

THE EFFECT OF BUSINESS LOCATION AND PRODUCT DIVERSITY ON CONSUMER INTENTION TO PURCHASE

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ABSTRACT

This study aimed to determine the effect of location of business and product diversity on purchasing intention. The population was all customers of the Lokapita Semarang Knitting Business Group. The research sample was set at 100 people. The determination of sample members used the Purposive Sampling technique, while the data collection technique used a questionnaire. Furthermore, data analysis was carried out using multiple linear regressions. The results showed that location and product diversity can explain consumer purchasing interest. The further finding showed that location and product diversity had a positive effect on purchasing intention statistically acceptable. The managerial implication of the study is a better product and business location should be developed so that consumers will view buying products at the corporate.

Keywords: Business Location, Product Diversity, Purchase Intention

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INTRODUCTION

Currently, the development of the trade business world in Semarang City shows quite good growth. According to the data from the Central Bureau of Statistics, this development is indicated by the rate of economic growth per sector based on current prices for all business fields in Semarang City in 2022, amounting to 5.73%. Gross Regional Domestic Data shows positive growth of 227,619,168.05 million Rupiah in the manufacturing, construction, and trade sectors (BPS, 2022). This development in the process will cause companies in that sector to face a level of competition. Each company will certainly make various efforts to continue to obtain a market share that always provides long-term benefits.

One of the companies engaged in the trade of crafts from women's empowerment is the Lokapita Semarang Knitting Business Group. The form of interest in consumer purchases can be seen from the large level of sales obtained. The sales levels in 2019 were 38,570 million, in 2020, in 3,992, in 2021, in 4,092, in 2022, in 4,153, and in 2023, in 4,174. The growth rate also experienced a decline in growth even though in absolute terms the figures increased, namely in 2020 by 3.40%, 2021 by 2.51%, 2022 by 1.49%, and finally 2023 by 0.51%. Sales levels from 2019 to 2023 These conditions illustrate that there has been a change in purchasing interest with indications of a decrease in the amount purchased, a decrease in the frequency of purchases, or a decrease in the value of purchases.

Intention to purchase describes the behavior of a customer's interest in deciding on a purchase plan for a product offered by a business institution, including trade. The two main factors that influence buyer interest in the products offered by the company are the ability to

attract buyers and the purchase decision-making process. According to Kotler (2005), consumer perceptions of price, product, promotion, and location greatly influence their decision to buy a product. The focus of attention related to purchase interest is the management of location variables and product diversity (Fure, 2013). Location is also a determining factor because it makes its products available and accessible to customers (Swastha and Handoko, 2000). Location will be a decision made by the company regarding where its operations and staff will be located (Lupiyoadi, 2001). Choosing the right and strategic location is a very important decision because it can influence customer interest in buying the products offered (Kotler and Armstrong, 2011). On the other hand, product diversity is the key to success in a company's marketing activities. The number and type of products offered make consumers feel satisfied and will be repeated in the next purchase (Tjiptono, 2005). The perception of product diversity needs to be continuously built in the minds of consumers (Kotler, 2005). This means that the perception of product diversity also needs to be built in a trading business through various efforts so that the interest in purchasing that exists in consumers will be stored in consumer memory. Products that are provided in a variety of ways in the right location are more likely (to encourage consumers to be interested in making purchases (Kotler, 2005).

Based on the previous description, the purpose of this study is to determine the effect of location and product diversity on purchasing interest. This study is expected to contribute to the theory, concept, and practice of marketing management, especially on consumer purchasing interest.

LITERATURE REVIEW

Business Location

Swastha and Handoko (2000) stated that a business place shows a series of activities carried out by a company to make its products available and available to consumers. In that case, location is seen as a distribution channel, namely a route used as a medium for moving products from producers to consumers. A business location is where a company operates or where a company carries out activities to produce goods and services that prioritize its economic aspects. Location is a decision made by a company regarding where its operations and staff will be placed (Lupiyoadi, 2001). Business place also means the position of a place, object, event, or phenomenon on the earth's surface about other places, objects, events, and phenomena. Location or place includes choosing a strategic location, easy to reach, in an area around a shopping center, near residential areas, safe and comfortable for customers, the existence of supporting facilities such as parking lots, and other factors (Tjiptono, 2001). Other location components consist of direction and distance. Direction indicates the position of a place compared to another place, while distance is a measure of how far or close the two objects/phenomena are. The direction of a place is relative, as is the relative distance. Direction and distance determine the intensity of the relationship between two places (Tjiptono, 2001).

Product Diversity

Kotler (2005), define product diversity as a collection of all products and goods offered by a particular seller to buyers. Simamora (2000) defines product diversity as a set of product lines and elements offered by a particular seller to buyers. Kotler (2005) defines product diversity or product mix as a collection of all products and goods offered by a particular seller at a low price. Kotler (2005) define it as a collection of all products and goods offered by a particular seller to buyers. Meanwhile, according to Engels (1995), it is the completeness of

the product concerning the depth, breadth, and quality of the products offered as well as the availability of the product at all times in the store.

Purchase Intention

Ferdinand (2006) define purchase interest as the stage of a tendency to act before the purchase decision is made. According this, purchase interest can be identified through transactional interest indicators, namely the tendency to buy a product; referential interest, namely the tendency of a person to refer a product to others; preferential interest, namely interest that describes the behavior of a person who has a primary preference for the product. Purchase interest is a consumer behavior that underlies a purchase decision to be made (Swastha and Handoko 2000).

Business Location and Purchase Intention

Purchase intention is a follow-up action from the assessment of several choices available. Building customer purchase interest in a purchase offer is very important for every company. The location of a business will play a fairly important role in the continuity of a business. Meanwhile, according to Lupiyoadi (2001), the location of a business will be more strategic if it has easy access and is within reach of customers. A good location will be able to create and encourage purchase interest in a series of products provided by the company. Given that location is a decision on distribution channels related to the method and process of delivering products to customers. So, the existence of a location (business) is one of the important factors that can support business success. An easily accessible location will make it easier for customers to find the business and products they want or plan to buy. An easily accessible location is generally one of the considerations or determining factors in deciding on a purchase plan for a product offered by the company. The studies by Mimi (2015), and Magfiroh and Yuniati (2015) revealed that store atmosphere and location have a positive and significant effect on purchase intention.

H1: There is a positive influence of business location on purchase intention.

Product Diversity and Purchase Intention

Product diversity is one of the considerations in the minds of consumers before deciding to buy from a particular business. Product diversity is believed to indirectly help companies in building the impression that the company can provide a variety of products according to customer needs and desires. In a competitive business situation, this impression will be a factor that can be managed by the company to build interest in purchasing products planned by customers. The more diverse the products provided, the greater the interest in buying products from the business by customers. Product diversity, both in terms of product types/kinds and the availability of sufficient quantities according to customer needs, desires, and demands, has a significant contribution to purchasing interest. This is because the products provided with a variety of varieties have helped customers easily fulfill what they want and ask for. Therefore, if the business being managed wants to achieve success in serving its customers, business managers need to improve their ability to compile and present a variety of goods. The studies by Liwe (2013) and Fure (2013) stated that product diversity has a significant influence on consumer purchasing interest.

H2: There is a positive influence of product diversity on purchase intention.

The study explores how the factors of business location and product diversity impact consumers' intentions to buy. It tests two primary hypotheses, and emphasizes that both a

favorable business location and diverse product offerings are key factors that can significantly improve consumer purchase intentions, highlighting their importance in retail and service industries. The conceptual framework model that is the basis for discussing this research can be described in Figure 1.

RESEARCH METHODS

Sample

The respondents as samples in this study were consumers of the Lokapita Semarang Knitting Business Group who were domiciled in the city of Semarang, who had purchased handicraft products at least one time in the form of knitting creations, either for personal use or for resale in the period between November 2023 and June 2024. Customer data was obtained from transaction records made by the Lokapita Semarang Knitting Business Group. Meanwhile, the technique for determining sample members was carried out using Simple Random Sampling. Each analysis unit has the same opportunity to be selected without considering the strata in the population (Sugiyono, 2011).

Measure

The business location in this study was measured using five indicator items, including the availability of parking and sufficient space for expansion, accessibility, visibility, traffic order, and a safe and comfortable environment free from disturbances. Product diversity is explained through three indicator items, namely the availability of product types, the completeness of product varieties, and the availability of a sufficient number of product varieties. Finally, purchase intention is operationalized into seven items, namely interest in the product offered, ease of purchase, pleasant purchase situation, tendency to bargain to buy, tendency to refer to others, having a primary preference for the product, and seeking information about the product. Respondents' responses were scored on a five-point Likert scale, which ranged from Strongly Disagree on a scale of 1 to Strongly Agree on a scale of 5.

Data analysis

To test the validity of each observation instrument as a form of research variables is done by calculating bivariate correlation. The reliability of the instrument is shown by evaluating the Cronbach Alpha value above 0.60, meaning that the tested instrument is reliable (Ghozali, 2011). The analysis technique used to produce meaning as a reference for concluding is multiple linear regression. Before the results of the linear regression calculation are used to predict the influence of predictor variables on criterion variables, several tests of normality, multicollinearity, and heteroscedasticity will be carried out first. The model feasibility test to determine the accuracy of the regression function in estimating the goodness of fit uses the determination coefficient method, f-test, and the t-statistic test.

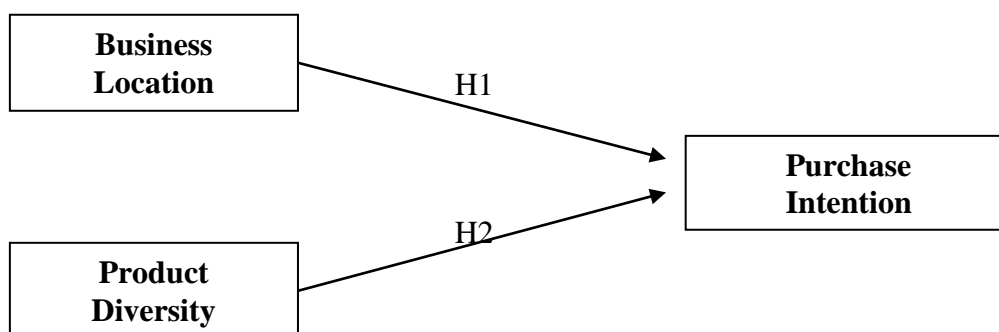


Figure 1. Research Framework

RESULT AND DISCUSSION

Result

Table 1 shows that most (72%) of respondents are female, while the rest (28%) are male. Furthermore, most (45%) of respondents are aged between 41-50 years and only a small portion (23%) are over 51 years old. Finally, most (33%) of respondents have a high school or vocational high school education, and only a small portion (2%) have a Masters and Doctoral degree.

Table 1. Respondent Description

Demographics	Information	Amount	Percentage
Gender	Woman	72	72.00
	Man	28	28.00
Age	Less than 30	5	5.00
	31 - 40	27	27.00
	41 - 50	45	45.00
	More than 51	23	23.00
Education	Masters	2	2.00
	Bachelor's	16	16.00
	Diploma 3	18	18.00
	Diploma 2	12	12.00
	Diploma 1	10	10.00
	High School.	33	33.00
	Basic Education	9	9.00
	No school	2	2.00

Table 2. Validity and Reliability Test Results

Variable	Indicator Code	R-value	Cronbach Alpha
Business Location	X1.1 (land availability)	0.644	0.769
	X1.2 (accessibility)	0.697	
	X1.3 (visibility)	0.828	
	X1.4 (regularity)	0.711	
	X1.5 (safe environment and comfortable)	0.738	
Diversity Product	X2.1 (availability variety product)	0.702	0.827
	X2.2 (completeness variety product)	0.939	
	X2.3 (availability amount variety product)	0.939	
Purchase Intention	Y1 (interest to product)	0.672	0.838
	Y2 (convenience in purchase)	0.646	
	Y3 (situation purchase)	0.627	
	Y4 (tendency bidding)	0.672	
	Y5 (tendency referring)	0.809	
	Y6 (has preferences)	0.784	
	Y7 (searching for information)	0.809	

Table 3. Hypothesis Result

Hypothesis	Coefficient	t-value	p-value
H1: Business Location → Purchase Intention	0.248	3.946	0.000
H2: Product Diversity → Purchase Intention	0.705	11.216	0.000

Information: Tolerance value = 0.953, 1.049; VIF value = 0.953, 1.049; Adjusted R Square =0.627; F-value=84.207; p-value=0.000.

The results of the validity test in Table 2 show that all question items have a calculated r value greater than 0.3. Furthermore, the results of the reliability test show that all variables in this study have a Cronbach alpha value greater than 0.60. Thus, it can be concluded that all measuring instruments are valid and reliable. The results of the normal probability plot test show that the data distribution is near the diagonal line, indicating that the regression model meets the normality assumption. The scatterplot graph shows that the points are spread out on the Y-axis and do not form a pattern so that heteroscedasticity does not occur. The tolerance value is more than 0.10 and the VIF value is less than 10 indicating no symptoms of multicollinearity.

Based on the test results as shown in Table 3, the adjusted R square value is 0.627. This means that 62.7% of consumer interest in purchasing at the Lokapita Semarang Knitting Business Group is explained by the location and product diversity variables. Another result of the significance value is $0.000 < 0.05$, which means that the model is feasible to use. According to the results of the H1 test calculation in Table 3, $\beta = 0.248$ with the t -value is $3.946 > 1.984$ and a p -value of $0.000 < 0.05$. The results show that it supports H1 stating that there is a positive influence of location on the purchase intention. The next result shows that $\beta = 0.705$ with t -value = $11.216 > 1.984$ and a p -value = $0.000 < 0.05$ supports hypothesis H2. Therefore, the second hypothesis that there is a positive influence between product diversity and the desire to buy at the Lokapita Semarang Knitting Business Group can be accepted.

Discussion

The results of the study related to the first hypothesis that there is a positive influence of business location on the purchase intention of handicraft products at the Lokapita Semarang Knitting Business Group, statistically showed that it was accepted. This can explain why the location as a place and the environment provided by the Lokapita Semarang Knitting Business Group to its consumers is adequate. So that consumers are willing to make decisions to purchase the desired products at the Lokapita Semarang Knitting Business Group. These efforts are made in order to obtain satisfaction that is in accordance with their expectations in meeting their needs, desires, and demands for handicraft products, such as bags, wallets, accessories, and so on.

As the results of this study show that, the location prepared by the Lokapita Semarang Knitting Business Group to offer handmade products has become one of the main considerations for consumers (customers) in deciding on purchases to be made. Research conducted on consumers of the Lokapita Semarang Knitting Business Group has shown various good perceptions of the location. Consumers generally want a place that is commensurate with the sacrifices that have been made to obtain products and services at the Lokapita Semarang Knitting Business Group. The results of this study follow previous research conducted by Faradiba and Astuti (2013) that location can positively and significantly explain repeat purchase interest in a product.

The further finding stated that the second hypothesis can be accepted. This shows that if the diversity of products prepared by the Lokapita Semarang Knitting Business Group increasingly shows better changes (more appropriate), consumers will be more interested in making purchases to meet their demand for handmade products that are needed and desired. That way, the target of marketing activities or the achievement of planned targets can be realized better.

As the results of this study show that the diversity of products prepared by the Lokapita Semarang Knitting Business Group for product offerings has become one of the main considerations for consumer purchasing interest before deciding to purchase craft products. Considerations related to product diversity must of course be the concern and focus of the

Lokapita Semarang Knitting Business Group to be managed properly so that consumers perceive that the products offered are complete. That way, consumers have certain beliefs that can strengthen their purchasing interest into real purchasing decisions. The results follow prior studies conducted by Mimi (2015) and Liwe (2013) that demonstrated product diversity has a positive and significant influence on purchase intention.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the discussion, it can be concluded that the better the location can be prepared, the stronger the consumer's purchasing interest will be in deciding on their purchase intention. Product diversity has a positive and real influence on the intention to purchase. This means that if the Lokapita Semarang Knitting Business Group succeeds in providing a strategic location and increasingly diverse products according to the needs, desires, and demands of consumers, it will encourage the creation of stronger purchasing intention.

Managerial Implications

Based on the results, location plays a very strategic role, especially in helping consumers meet their needs and desires easily, safely, and comfortably. Matters related to the location and business environment should be periodically reviewed (evaluated) and developed so that all parts of the location can provide satisfaction or a sense of pleasure for consumers while at the Lokapita Semarang Knitting Business Group. Currently, almost every consumer wants to be treated differently and specially. For this reason, the Lokapita Semarang Knitting Business Group should be able to increase its attention to what customers expect, build openness of information that is easily accessible to consumers, and maintain the appearance of the business location. Building a perception of product diversity is important to make it something interesting for the Lokapita Semarang Knitting Business Group. A better product and business image should be developed so that consumers will view buying products at the Lokapita Semarang Knitting Business Group as easy, cheap, complete, and of high quality. For example, by periodically holding events with attractive prizes or giving discounts at certain times for consumers' willingness to purchase several product items at once or at the same time.

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