncoro, 2017).

Three important reasons underlie the existence of MSMEs in Indonesia. First, small and household industries tend to perform better in generating productive labor. Second, partly due to their dynamism, small and household industries often achieve increased productivity through investment and technological change. Third, because it is often believed that small household industries have the advantage of flexibility over large enterprises. Home industries are always expected to play a role in solving industrial development problems in Indonesia (Tambunan, 2019).

MSMEs in Indonesia in particular are the lifeblood of the community's economic cycle. This is because, most of the locations of small and household industries are located in rural areas, so if it is related to the fact that agricultural land is decreasing, then small and household industries in rural areas can absorb labor in rural areas. In addition, the activities of small industries and households use raw materials from sources in the immediate environment, which results in low production costs. Furthermore, the relatively low level of community income and the low price of small and household industry products will provide an opportunity to survive. Lastly, there remains a demand for products that are not produced on a large scale, such as batik tulis, plaiting, and others (Tambunan, 2021).

One of the MSMEs that has potential is the Shrimp Crackers MSME. This is because shrimp crackers are an additional menu not only for households, but in restaurants, stalls, and even celebration events shrimp crackers are a mandatory complementary menu to add to the taste of the dishes eaten (Kamilia & Setiyarini, 2022). The specialty of shrimp crackers lies in the distinctive flavor of the shrimp that makes the shrimp crackers savory and crunchy. It is no wonder that shrimp crackers are a popular snack in every community (BatuBara & Nasution, 2023).

Therefore, it is important that these shrimp cracker MSMEs are developed, assisted, and supported by both the government and other institutions by increasing and fostering public buying interest, especially since the public already has its own image of shrimp crackers. In various studies, buying decisions are influenced by various factors such as word of mouth, product quality, service quality, and of course the distribution channels owned by MSMEs.

Arifa, Hartono, & Robustin, (2018) found that product quality has no effect on purchasing decisions while price and WoM affect purchasing decisions. However, in this study the independent variables only had an effect of 35.8% while the remaining 64.2% was influenced by other variables. Therefore, it is necessary to replace existing variables or add existing variables. Furthermore, Putro & Hidayat, (2018) suggest that product quality, service quality, and WoM partially and simultaneously have a positive and significant effect on consumer purchasing decisions. Furthermore, the WoM variable is the variable that has the most influence on consumer purchasing decisions.

In addition, Amin & Jonathan, (2021) revealed the same thing that WoM, product quality, and brand image have a positive and significant effect on consumer purchasing decisions. Putri & Suprajang, (2022) found that e-WoM and distribution channels have an effect on customer purchasing decisions. Puspitasi (2023) emphasized that product quality, price and brand image have a significant effect on purchasing decisions both partially and simultaneously.
These studies have found the variables such as WoM, distribution channels, product quality have a significant effect on customer purchasing decisions. However, do these variables also affect the purchasing decisions of shrimp cracker MSME products, which are not as big as the companies studied by these researchers? For this reason, this study aims to investigate whether the variables of WoM, distribution channels, and product quality affect the decision to buy shrimp crackers and how these independent variables affect the dependent variable.

RESEARCH METHOD

This study is a quantitative study with multiple regression analysis. Thus, the analysis method used to investigate whether part of phenomenon have a relationship each other systematically (Santoso & Madiistriyatno, 2021). To analyze whether the independent variables (IV) affecting the dependent variable (DV) hypotheses need to develop as research design of this study. Hence, the IV of this study is Word of Mouth (WoM) (X1), Product Quality (X2), and Distribution Chanel (X3). Meanwhile, the DV of this study is consumer purchase decision (Y).

There are several theories on the IV and DV mentioned above that can be concluded that WoM is a consumer response about a more trustworthy or reliable source to strengthen and improve existing phenomena (Liana, 2021). Meanwhile, product quality is the ability of a product to perform its functions, this includes overall durability, reliability, accuracy, ease of operation, and product repair as well as other product attributes (Sinurat, Heikal, Simanjuntak, Siahaan, & Nur Ilham, 2021). Furthermore, Distribution Channels are consumer responses about the good and bad of a production channel that customers see before deciding to purchase a product (Xie, Hu, Yu, & Dai, 2021). Moreover, purchasing decision, is the process that consumers go through before deciding to buy (Wu, Zhang, Liu, Liu, & Ding, 2022). Based on these the hypotheses of this study as follow:

H1: WoM have singficant impact on consumer purchase decision
H2: product quality has singficant impact on consumer purchase decision
H3: distribution channel has singficant impact on consumer purchase decision
H4: WoM, product quality, and distribution channel simultaneously influence consumer purchase decision

Based on the hypothese developed above, the framework or design of the research can be pictured as follow:

Figure 1. Research Framework
The data collected in this study is the consumer of MSMEs Shrimp Cracker at Tanjungan Village at Bangkalan Madura Island approximately 100 consumer per day as population. Therefore, the sample of this study is determined with Slovin technique with error rate is 10% and found that the sample size is about 50 respondents (Sugiyono, 2018). The data of 50 respondents is gathered through questionnaire with simple random sampling technique since the respondents are random consumer of MSMEs Shrimp Cracker Tanjungan.

To analyze the collected data, 18 variables question are composed based on the theoretical framework. The 18 variables that probably correlate each other in WoM, product quality, distribution channels and purchase decision then asked to respondents through questionnaire (Susilo, Abadi, Sahroni, & Afif, 2022). The items than analyzed using multiple regression analysis investigates the significant value of WoM, product quality, distribution channels on purchase decision. Multiple regression analysis demands the test of normality, collinearity diagnostic, F-test, t-test, and R2 determination (Arief & Susilo, 2019). The regression equation also formulated after the hypothesis test (Sugiyono, 2018).

RESULT AND DISCUSSION

RESULT

Prior to method that regression analysis demand prerequisite test, which are normality test, collinierity test, and heteroscedasticity test. Meanwhile, hypotheses test conducted if the data passed the prerequisite test through t-test, F-Test, and R2 determination. First of all, normality test which describe in the table below:

Table 1. Normality Test Result

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>50</td>
</tr>
<tr>
<td>Normal Parameters(^a,b)</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>.0E-7</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>1.63730385</td>
</tr>
<tr>
<td>Absolute</td>
<td>.068</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>.068</td>
</tr>
<tr>
<td>Negative</td>
<td>-.047</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>.478</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.976</td>
</tr>
</tbody>
</table>

\(^a\) Test distribution is Normal.
\(^b\) Calculated from data.

Based on the table 1 above, the result of Kolmogorov-Smirnov Asymp. Sig. 2 tailed is 0.976, while the normal distribution data required the result to be above 0.05 or to have an insignificant result. Means, the data in this study is normally distributed and able to analyze further. After normality test, multicollinierity test is next prerequisite test required for hypothesise in linier regression. The test require that the value of tollarance should be above 0.10 and the (Variance Inflation Factor) VIF should be below 10. The result of multicollinierity test as follow:

Table 2. Multicollinierity Test Result

<table>
<thead>
<tr>
<th>Coefficients(^a)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Collinearity Statistics</td>
</tr>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.665</td>
</tr>
</tbody>
</table>

Arfamaini, Determinants of Consumer Purchase Decision ...
Based on the table 2 above, the value for WoM (X1) variable is 0.665 tolerance and 1.505 VIF, the value for product quality (X2) variable is 0.488 tolerance and 2.050 VIF, the value for distribution channel (X3) is 0.664 tolerance and 1.505 VIF. Hence, it can be concluded there is no multicollinearity issue in the data analyzed and able to further analysis. Last prerequisite test is heteroscedasticity test which employed Glejser test which intended to determine whether in the regression model to be tested the hypothesis occurs inequality of variance from the residual value of one observation to another. The Glejser test uses the residual value of the unstandardized result by seeing if the residual has a significance value greater than 0.05, then there are no symptoms of heteroscedasticity, and vice versa. The result of heteroscedasticity test as follow:

**Table 3. Heteroscedasticity Test Result**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>.970</td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td>1.141</td>
<td>1.176</td>
<td>.970</td>
<td>.337</td>
</tr>
<tr>
<td>1</td>
<td>WoM</td>
<td>-.008</td>
<td>.083</td>
<td>-.017</td>
<td>.926</td>
</tr>
<tr>
<td></td>
<td>Product Quality</td>
<td>.001</td>
<td>.060</td>
<td>.002</td>
<td>.992</td>
</tr>
<tr>
<td></td>
<td>Distribution Chanel</td>
<td>.015</td>
<td>.069</td>
<td>.038</td>
<td>.834</td>
</tr>
</tbody>
</table>

Based on the table 3 above, the result of absolut residual as dependent variable shows that WoM (X1) is about 0.926, product quality (X2) is about 0.992, and distribution channel (X3) is about 0.834 which above 0.05. Means there are no symptom of heteroscedasticity. In other word, there are equality variance between variable tested in this study. Therefore, the data has been passed the prerequisite test and the suitable for hypotheses test. First hypotheses test is t-test to seek the influence of IV partially to DV the result as follow:

**Table 4. The Result of Partial Influence of IV to DV**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>2.211</td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td>3.624</td>
<td>1.639</td>
<td></td>
<td>2.211</td>
</tr>
<tr>
<td>1</td>
<td>WoM</td>
<td>.323</td>
<td>.116</td>
<td>.295</td>
<td>2.799</td>
</tr>
<tr>
<td></td>
<td>Product Quality</td>
<td>.199</td>
<td>.083</td>
<td>.293</td>
<td>2.380</td>
</tr>
<tr>
<td></td>
<td>Distribution Chanel</td>
<td>.380</td>
<td>.096</td>
<td>.416</td>
<td>3.947</td>
</tr>
</tbody>
</table>

Partial test requires the result of t-table that compare to the t-result and p-value result should be below 0.05 while t-table in this study is 1.67722. Based on the table 4 above, partially WoM (X1) has a positive and significant influence on purchase decision (Y) which is proofed by the t-result is about 2.799 which is above the
t-table with p-value about 0.007 which is below than 0.05. Therefore, it can be concluded that H1 is supported. Furthermore, product quality (X2) shows positive and significant impact on purchase decision, proofed by t-result 2.380 which is above the t-table with p-value 0.022 which is below 0.05. Therefore, it can be concluded that H2 is supported. Moreover, distribution channel (X3) has a positive and significant effect on purchase decision. It is shows by the t-value about 3.947 which is above the t-table with p-value 0.000 which is below than 0.05. Hence, it can be sum up that H3 is supported.

Meanwhile, to find out whether the H4 is supported or rejected ANOVA table is the result to show it. It is showed by the p-value of simultaneous influence of all IVs to DV. The result of simultaneous correlation as follow:

**Table 5. ANOVA Table of Simultaneous Correlation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>191.154</td>
<td>3</td>
<td>63.718</td>
<td>29.870</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>98.126</td>
<td>46</td>
<td>2.133</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>289.280</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Distribution Chanel, WoM, Product Quality

Based on the table 5 above, the p-value of ANOVA test is about 0.000 which is below than 0.05 and the F-value is about 29.870 as well. Therefore, it can be sum up that the H4 is supported or in other word WoM (X1), product quality (X2), and distribution channel (X3) simultaneously are influence purchase decision (Y). On the other hand, the table 4 before also summarizing the regression equation that can be described as follow:

\[ Y = 3.624 + 0.323 X_1 + 0.199 X_2 + 0.380 X_3 \]

Based on the equation above, it can be stated that the constant value or the value of purchase decision (Y) is about 3.624 if it is a cateris paribus or if the Y variable is not influenced by other variables. Furthermore, the value of X1 is about 0.323 means if WoM (X1) variable is shifted by 1 point the Y variable would be shifted or increased about 0.323. In the same line, the value of X2 is about 0.199 which means if product quality is shifted about 1 point, the Y variable would be increased about 0.199. Lastly, the value of X3 is about 0.380 means if distribution cahnnel (X3) is shifted about 1 point, the Y variable would be incesed about 0.380.

The last part of regression analysis is R2 determinaiton in which to show how strong IVs influence the DV. The result of R2 determination as follow:

**Table 6. Model Summary Regression of R2 Determination**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.813a</td>
<td>.661</td>
<td>.639</td>
<td>1.46054</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Distribution Chanel, WoM, Product Quality

b. Dependent Variable: Purchase Decision

Based on the table 6 above, the R value of this study is about 0.813 which means the model of this study is strong enough that is above 0.6 or in other word, the IVs (WoM, product quality, and distribution channel) have a strong relation to DV (purchase decision). Meanwhile, the R2 of this study is about 0.661 which means 66.1% of purchase decision (Y) variable is determined by IV or WoM (X1), product quality (X2), and distribution cahnnel (X3) while the rest of it which is about 33.9% is determined by another variable excluded from this study.
DISCUSSION

Prior to the data analysis, it shows that WoM have an influence on purchase decision. WoM marketing strategy can be implemented through various ways. For example, by improving the product quality that have distinction with the competitor with similar product. Product quality in the food industry definitely from the taste of the product, texture of the product, or the variety of additional test. In this case, shrimp cracker could be added balanced flavor with the original flavor. The original flavor of shrimp cracker is savory with light fishy taste. In line with that, shrimp cracker with long expiration date with durable cracker would give lasting impression to the consumer. The satisfied consumer indeed would be best marketer for the company with WoM that campaign a good image of the product and its distinction to similar product from the competitor.

In addition, WoM in the current digital development can be implemented by the company through collaboration with influencer of social media whether it Tiktok, Instagram, Youtube, and things like that (Nursyamsu, Ningsih, & Nurdin, 2022). They are best and fast way to gain consumer attention and attract them to purchase the product. Indeed, based on the data analysis that WoM have a positive influence on purchase decision. Thus, 2 important steps for WoM in current time which lead to increase company profit.

Furthermore, product quality found influences the purchase decision of consumer. Indeed, as shrimp cracker have high quality and satisfying the consumer with it product that lead to purchase decision. At the same time, the satisfied consumer would be the best marketer of WoM as mentioned before. Therefore, the company needs to maintain their quality of the shrimp cracker as well as improving the variety of the product to gain consumer interest that led to purchase decision (Popovic, Bossink, & Van der Sijde, 2019).

On the other hand, distribution channel also shows influences the consumer purchase decision of shrimp cracker. Indeed, distribution channel plays important role for the company that affects consumer purchasing decision. It is due to some aspects, for example accessibility and convenience which ensure that products are readily available and easily accessible to consumers. When a product is conveniently located, customers are more likely to choose it over alternatives that are harder to find (Meher Neger & Burhan Uddin, 2020).

In line with that, a well-managed distribution channel ensures that products are consistently in stock. This reduces the chances of customers opting for substitutes or competitors’ products due to unavailability (Balasooriya, Dalkiran, & Babu Chinnam, 2023). Moreover, distribution channels often determine the range of products available in a particular location. A wider selection increases the chances of finding a product that precisely matches the customer’s needs and preferences. That is why distribution channel requires a good quality product to gain consumer trust (Rasyida, 2021). Products available through established and reputable distribution channels are often viewed as more trustworthy and reliable. Consumers tend to have more confidence in products that are carried by well-known retailers or sold through reputable online platforms (Hong, Che Nawi, Hamsani, & Wan Zulkifli, 2020).

This study also found that simultaneously WoM, product quality, and distribution channel are influencing the purchase decision. As stated above, each variable is correlated to the purchased decision where a good quality product is requires a well manage distribution channel which are increase customer trust that would posses as WoM marketer. In turn, the brand image of the product would increase at the same time the revenue of the company would increase. On the other hand, this study found that other factor probably would influence the purchase intention, for example service quality (Arisinta & Ulum, 2023), trust (Rasyida, 2021), and indeed Islamic perspective could be additional factors to the consumer to consider their purchase intention or purchase decision (Susilo, Abdullah, & Che Embi, 2022).

This study is inline with, Mighfar, Sukaris, Saleh, & Dewantoro, (2020) found that simultaneously product quality and WoM are influencing purchase intention. Meanwhile, partially WoM has no effect on purchase intention. Meanwhile, Rouf, Fitrowati, & Yuliana, (2021) found that promotion would affect customer purchase decision. This study is also inline with Pradana, Hasan, Putra, & Kalia, (2021) that found WoM and product quality is inseparable to increase purchase intention. Moreover, Amin & Jonathan, (2021) revealed the same thing that WoM, product quality, and brand image have a positive and significant effect on consumer purchasing decisions. Putri & Suprajang, (2022) found that e-WoM and distribution channels have an effect on customer purchasing decisions. Puspitasari (2023) emphasized that product quality, price and brand image have a significant effect on purchasing decisions both partially and simultaneously. Arisinta & Ulum, (2023) which stated that WoM and service quality are influence purchase decision. To sum up, this study is justified the previous studies on the relationship between WoM, product quality, and distribution channels to purchase decision.
CONCLUSION

To conclude, partially WoM (X1) influence purchase decision (Y) while product quality (X2) also influence purchase decision (Y) as well as distribution channels (X3) at shrimp cracker MSMEs at Tunjungan Village. Meanwhile, simultaneously all IV (X1, X2, and X3) are influence the DV (Y) with R2 about 0.661 or in other word 66.1% of DV are influenced by IVs. Therefore, it can be stated that all hypotheses in this study is supported. Ultimately, it is suggested to the company to maintain their achievement on good quality product, collaborate with influencer for WoM marketing, and use their customer as distribution channels.

However, this study has limitation, hence, this study suggests for further analysis to involve Islamic aspect in the future, since Indonesian society culture is insparable with Islamic culture and religiosity. Indeed, advance methods also suggested for future research with SEM or other analysis.

REFERENCE


