

THE INFLUENCE OF PRICE, LOCATION, AND WORD OF MOUTH ON PURCHASING DECISIONS AT 35.000 CONVENIENCE STORES (Case Study at Cut Kinan Store In Krueng Geukuh, Dewantara District, Aceh Utara Regency)

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Abstract

This study aims to determine how the influence of price, location, and word of mouth on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, North Aceh Regency. Purchase decisions are measured using indicators consisting of product choice, brand choice, dealer choice, purchase time, and purchase amount. Then the price variable indicators used consist of affordability, price suitability with product quality, price competitiveness, and price suitability with benefits. Meanwhile, location variables use indicators consisting of access, visibility, traffic, parking lots, and expansion. As well as word of mouth variables using indicators consisting of speakers, topics, tools, speaker participation, and supervision. Where all these variables will be measured using an ordinal scale. The data used in this study was primary data obtained by distributing questionnaires to 96 respondents who made purchases at Toko Cut Kinan. The data analysis technique used is multiple linear regression using the help of SPSS software version 26. The results showed that price, location, and word of mouth had a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, North Aceh Regency. Meanwhile, the results of the coefficient of determination test found that purchasing decisions at Cut Kinan Store were influenced by price, location, and word of mouth by 60.8 percent.

Keywords: *Price, Location, Word of Mouth, and Purchase Decisions*

1. INTRODUCTION

The increasing number of 35000 clothing stores itself is now one of the main attractions for all people. With the promotion of one-price goods, which is 35000 it self, it becomes one of the advantages in attracting consumers to make purchases. Not only that, a wide variety of clothes are sold for men and women ranging from children to adults. The clothes sold are certainly of various types, it makes the owner have to be more careful in choosing clothes to be sold in his store. According to Saputro, et al (2021) in their research explained that to get goods that match the desired criteria, of course, the owner of a shop or company must have information about the items to be sold. Along with the development of the three 35000 all-round clothing stores in Krueng Geukuh, the level of competition is also increasing in offering various types of clothing sold at the price of 35000. Store owners must think of various ways to increase customer interest in making purchases and can outperform their competitors in making sales. According to Tjiptono (2019), purchasing decisions are a series of processes that start from consumers recognizing the problem, looking for information about certain products or brands and evaluating the product or brand how well each alternative can solve the problem which then a series of processes lead to purchase decisions. One factor that can influence a customer's purchase decision is price, this is because the more affordable the price offered by a company for its product, it will be one of the consumer considerations when purchasing a product. According to Kotler and Armstrong (2017), price is a sum of money exchanged by consumers for the benefits of owning or using products and services. In previous research conducted by Fatimah (2023) found that price has a positive and significant effect on purchasing decisions.

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Riva Hayatunnisa, Adnan, Jullimursyida, Yuli Asbar

Another factor that can influence purchasing decisions is location, the easier the location of a store to reach, the more customers will prefer to make purchases at the store. According to Alma (2018), location is where companies operate or where companies carry out activities to produce goods and services that are concerned with their economic aspects. In a previous study conducted by Permana and Adji (2021) which concluded that location has a positive and significant effect on purchasing decisions. Then in a previous study that was also conducted by Wulandari (2021) also concluded that location has a positive and significant effect on purchasing decisions. *Word of mouth* is a factor that has a significant influence on purchasing decisions. This is because promotions that are carried out by *word of mouth* are more trusted by consumers because the promotion is carried out by other consumers such as neighbors or relatives of the prospective customer. According to Kotler and Keller (2016), word of mouth or *word of mouth* communication is a communication process in the form of providing recommendations both individually and in groups on a product or service that aims to provide personal information. In a previous study conducted by Kusnadi, et al (2021) which concluded that *word of mouth* has a positive and significant effect on purchasing decisions. Then research conducted by Triyono and Susanti (2021) which also concluded that *word of mouth* has a positive and significant effect on purchasing decisions.

Based on the observations made by the author, it was found that the Cut Kinan Store was the store that sold the most various clothes for 35,000 compared to the Azka Store and the Matang Branch Store, where during 2021 at the Cut Kinan Store the number of clothing sales was obtained as much as 5,019 pcs with an average monthly sales of 418 units, while at the Azka Store during 2021 the number of sales obtained was 2,003 pcs with an average Monthly sales reach 167 pcs. Meanwhile, at the 35,000 Matang branch Department Store, the number of sales in 2021 was 2,163 pcs with an average monthly of 180 pcs. This shows that there is a greater level of purchase decisions made by customers at Toko Cut Kinan than at other stores in Krueng Geukuh, Dewantara District. The high level of sales at the Cut Kinan Store itself is inseparable from the better price distribution than at other 35,000 convenience stores in Krueng Geukuh, where in other stores even though they sell various clothes for Rp 35,000. But there are also other products that are sold more expensive, such as dolls and so on. Based on the above phenomenon, which is one of the reasons the author wants to conduct research on "The Effect of Price, Location, and *Word Of Mouth* on Purchasing Decisions at 35,000 Department Stores (Case Study at Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency)".

2. LITERATURE REVIEW

2.1 Price (X1)

Price is a value expressed as an obligation in the form of an amount that must be paid by the buyer to the seller, but the price can also be called value. Price itself consists of two points of view, namely from marketing and monetary units or other measures that include goods and services exchanged in order to obtain ownership rights or use of a good or service (Sofiani and Lauren, 2023).

2.2 Location (X2)

Business location is a place where a business operates or a place where a business carries out activities to produce goods and services that are concerned with its economic aspect. Location is the main thing to consider, strategic location is one of the important factors and greatly determines the success of a business. In choosing their business location, business location owners must

consider site selection factors, because business location is a long-term asset and will have an impact on the success of the business itself (Tjiptono, 2019).

2.3 Word of Mouth (X3)

Word of mouth is part of a promotional strategy in marketing activities that uses people to satisfied people to increase product awareness and generate a certain level of sales (Hasan, 2016). Meanwhile, according to Kotler and Keller (2016) word of mouth or word of mouth communication is a communication process in the form of providing recommendations both individually and in groups on a product or service that aims to provide personal information carried out personally by consumers.

2.4 Purchase Decisions (Y)

Purchasing decisions are a series of processes that start from consumers recognizing the problem, looking for information about certain products or brands and evaluating the product or brand how well each alternative can solve the problem which then a series of processes lead to purchasing decisions (Tjiptono, 2019). Meanwhile, according to Kotler and Keller (2016) purchasing decisions are a five-stage process that consumers go through, starting from problem recognition, information search, evaluation of alternatives that can solve the problem, purchase decisions, and post-purchase behavior, which begins long before the actual purchase is made by consumers and has a long impact after that.

2.5 Conceptual Framework

Based on the explanation about the effect of taste, price, and brand image on purchasing decisions, the following conceptual framework can be developed:

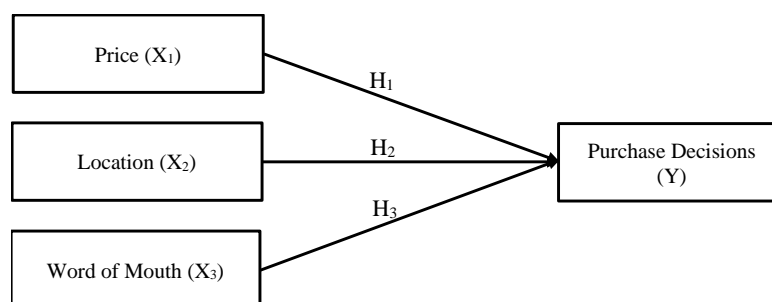


Figure 1 conceptual framework

2.6 Research Hypothesis

Based on the problem formulation, research objectives, and conceptual framework above, the hypotheses in this study are as follows:

- H1 : Price has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.
- H2 : Location has a positive and significant influence on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.
- H3 : Word of mouth has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.

THE INFLUENCE OF PRICE, LOCATION, AND WORD OF MOUTH ON PURCHASING DECISIONS AT 35.000 CONVENIENCE STORES (CASE STUDY AT CUT KINAN STORE IN KRUENG GEUKUH, DEWANTARA DISTRICT, ACEH UTARA REGENCY)

Riva Hayatunnisa, Adnan, Jullimursyida, Yuli Asbar

3. RESEARCH METHODS

3.1 Research Subjects and Locations

This research was conducted at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency. The object in this study is customers related to purchasing decisions who use price, location, and *word of mouth* variables to see the effect

3.2 Population and Sample

Population is a generalized area consisting of objects and subjects that have certain characteristics and qualities set by researchers to be studied and researched and then conclusions are drawn (Sugiyono, 2016). The population used in this study was all customers who made purchases at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency. Based on the results of calculating the number of samples using *the lemeshow* formula above, it can be seen that the number of samples obtained in this study was 96.04 and then rounded up to 96 respondents who made purchases at the Cut Kinan Store in Krueng Geukuh, Dewantara District.

3.3 Classic assumption test

The classical assumption test consists of several stages, namely, normality test, heteroscedasticity test and multicollinearity test.

3.4 Data analysis method

The method of data analysis in this study is using multiple linear regression, to see the effect of price, location and word of mouth on purchasing decisions using the SPSS 26.0 program. The regression equation can be formulated as follows:

3.5 Multiple Linear Regression Analysis

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where :

Y	= Purchase Decisions
α	=Constant/intercepts
$\beta_1, \beta_2, \beta_3$	= Regression coefficient
X1	= Price
X2	= Location
X3	= Word of Mouth
e	= <i>error term</i>

3.6 Hypothesis test

The hypothesis testing carried out in this study was conducted to determine the effect of the independent variables on the dimensions of price, location, and word of mouth on the dependent variable (purchasing decision). This test uses the t test (partial test) and coefficient of determination test,

4. RESULTS AND DISCUSSION

The research results in this article are presented in a summarized form to make it more practical and clear and are presented through a feasibility test and then an analytical test, namely as follows:

4.1 Validity Testing Results

Validity testing is used to measure whether a questionnaire is valid or not. The results of validity testing can be seen in Table 1.

Table 1 Validity Testing Results

Variable	R _{count}	Sig value.	R _{table}	Information
X1.1	0,702	0,000	0,2006	Valid
X1.2	0,731	0,000	0,2006	Valid
X1.3	0,760	0,000	0,2006	Valid
X1.4	0,703	0,000	0,2006	Valid
X2.1	0,712	0,000	0,2006	Valid
X2.2	0,678	0,008	0,2006	Valid
X2.3	0,630	0,000	0,2006	Valid
X2.4	0,631	0,000	0,2006	Valid
X2.5	0,593	0,000	0,2006	Valid
X3.1	0,543	0,000	0,2006	Valid
X3.2	0,702	0,049	0,2006	Valid
X3.3	0,712	0,000	0,2006	Valid
X3.4	0,727	0,000	0,2006	Valid
X3.5	0,626	0,000	0,2006	Valid
Y.1	0,623	0,000	0,2006	Valid
Y.2	0,653	0,000	0,2006	Valid
Y.3	0,636	0,000	0,2006	Valid
Y.4	0,739	0,000	0,2006	Valid
Y.5	0,499	0,000	0,2006	Valid

Source: Primary data processed, 2023

Based on table above, it can be seen that all variables used have a value of R_{calculate} greater than R_{table} with a significant value smaller than 0.05. So it can be concluded that the data in this study is valid.

4.2 Reliability Test Results

Table. 2 Reliability Test Results

No.	Variable	Cronbach's Alpha	Information
1	Price	0,691	Reliable
2	Location	0,655	Reliable
3	Word of Mouth	0,676	Reliable
4	Purchasing Decision	0,618	Reliable

Source: Primary data processed, 2022

Based on table 2 above, it can be seen that all variables used have *Cronbach's alpha* value greater than 0.6. So it can be concluded that the data in the study is reliable.

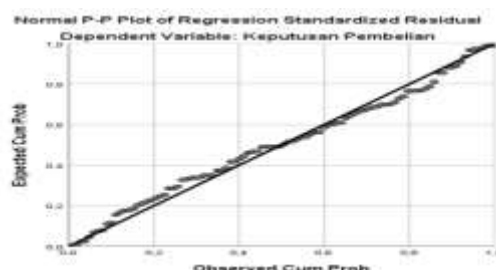
THE INFLUENCE OF PRICE, LOCATION, AND WORD OF MOUTH ON PURCHASING DECISIONS AT 35.000 CONVENIENCE STORES (CASE STUDY AT CUT KINAN STORE IN KRUENG GEUKUH, DEWANTARA DISTRICT, ACEH UTARA REGENCY)

Riva Hayatunnisa, Adnan, Jullimursyida, Yuli Asbar

4.3 Classical Assumption Testing Results

1. Data Normality Test Results

Data normality testing was carried out to find out whether the data obtained through distributing questionnaires was normally distributed or not. The results of the normality test can be seen in the image below:



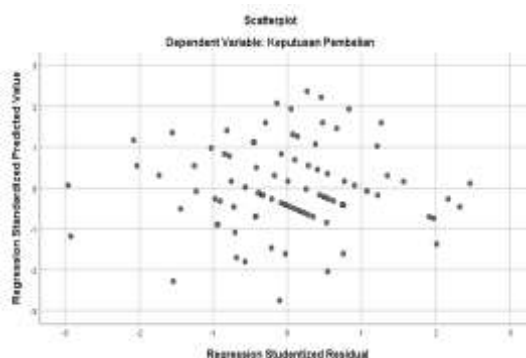
Source: Processed primary data, 2023

Figure 2 Graph of normality probability plot test results

Based on the results of the data normality test using the *normality probability plot* test in the figure above, it shows that points in the graph spread around the diagonal line or follow the diagonal line. So it can be concluded that the data in the study is normally distributed.

2. Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual one observation to another (Ghozali, 2016). The results of the heteroscedasticity test can be seen in Figure 3.



Source: Processed primary data, 2022

Figure 3 Heteroscedasticity Test

Based on the results of the heteroscedasticity test using the scatterplot test in the figure above, it can be seen that the points in the scatterplot graph spread below zero and above zero without forming a certain model, so it can be concluded that the data used in this study does not have a heteroscedasticity problem.

3. Multicollinearity Test Results

Multicollinearity testing was carried out to see whether there was a high correlation between the independent variables in a multiple linear regression model (Ghozali, 2016). The results of the multicollinearity prerequisite test can be seen in Table 4.

Table 3 Multicollinearity Test Results

Variable	<i>Collinearity Diagnostic</i>		Information
	VIF	Tolerance	
Price	1,338	0,747	Multicollinearity-Free
Location	1,471	0,680	
<i>Word of Mouth</i>	1,174	0,852	

Source: Primary data processed, 2023

Based on the results of the multicollinearity test in the table above, it was obtained that the VIF value obtained by the two independent variables used was smaller than 10 and obtained a *tolerance* value greater than 0.10. So it can be concluded that the data used in this study did not occur multicollinearity.

4.4 Data analysis method

1. Multiple linear regression

This study aims to determine the influence of price, location and word of mouth on purchasing decisions at the Cut Kinan store in Krueng Geukueh, Dewantara District. Therefore, multiple linear regression analysis is used to analyze the effect. The results of multiple linear analysis with the SPSS program version 26 are obtained as follows.

Table 4 Multiple Linear Regression Results

Variable	<i>Unstandardized Coefficient</i>		<i>Standardized Coefficient Beta</i>	<i>t</i>	<i>Sig</i>
	<i>B</i>	<i>Std. Error</i>			
(Constant)	0,570	1,6898		0,336	0,738
Price	0,320	0,079	0,302	4,067	0,000
Location	0,237	0,084	0,221	2,830	0,006
<i>Word of Mouth</i>	0,480	0,066	0,505	7,257	0,000

Source: Primary data processed, 2023

Based on Table above, it can be seen that the coefficient of each variable and constant that is observed in this study is the price coefficient (X1) 0.320 location coefficient (X2) 0.237 word of mouth coefficient (X3) 0.480 and a constant of 0.570. This means that the independent variable influences the purchase decision (Y). The equation can be written as follows:

$$Y = 0,570 + 0.320X1 + 0.237X2 + 0.480X3 + e$$

From this equation it can be explained that the influence of price, location and word of mouth on purchasing decisions. The results of the analysis show that based on the results of the multiple linear regression equation above, it can be concluded that the value of the constant obtained is 0.570. This shows that if the level of pricing, location, and *word of mouth* simultaneously increases by 1%, then the level of purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District will increase by 57%. Then the price variable has a coefficient value of 0.320. This shows that if the price determination increases by 1%, then the purchase decision rate at the Cut Kinan Store in Krueng Geukuh, Dewantara District will increase by 32%. Furthermore, the location variable has a coefficient value of 0.237. This shows that if the location determination increases by 1%, then the purchase decision rate at the Cut Kinan Store in Krueng Geukuh, Dewantara District will increase by 23.7%. And the *word of mouth* variable has a coefficient value of 0.480. This shows that if *word of mouth* increases by 1%, then the purchase decision rate at the Cut Kinan

THE INFLUENCE OF PRICE, LOCATION, AND WORD OF MOUTH ON PURCHASING DECISIONS AT 35.000 CONVENIENCE STORES (CASE STUDY AT CUT KINAN STORE IN KRUENG GEUKUH, DEWANTARA DISTRICT, ACEH UTARA REGENCY)

Riva Hayatunnisa, Adnan, Jullimursyida, Yuli Asbar

Store in Krueng Geukuh, Dewantara District will increase by 48%.

Table 5 Coefiecient of Determination Test

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	0,788	0,620	0,608	1,325

Source: Primary data processed, 2023

2. Correlation Coefficient Results (R)

Based on the results of the coefficient of determination test in table 4.16 above, it can be seen that the *adjusted r square* value projected as the coefficient of determination is 0.608. This shows that purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District are influenced by price, location, and *word of mouth* by 60.8%. While the remaining 39.2% of purchasing decisions at the Cut Kinan Store in Krueng Geukuh were influenced by other variables that were not used in this study. Therefore, it can be concluded that the coefficient of determination in this study has a strong correlation or relationship because it is at a coefficient value of 0.51 – 0.99.

3. Proof of Hypothesis

The Effect of Price on Purchasing Decisions

Based on the results of research that has been done, it is obtained that the price variable has a significant value that is smaller than the significant level used and obtains a positive coefficient value, so it can be concluded that price has a positive and significant effect on purchasing decisions. Therefore, the hypothesis stating that price has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District is accepted (H_1 accepted).

Effect of Location on Purchasing Decisions

Based on the results of research that has been done, it was obtained that the location variable has a significant value that is smaller than the significant level used and obtained a positive coefficient value, so it can be concluded that location has a positive and significant effect on purchasing decisions. Therefore, the hypothesis stating that location has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District is accepted (H_2 accepted).

The Influence of Word of Mouth on Purchasing Decisions

Based on the results of research that has been done, it was obtained that the word of mouth variable has a significant value that is smaller than the significant level used and obtained a positive coefficient value, so it can be concluded that *word of mouth* has a positive and significant effect on purchasing decisions. Therefore, the hypothesis stating that *word of mouth* has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, is accepted (H_3 accepted).

5. CONCLUSIONS AND SUGGESTIONS

Based on the results of research that has been conducted on the influence of price, location, and word of mouth on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, the conclusions obtained in this study are as follows:

1. Price partially has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.

2. Location partially has a positive and significant influence on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.
3. Word of mouth partially has a positive and significant effect on purchasing decisions at the Cut Kinan Store in Krueng Geukuh, Dewantara District, Aceh Utara Regency.

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