Analyzing the Factors That Affecting Consumer’s Purchase Intention in Toimoi Store, Indonesia

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Abstract—This paper learns and contributes about the factor that affect consumer to buy a product by looking several factors that can influence them such as product, price, place, and promotion. The objective of the research is to measure the effect of four Ps marketing mix of Toimoi store, Indonesia. A lot of character, behavior, the way of thinking about the product, so to be able to survive in these conditions, Toimoi must do all of the ways to attract as many customer, which are the factors that can influence customer to come into the store and make a purchase. This research involves Toimoi’s management and 160 Toimoi’s customers to obtain the required data. Then the questioner result will analyze with SPSS statistics which are crosstab analysis, Pearson correlation analysis, regression analysis, and factor analysis. At the end, the research proves that the product design factors and the variety of products give the greatest effect on consumer’s purchase intentions.

Keywords—consumer behavior, consumer’s purchase intention, marketing mix, regression analysis.

I. INTRODUCTION

TODAY, business in the world is increasing, especially in Indonesia. In fact, it’s been a lot of places like restaurants, bookstore, furniture store, supermarkets, and other companies, located in city centers of which the number is increasing from day to day. But, can their business get attention from the market? And how do they make the market attracted to their business and also make them buy their business products? In Jakarta, there have been so many stores which sales many variances of products made by the company itself. One of the best known stores is located in The Mansion Kemang named Toimoi. Established in 2005, Toimoi is one of the furniture stores that sell a product with unique design that can invite many visitors and influenced them to make a purchase from Toimoi. They designed their own in order to produce unique products which are different with competitor. Toimoi produced with small quantity with the aim to create a sense of exclusivity. Because of this set decision, the production and operation cost increases and affects the increasing sales price.

So, it means that the price is quite more expensive than competitor. From the beginning until now, the management did not do any marketing strategy and merely focused on the quality of the product. The situation did not make the consumer change their intention to buy a product from Toimoi. So, what are the characteristics of Toimoi customers? What are the customers’ perceptions on Toimoi in terms of four Ps? And what are the factors that affecting consumer to buy the product of Toimoi? This paper will discuss about the factor that affect consumer to buy a product by looking several factors that can influence them such as product, price, place, and promotion. The analysis will be evaluated in one of the stores that located in Jakarta, which is Toimoi.

II. LITERATURE STUDY

A. Marketing Strategy and the Marketing Mix

Consumers stand in the center. The basic goal of company is to create value for consumers and build profitable consumer relationship. Marketing strategy is a detailed process of managing the organization’s marketing mix, or elements of marketing in order to accomplish the goals of the organization [1]. Marketing is responsible for planning activities that will increase the value of the business through outcomes, such as increasing sales and profits, improving quality, and reducing risk. Guided by marketing strategy, the company designs an integrated marketing mix made up of factors under its control; product, price, place, and promotion (the four Ps).

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B. Consumer Behavior

Consumer behavior is the consumer’s decision with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by human decision-making units [2]. Thus, the company needs to understand the products or service which consumer needs and wants, which consumer must do to purchase and consume it, and what influences purchase and consumption. There are some factors that offered the factor that influences on consumer behavior, which are cultural, social, personal, and psychological [3].

C. Factor Influencing Consumer’s Purchasing Decision

If marketing has one goal, it is to reach consumers at the moments that most influence their decisions [4]. The marketing mix is often crucial when determining a product or brand's unique selling point; the unique quality that differentiates a product from its competitors. A company needs to consider the marketing mix in order to meet their consumers' needs effectively. No element of the marketing mix is more important than another – each element ideally supports the others. Firms modify each element in the marketing mix to establish an overall brand image and unique selling point that makes their products stand out from the competition.

D. Consumer Purchasing Process

Consumer as a decision maker probably assumes that options such as products or services are their problem solving [5]. They usually make decision by which behaviors to perform to achieve their goals and thus “solve the problem”. The steps of consumer purchasing process are problem recognition, search for alternative solutions, and evaluation of alternatives, purchase, and post purchase use and reevaluation of chosen alternatives [6].

III. METHODOLOGY

A. Problem Identification

This is the first step in conducting this research. In this step, researcher created research questions according to the problem identification and also objectives in order to make the research easier.

B. Explorative Research

The explorative research includes literature study to get additional information which correlate to the paper’s topic and also make questionnaire. Then, observation is needed to directly observe the research location which is Toimoi store and the last, in-depth interview with Toimoi’s management and several Toimoi’s customers.

1. Questionnaire Design

C. Descriptive Research

The descriptive research is making some questioner to know about the effect of all independent variables to dependent variable. According to four Ps of marketing mix, there are many variables of each product, price, promotion, and place. Those variables are breakdown in some question. But, there are some eliminated variables in order to minimize the questions. The purpose of this questionnaire is to know the customers’ profile in Toimoi, customers’ perception in term of four Ps in Toimoi, and customers’ purchasing intention. So, the independent variables are: (X1) Product Variation, (X2) Product Quality, (X3) Product Design, (X4) Brand Name, (X5) Packaging, (X6) In Store Service, (X7) Delivery Service, (X8) Price, (X9) Payment Method, (X10) Reachable Location, (X11) Strategic Location, (X12) Promotion. Moreover, the dependent variable is (Y) Consumer’s Purchase Intention.

D. Data Collection

This step is defining the target population and also use to determining the sample size. The target population in this research is male or female, who live in DKI Jakarta, and its surroundings, in the age of 19-27 years old, and middle high economy class. The sample size for this research is 160 people based on Slovin Theory, with error tolerance 8% and confidence level 92%.

E. Data Analysis

This research uses reliability and validity analysis, crosstab analysis, factor analysis, regression analysis, and Pearson correlation analysis.

F. Conclusion

The last step is making the conclusion according to analysis result.

IV. DISCUSSION AND RESULT

A. Direct Observation

The observation held on July 10th, 2012 at Toimoi store, Jakarta, Indonesia. Toimoi is one of the furniture stores that sell a product with unique design. Depending on their own design and own production capability, until now, Toimoi can adapt in the competitive situation, especially in Jakarta, Indonesia. Toimoi located in Jl. Kemang Raya no. 3-5, The Mansion Kemang GF15, South Jakarta. Toimoi sells many various product such as cupboard, bookshelf, table, sofa,
lamp, and complementary support products; bag, pillow, notes, passport cover, and etc. They designed their own in order to produce unique products and to be different with competitor and also produced with small quantity to create a sense of exclusivity. Toimoi’s management only relies on word of mouth promotion and in store sales. Aside these two marketing attempt, one other marketing strategy that Toimoi has implement is consignment with several other stores; The Goods Dept., Maze, Manekineko, Salihara Gallery, and Alun-Alun Indonesia. In term of price, many people realize that the price of Toimoi’s product is quite expensive. But the customer tend to disregard the high price because of the uniqueness of the product and the fact that all of them is originally made by Toimoi.

B. In-depth Interview to Toimoi’s Customers

The interview was conducted to seven Toimoi customers’ ages 19 to 27 years old, because the main target market of Toimoi’s customers are the people who are in that age.

1. Product

The respondents thought that Toimoi product variation is enough. Moreover, Toimoi’s product has unique design, making it distinctive with other furniture store. Toimoi has also proven to give the best possible product quality. Regarding product information, Toimoi’s employees considered to be very helpful to provide complete knowledge about each of available item. Those are all the things that are making the customer want to buy Toimoi’s product. Besides that, there are also certain elements that do not provide much effect on positive buying intention, among them is the engraved brand name on the product, the packaging design, and delivery service.

2. Price

Overall, the respondents thought that the Toimoi’s product has expensive prices that affect their purchase. They prefer to buy similar product with cheaper price in other store. Nevertheless, the high priced products present in Toimoi are actually understandable and considered to be rational by the customers as it is unique and distinctive compared to other store.

3. Place

The respondents thought that Toimoi store is already located in strategic location. Customers see that the consignment strategy on many popular stores in Jakarta to be very helpful for them. Such strategy has successfully provided them with better access to Toimoi’s product. Yet even with highly accessible product, consumer buying intention remains the same.

4. Promotion

Actually the respondents never saw any promotion by Toimoi. All of them heard about Toimoi from their acquaintance, or pass through the store by themselves. This is not surprising since Toimoi itself as never done any direct promotional program (poster, brochures, and banner), because even without this, customers are still coming to the store.

C. Validity Test

Known that the r value for 40 questionnaires with significant of 5% (Two Tail) is 0.304. So, the result of this validity test is valid because all the Corrected Item-Total Correlation value is more than 0.304.

D. Reliability Test

From the 40 questionnaires as the pre-test, the reliability is analyzed. The result of reliability statistics shows that the alpha coefficient for 12 items, as the valid variables, is 0.797. It suggests that the items have relatively high internal consistency because Crobach’s Alpha value is more than 0.60.

E. Respondent Data

1. Gender

Most of respondents are woman, total woman respondents in the research are 122 people. While the man respondents are 38 people. There’s significant percentage difference between man and woman, its 24% and 76%. This caused by psychologically woman tends to like shopping more than man and woman’s products that provided in Toimoi are more than the man’s products.

2. Age

The result about the age of respondents was people in age 21 to 25 still lead in 49% or 79 people, followed by people in age range 17 to 20 are 62 people or 39%. By looking at the age of the respondents, Toimoi almost exactly to the right target market for their store.

3. Job

It is important to know customer’s job because of to be able to know the most suitable product variation in the future for Toimoi’s target market. The result was the respondents are has different kind of jobs, but the most respondents are college student, there are 113 college students or about 71%. By looking at the result of customers’ job, Toimoi almost exactly to the right target market for their store.

4. Expense per Month

Most of respondents, about 77 people or 48% are on the range IDR 2,000,001 to 5,000,000 per month. The second highest is on the range below IDR 2,000,000, there are 50 people or 31% of respondents. By looking at the expense of the respondents, Toimoi has a right target market for their store, which is high economy class.

5. Domicile

Most of respondents, about 66% or 106 people lived in South Jakarta. This proportion is really far compared with the second, which domicile in East Jakarta, about 14% of respondents or 22 people. This proves that Toimoi has been successful in-store promotional media as one of their promotion, because Toimoi’s store location is in South Jakarta.

F. Crosstabs Analysis on Buyer

1. Expense to Purchase Intention

By knowing the buyer’s expense, the author can determine the suitable product’s prices, so that can be adjusted with the
buyer’s purchasing power. The most number of buyers are come from the people who have expense Rp 2,000,001 – Rp. 5,000,000. There are 14 people from total 27 people that buy the products on Toimoi.

2. Ages to Purchase Intention

Purchase intention can be affected by the selection of the product design which related to age factor, because of the difference of behavior that they have. So, product design needs to adjust with the most buyers according to their age group. The result is the most buyers that purchase the products come from people in ages 21 – 25 years. There are 16 people from 27 people that buy the products in Toimoi.

3. Job to Purchase Intention

The buyers’ job is also important to be known because it related to the product variation. In other words, product variation can adjust to consumers’ needs according to the job. Most of buyers who purchase the products are come from college student; under graduated or graduated student. There are 18 people from 27 people that buy the products in Toimoi.

4. Buyer’s Domiciles to Purchase Intention

Through this, the author could know where the effective location for the promotional media placement is. The most buyers that purchase the products come from people who live in South Jakarta. There are 20 people from 27 people who buy the products in Toimoi. The result shows that currently, most of Toimoi’s buyers live in South Jakarta.

G. Pearson Correlation Analysis

The strongest correlation with the consumer’s purchase intention is X₃ variable or product design; with the highest Pearson correlation value of 0.192. This indicated that the product design has a very strong relationship with the consumer’s purchase intention compared to other independent variable. Furthermore, from the value of its significance, product design is the only significant variable compare with other independent variable, with significant value of 0.015 which below 0.05. This means that product design has a significant relationship or a real impact on consumer’s purchase intention.

H. Regression Analysis

The value of coefficient of correlation (R) in this research is 0.362, which in the low scale or far from 1. It means that the consumer’s purchase intention in Toimoi does not have a strong relationship with the independent variables.

The value of R² in this research is 0.131, it shows that product, price, place, and promotion collectively has 13.1% effect in consumer’s purchase intention, whereas the rest or 86.9% are explained with the other variables which not discussed by the researcher.

To find out the percentage of each independent variable against consumer’s purchase intention in Toimoi, the calculation is by seeing the Standardized Coefficients Beta value multiplied with Zero-order value. The result is the most affected independent variable on the consumer’s purchase intentions is the X₃ variable, which is product design, in the percentage of 6.28% from 13.1%.

The t-test result is there are two significant variables in affecting the consumer’s purchase intention. The two variables are product variation and product design which has - 2.505 and 3.277 for the t calculation, in other words, product design has higher value than product variation.

Based on the F-test, F calculate value is 1.844 with p-value (sig) 0.046. With α = 0.05 and degrees of freedom v₁ = 147 (n-(k +1)) and v² = 12, then on F table is 1.819. Due to the F calculate > F table (1.844 > 1.819) then H₀ is rejected, meaning that simultaneous independent variables significantly affect Consumer’s Purchase Intention (Y).

1. Factor Analysis

The result of factor analysis showed three factors or components regarding to the questionnaire’s result, it because there are three factors or components which has the Initial Eigenvalues that greater than 1. There are three factors that contain each attributes from the questionnaires.

Factor 1—In Store Service, Reachable Location, Strategic Location, Promotion

Factor 2—Brand Name, Packaging, Delivery Service, Payment Method

Factor 3—Product Variation, Product Quality, Product Design, Price

The point above shows that the existence of three new factors which has four variables for each. All of the three factors has been mapped and classified based on the variables characteristic. The first factor is named “Location”, second factor is “Performance and Imagery”, and the last is “Product”.

REFERENCES