



Determining Factors of Consumer Purchases Decisions in MSME BUMDesa Kuala Alam Bandar Jaya

Rizqa Arimurti¹, Wan Junita Raflah², Armita Novriana Rambe³

^{1,2,3} Politeknik Negeri Bengkalis, Indonesia

Corresponding Author : ✉ rizqaarimurti6@gmail.com

ABSTRACT

This research aims to determine the factors that influence purchases decisions at UMKM BUMDesa Kuala Alam Bandar Jaya, focusing on product innovation, product quality, and brand awareness. The population in this study were people in the Bengkalis City area. The sampling technique uses the accidental sampling method with the expected research sample being around 80 to 100 respondents. From the survey results, the research sample obtained was 85 respondents. The data source used is primary data, namely the researcher distributed questionnaires to the community in Bengkalis City. The data analysis method for this research uses Multiple Linear Regression analysis. The measurement indicators for this research use a Likert Scale and the data is processed using SPSS version 25. Based on the research results, it shows that the factors that influence purchases decisions in UMKM BUMDesa Kuala Alam Bandar Jaya are product innovation, product quality, and brand awareness. It is hoped that this research can contribute to the MSME BUMDES Kuala Alam Bandar Jaya by revealing the importance of recognizing the role of product innovation, product quality, and brand awareness in managing MSME business operations. This is a form of helping MSMEs to maintain the continuity and growth of their business, while achieving optimal income.

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INTRODUCTION

Economic development in Indonesia has been accompanied by rapid growth in the Micro, Small, and Medium Enterprises (MSME) sector. According to data from the Ministry of Cooperatives, Small and Medium Enterprises in 2018, the contribution of MSMEs to Gross Domestic Product (GDP) reached 61.1%. This indicates that more than half (more than 50%) of the MSME sector makes a significant contribution to the national economy. Currently, the growth of MSMEs continues to increase, as evidenced by the existence of 3,203 MSMEs

that have been registered on e-commerce platforms in Riau alone (Press Release, 2023). This reflects a positive trend in which more and more MSMEs are adopting e-commerce based business models to increase the visibility and accessibility of their products.

According to Suyadi, et al., (2018), Bengkalis Regency, one of the districts in Riau Province, has a dominant MSME sector and provides the largest workforce. In 2021, the number of MSMEs in Bengkalis Regency will reach 15,509. This shows the significant contribution of the MSME sector in creating job opportunities and driving the economy in the region. In Bengkalis, there is one BUMDesa that has experienced rapid growth since 2015, namely BUMDesa Kuala Alam Bandar Jaya. This BUMDesa was established as a platform for the people of Kuala Alam Village to optimize the village's potential in managing assets, providing services and running various businesses to improve community welfare (Raflah, 2021).

The increase in the number of MSMEs can bring risks and challenges in managing business activities. The increasing number of competitors in the MSME market can increase competition, while limited resources and changes in the economic environment can create challenges in maintaining and developing a business. Therefore, the rapid growth of MSMEs often requires careful management strategies, innovation and adaptation to changing market conditions to minimize risks and overcome challenges that may arise. Currently, BUMDesa Kuala Alam Bandar Jaya has made maximum efforts to improve the welfare of MSMEs in the Kuala Alam community, but is facing difficulties in increasing product sales and expanding target markets (Raflah and Arimurti, 2023).

To overcome this challenge, greater efforts are needed to increase the visibility of MSME products by focusing on increasing brand awareness, improving product quality, and implementing product innovation. This is needed to attract interest and influence consumer decisions in choosing MSME products. Several strategies can be implemented by business actors to overcome threats and challenges in increasing product attractiveness, namely increasing product quality, product innovation, brand awareness, superior customer service, product diversification, and the use of technology. This attractiveness influences buyers' decisions to choose the products offered.

This research aims to find out what factors influence purchasing decisions. According to Arimurti and Raflah (2023), product quality, product innovation and brand awareness are important points in attracting consumers' interest in deciding to buy the products offered.

Ramadayanti (2019) revealed how important it is for a business to have strong brand awareness so that it can outperform other competitors. Then, Arianty and Andira (2021) revealed that high brand awareness will increase brand memory in consumers minds. Several researchers have investigated that brand awareness influences purchases decisions (Putri and Deniza, 2018; Rizky, 2019; Wibisana, 2021; Yohanes, et al., 2021; Raflah and Arimurti, 2023).

Apart from brand awareness, product quality is also something that consumers pay attention to when deciding to choose that product. According to Almira and Sutanto (2018) the quality of goods is determined by assessment benchmarks, the more they comply with the established standards, the better the quality. Research conducted by Almira and Sutanto (2018) shows that product quality has a significant influence on buyer decisions. Likewise, research conducted by Putra, et al., (2017) and Lengkong, et al., (2021).

Product innovation is also very important in business continuity, because product innovation is the key to growth, competitiveness and business sustainability. Businesses that are able to produce product innovation consistently will have a better chance of succeeding in a competitive market. Rasyid and Indah (2018) explained that product innovation is considered to be able to eliminate consumers' feelings of boredom or boredom regarding product choices that tend to be less diverse and lack uniqueness.

RESEARCH METHOD

The type of research used is quantitative research. The data source used is primary data, namely the researcher used a questionnaire which was directly distributed to respondents when they met. The population of this research is the Bengkalis community in the Bengkalis City area. The sampling technique uses the accidental sampling method with the expected sample size being around 80 to 100 respondents. From the survey results, the research sample obtained was 85 respondents in the Bengkalis city area.

The data analysis technique in this research uses multiple regression analysis with SPSS version 25 software. The following is the multiple regression equation in the research:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Descriptions:

- Y = Estimated average purchasing decision
a = Constant from the regression equation
b1 = Intercep variable X1 (Product Innovation); b2 = Intercep variable X2 (Product Quality); b3 = Intercep variable X3 (Brand Awareness)
X1 = Variable score X1; X2 = Variable score X2; X3 = Variable score X3

e = Error or remainder (residual)

Then, the measurement indicators use a Likert Scale which is analyzed using the multiple regression analysis method. The following is an assessment using a Liket scale (Table 1).

Table 1.
Skala Likert

No	Notation	Questions	Score
1	SS	Sangat Setuju (Strongly Agreed)	5
2	S	Setuju (Agree)	4
3	KS	Kurang Setuju (Less Agree)	3
4	TS	Tidak Setuju (Disagree)	2
5	STS	Sangat Tidak Setuju (Stongly Disagree)	1

RESULT AND DISCUSSION

This research uses a questionnaire to measure existing research instruments in the field by taking samples by chance when meeting in person.

Table 2.
Data Validity Results

		Correlations			
		X1	X2	X3	Y1
Product Inovation (X1)	Pearson	1	.399*	.755**	.764**
	Correlation				
	Sig. (2-tailed)		.000	.000	.000
	N	85	85	85	85
Product Quality (X2)	Pearson	.398**	1	.309**	.481**
	Correlation				
	Sig. (2-tailed)	.000		.004	.000
	N	85	85	85	85
Brand Awarencs (X3)	Pearson	.755**	.309**	1	.708**
	Correlation				
	Sig. (2-tailed)	.000	.004		0.000
	N	85	85	85	85
Purchases Decisions (Y1)	Pearson	.764**	.481**	.708**	1
	Correlation				
	Sig. (2-tailed)	.000	.000	.000	
	N	85	85	85	85

** Correlation is significant at the 0.01 level (2-tailed)

The test results show that the significance value of the variables product innovation, product quality, brand awareness and purchasing decisions is 0.000, which means the significance value of each variable is below 0.05. This shows that the data has been tested as valid so that it can be used as a measuring tool for research.

Furthermore, the reliability test presented in table 3 shows that the Cronbach's Alpha value is 0.846, which means this value is greater than the Cronbach Alpha value of 0.70. This shows that the variable is said to be reliable so that it can be used as a measuring tool for research.

Table 3.
Data Reliability Results

Reliability Statistics	
Cronbach's Alpha	N of Items
.846	4

Multiple Regression Equation Analysis

Based on the research results (Table 4) on the regression coefficient, the multiple regression equation for this research is

$$Y = 0,964 + 0,533 (X1) + 0,300 (X2) + 0,385 (X3)$$

Table 4.
Multiple Regression Test Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.964	.462		-2.084	.040
Product Inovation (X1)	.533	.120	.455	4.439	.000
Product Quality (X2)	.300	.103	.206	2.920	.005
Brand Awareness (X3)	.385	.127	.301	3.042	.003

a. Dependent Variable: Purchases Decisions (Y1)

From the results of this equation, it can be concluded that the purchasing decision value is 0.964. The regression coefficient for the variables, product innovation, product quality, and brand awareness shows a positive value, meaning that these three variables have a positive effect on increasing

purchasing decisions, meaning that the higher the level of product innovation, product quality and brand awareness, the more purchasing decisions will increase.

Hypothesis Results

From the test results (table 4) it can be concluded that product innovation has a significant effect on purchasing decisions. The significance value of 0.000 is smaller than the value of 0.05, and the tcount value of 4.439 is greater than the ttable value of 1.9896. These results are supported by research conducted by Almira and Sutanto (2018); Al Rasyid and Indah (2018); and Sinurat (2017). Product innovation is an important factor in business growth and success, as it can help companies to remain competitive in an ever-changing market and meet evolving customer demands.

Furthermore, product quality shows a significant influence on purchasing decisions. The significance value of 0.005 is smaller than the value of 0.05, and the tcount value of 2.920 is greater than the ttable value of 1.9896. These results are supported by Maryati and Khoiri (2022); Almira and Sutanto (2018); and Veronika and Hikmah (2020). This is because companies that focus on improving the quality of their products tend to be more successful in retaining and attracting customers.

Then, brand awareness has a significant influence on purchasing decisions. The significance value of 0.003 is smaller than the value of 0.05, and the t value of 3.042 is greater than the t table value of 1.9896. These results are supported by research conducted by Aprilyani (2022); Ramadayanti (2019); and Raflah and Arimurti (2023). This is because brand awareness plays an important role in making purchasing decisions regarding the product to be chosen.

Coefficient of Determination (R2)

The results of data analysis show that the Adjusted R Square value is 0.647 or 64.7%, which means the contribution or contribution of product innovation, product quality and brand awareness to purchasing decisions simultaneously or together is 64.7%.

Table 5.
Coefficient of Determination Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 ^a .660	.660	.647	.31245

Predictors: (Constant), Brand Awareness (X3), Product Quality (X2), Product Inovation (X1)

CONCLUSION

Based on the results of this research, it can be concluded that product innovation, product quality, and brand awareness influence purchasing decisions for BUMDesa Kuala Alam Bandar Jaya MSME products. These three influencing factors are interrelated because they can form a strong brand image in the eyes of consumers. Basically, by combining product innovation, superior product quality, and efforts to increase brand awareness to positively influence consumer purchasing decisions. Consistent product quality and relevant innovation can help build a strong brand and create long-term relationships with customers.

The advice that can be given in this research is that the MSME BUMDesa Kuala Alam Bandar Jaya can develop local craft products by continuing to innovate and create superior work compared to other competitors, provide quality and guaranteed products, and increase and promote brand awareness so that the brand is always remembered. and continue to evaluate by determining improvements and changes so that the sustainability of MSMEs continues. Then, this research can be generalized by future researchers. It is hoped that future researchers will be able to further expand the scope of respondents not only to Bengkalis District and Bantan District, but also to Bengkalis Regency and even outside Bengkalis Regency.

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