

Consumer Purchase Intention The Products Of Small And Medium Enterprises (MSMEs) In The Province Of West Nusa Tenggara

ABSTRACT

This study determines the effect of trust, product quality, and perception on consumer purchase intention in micro and medium-sized products (MSMEs) included in the JPS Gemilang program. This research is a quantitative study. With a sample size of 100, they were using the structural equation modeling (SEM) data analysis method. The results showed that the trust variable had no significant effect on consumer buying interest. In contrast, the price perception and product quality variables significantly affected consumer purchase intention. Quality products accompanied by affordable prices will attract consumers to buy MSME products. The COVID-19 pandemic has caused people to save money in spending their money and tend to buy primary and health needs. Therefore, it is essential to increase consumer buying intention so that consumers are interested in buying products.

Keywords: Purchase intention, Product quality, Price, trust, SEM

1. INTRODUCTION

The spread of the Covid-19 virus has become a concern for various countries, causing a health crisis to the economy. In Indonesia, until 2022, as many as 4,265,187 people have been exposed to COVID-19 based on data from Kawalcovid19.id. The President of the Republic of Indonesia issued Presidential Decree Number 12 of 2020 concerning the Determination of Non-Natural Disasters Spreading Corona Virus Disease 2019 (COVID-19) as a national disaster. Based on this policy, the state should provide good public services and is also obliged to meet the basic needs of its citizens (Law Number 25 of 2009). In this regard, the government is trying to help people affected by the spread of the COVID-19 virus with various policies, one of which is the Social Safety Net (JPS) program. One of the sectors affected is micro, small, and medium enterprises (MSMEs) which have an essential role in the economic system in Indonesia. It has been proven that MSMEs can survive during the crisis that occurred in 1998. When Indonesia was one of the countries affected by Covid-19, MSMEs became the hope of supporting the country's economy. It is crucial to maintain the availability of capital, labor, production activities, and other things to deal with the impact of the pandemic so that MSMEs do not collapse. The government is trying to present an economic recovery program to increase people's purchasing power and economic stimulus. Funds issued by the government amounted to 15.24 trillion to be given to 12.7 million MSME actors.

The provincial government of West Nusa Tenggara is one area that has more attention to Micro, Small, and Medium Enterprises (SMEs) to be able to be involved in the strategic programs of the local government. This is an attempt to give the stimulus to the economic activities of the society and the introduction of products

of SMEs in West Nusa Tenggara. Hopefully, from this program, more and more people will know the products of SMEs and are interested in buying as part of the fulfillment of the community's needs. The JPS Program a Resounding is implemented in three stages. There is an increase in the number of SMEs involved in each stage.

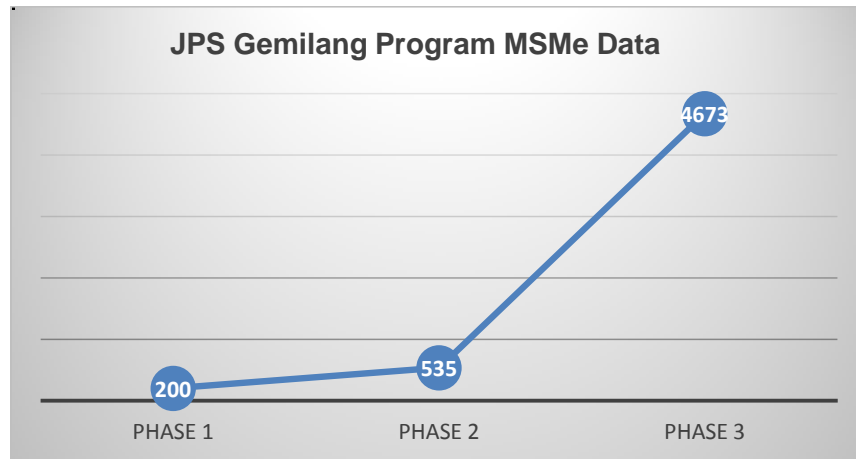


Figure 1. The number of SMES involved in the program JPS glorious
Source (biroadpim.ntbprov.go.id)

This program schemes to buy SMEs' products and then channel them into social assistance to those affected economically by the pandemic Covid-19. Help is given in the form of Food packages and Package Supplements-Mask, in the form of 10 kg of rice, eggs, 20 grains, coconut oil/fry, soy milk, tea moringa, eucalyptus oil/clove, liquid soap/stem, as well as the mask is non-medical. The number of recipients JPS Resounding as much as 350,000 head of the family are distributed in 3 stages with detail as follows:

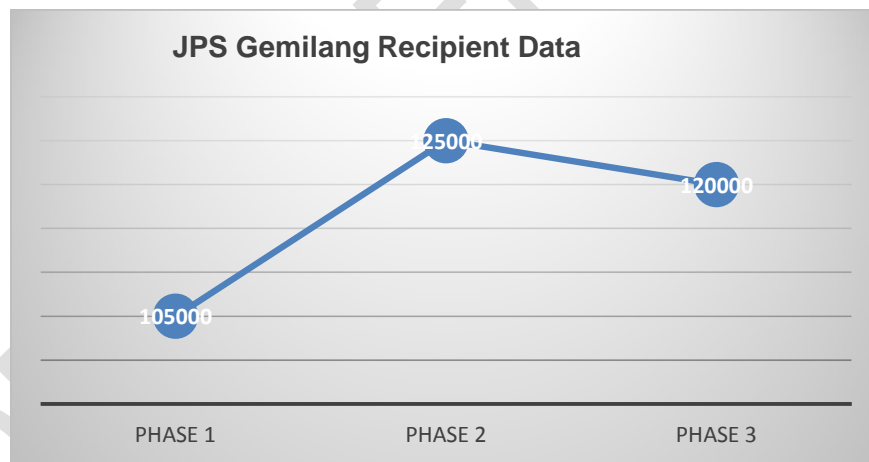


Figure 2. The number of recipients JPS each phase

The recipient of the aid JPS Resounding cloud-based data of the village and the village community of the poor and vulnerable poor in the Data Integrated Welfare Social (DTKS) as well as affected communities, other than the data sector/community proposals (non-DTKS), with the details of phase I as much as 105.000 Kir Beneficiaries (KPM) (99.000 DTKS and 6,000 non-DTKS), stage II as 125.000 KPM (110.119 DTKS and 14.881 non-DTKS) and phase III as much as 120.000 KPM (110.130 DTKS and 9.870 non-DTKS). The distribution of the aid package phase III seen from figure 2. already distributed 100% to the total 110.130 DTKS package that spread in 10 regencies/cities in the province of Nusa Tenggara Barat.

Involving SMEs in the JPS program Gemilang is not limited to buying products but coupled with guidance to maintain product quality. According to Kotler and Armstrong (2014), the quality of the product is the product's ability to demonstrate its functionality, including product durability, accuracy, ease of use, easily repaired, and

other product attributes. Making the products has good quality has become a compulsory thing for SMEs so that the resulting products can compete amid an environment of industrial competition.

The quality of the products of SMEs will either cause the perception of trust by society, in the end, people did not hesitate to re-purchase. According to research, Kusumawati and Saifuddin (2020) expressed that trust affects consumer buying interest. The great trust of the consumers can make purchases of these products. Other considerations for consumers to be interested in the products of SMEs are the excellent quality product, and the price that the market can accept will make the products of SMEs the leading choice of the community. The perception of the price of a product has the role of importance in the buying public's interest. It is in line with the research Retnowulan (2017) stated that the perception of the price affects consumer buying interest. Buying interest is part of the planning before the consumer decides to buy the desired product. According to Ashari (2012:246), interest to buy is a sense of attraction experienced by the consumer of a product (goods or services) that is affected by the attitude out of consumers and the consumer itself. Based on this, then research to find out whether the variables of trust, perception of price, and quality of the product affect the interest to buy the products of SMEs.

2. METHODS

The presence of Micro, Small, and Medium Enterprises (SMEs) contribute positively to the growth of the Indonesian economy, the increase in the Gross Domestic Product (GDP), as well as the absorption of labor (Gunartin, 2017). Buying products with the consideration of quality has become one of the phenomena in the community, including SMEs. Product quality is a reason strong people are interested in buying the products of SMEs (Masrurin, 2020). According to (Kotler & Armstrong, 2009), the quality of the product has several indicators, namely: performance, Feature, Reliability, Conformance, Durability, Aesthetics. With attention to the indicator that will make SMEs trusted by the community. Trust believes that a party will find that what is desired from the other party was not what he was afraid of the other party (Mao, 2010).

The storm of the pandemic Covid-19 that hit Indonesia has a significant impact on SMEs' activity, so it is necessary to approach the macro is the government's policy through the economic recovery and the approach of the micro-management of SMEs in business (Thaha, 2020). Covid-19 makes many people lose purchasing power; one of the business strategies that SMEs can utilize is affordable pricing. According to Kotler & Armstrong (2009), indicator price is price affordable, price who can compete, price by the facilities available. Price perception can influence consumer buying interest (Wirayanthi and Singgih, 2019). With the program (JPS) gemilang by the government of the province of West Nusa Tenggara be a fundamental movement forms of government support to SMEs, by buying products of MSMEs to be a social aid to the community with the hope to benefit from the program JPS Resounding as well as in the future will buy the products of SMEs. The increasing knowledge of the community at the significant presence of SMEs, hopefully, not only for consumption in the local community but tourists local and foreign Countries who come to Nusa tara west. Return a purchase of a product by consumers is likely to occur due to the affected by interest (Suryana & Eliyandi, 2013). According to Ferdinand (2006), purchase interest can be identified using the indicator of interest transactional, interest referential, interest preferential interest, and exploratory.

The method used in this research is quantitative research. The population in this study was the JPS Gemilang program recipients in the Province of NTB phase III, as many as 110,130 recipients. The sample calculation was carried out using the Slovin formula with an error rate of 10% so that 100 samples of JPS Gemilang beneficiaries were obtained. The method used in selecting the sample is stratified random sampling by determining the sample based on the number of recipients of JPS Gemilang in each district/city in the province of NTB. The data used in this study are primary data obtained by distributing questionnaires to JPS Gemilang beneficiaries spread over ten cities in the Province of NTB. This research uses the structural equation modeling (SEM) data analysis method. This research was conducted in October-December 2021.

Table 1. Variable Operational

No	Variable	Indicator
1	Trust	Integrity Benevolence Competence Mayer (1995)
2	the Quality of the Product	Performance Feature Reliability Conformance Durability Aesthetics Kotler & Armstrong (2009)
3	the Perception of the Price	affordable The price that can compete The Price is by the facilities available to Kotler & Armstrong (2009)
4	Purchase Intention	Interest Transactional Interest Referensial Interest Preferential Interest Exploratory Ferdinand (2006)

3. RESULTS AND DISCUSSION

3.1. Validity

Validity was assessed based on the cross-loading of measurements with the model. The rule of thumb to assess discriminant validity is by looking at the cross-loading value for each variable that must be more than 0.7 (Ghozali & Latan, 2015).

Table 2. The Validity Of The Discriminant Variables Of The Study

	Trust	the Quality of the product	purchase Interest	price perception
of Trust	0.790			
Quality products	0.509	0.858		
buying Interest	0.083	0.462	0.854	
Price	0.326	0.298	0.610	0.835

Based on the above table, all the variables were validated because the correlation value for one variable is greater than the value of the correlation of these variables with other variables.

3.2. Reliability

Reliability tests were carried out to show the instrument's accuracy, consistency, and accuracy in the measurement design. There are two ways to measure reliability: Cronbach's alpha-factor and Composite Reliability. According to Ghozali (2017), the minimum acceptable reliability value is 0.70.

Table 3. The Reliability Of The Research Variables

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Trust	0.937	0.821	0.937	0.624
Quality	0.960	0.965	0.965	0.736

products				
buying Interest	0.963	0.965	0.967	0.729
Price	0.951	0.957	version 0.958	0.697

Based on the data table above, all the variables were declared reliable because the value of composite reliability is more significant than 0.7, and Cronbach's alpha is more significant than 0.6

3.3. Test Structural Equation Modeling (SEM) Test Results

Structural Equation Modeling (SEM) Test the Structural Equation Modeling (SEM) test was conducted to describe the relationships of the variables thought to be related results.

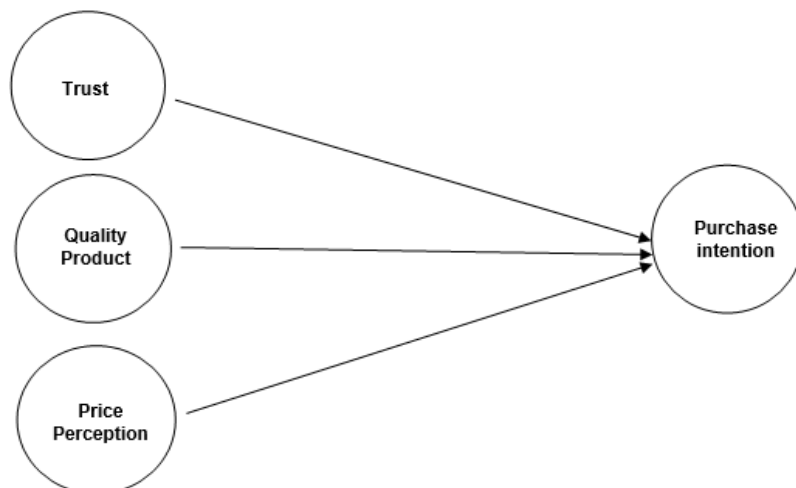


Figure 3. Model (P Values)

Table 4. The Results Of Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Trust -> buying Interest	0.144	0.132	0.194	0.741	0.459
Quality product -> buying Interest	0.403	0.390	0.127	3.183	0.001
perception of price -> buy Interest	0.443	0.444	0.102	4.362	0.000

Based on the table above, trust does not affect consumer interest because the value of t statistics is 0.741, which is smaller than t table = 1.66, and also p-value is 0.459, which is greater than 0.05. From the results above, the trust variable has no significant effect on consumer buying interest. Although in a study conducted by Kusumawati and Saifudin (2020), it was stated that trust influences consumer buying interest. However, in Zakiyatul's research (2021), trust does not affect consumer purchase intention, strengthening the research results and the statement above.

Based on the test results, product quality has a positive and significant effect on consumer interest because the value of t statistics is 3.183, which is greater than t table = 1.66. Also, the p-value is 0.001, which is smaller than 0.05. Consumers will never forget the product with exemplary quality because consumers are willing to spend some money to buy quality products. Product quality is a crucial factor in increasing consumer buying interest. Previous research by Raharjo (2018) that product quality affects consumer buying interest. By paying attention to product quality indicators such as performance,

features, reliability, conformance, durability, aesthetics, consumers will be satisfied with the products purchased. MSME products must be made as attractive as possible, including packaging, varied sizes, and product durability. Support from the government to provide product management training will help MSMEs maintain consistency in product quality.

Based on the test results, price perception has a positive and significant effect on consumer interest because the value of t statistics is 4.362, which is greater than t table = 1.66. Also, the p-value is 0.000, which is smaller than 0.05. Showing the factors that influence consumer buying interest is the perception of competitive prices as a unique attraction for consumers to buy a product. In Roni's research (2017), price is one factor that makes consumers interested. Price is always the most significant consideration when looking at a product, with the current condition of the Covid-19 pandemic where people's purchasing power is declining. The community is very selective in regulating spending patterns during the pandemic, based on research by Pariama and Takwim (2021). In setting prices, one must consider many aspects, starting from an efficient production process and analyzing the market by looking at the prices of similar products. Very important because many MSME products in Indonesia have high prices due to inefficient production processes.

4. CONCLUSION

Based on the study results, using Structural Equation Modeling (SEM), the trust variable does not affect consumer buying interest. In contrast, product quality and price perceptions affect consumer buying interest in micro, small and medium enterprises (MSMEs) products. Product quality and price perception are the driving variables for purchase intention. The COVID-19 pandemic has made people more careful in using their money and tends to buy products that are primary and related to health. From the research results, micro, small and medium enterprises (MSMEs) involved in the JPS Gemilang program can attract consumer interest by paying attention to product quality such as packaging items, product size and diversification, and affordable pricing for consumers. Increased consumer buying interest has the possibility of increasing consumer buying behaviour.

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