



Price Analysis of MSMEs on Purchasing Decisions of A&R Juice MSMEs

Yolanda Sihaloho

Universitas Negeri Medan

Corresponding author: Yolanda Sihaloho sihalohoyolanda@gmail.com

ARTICLE INFO

Keywords: Price, Sale, Decisions

Received : 6, August

Revised : 16, September

Accepted: 18, October

©2024 Sihaloho(s): This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

This research aims to analyze the impact of pricing on the purchasing decisions of A&R Juice MSMEs. The research method used is qualitative, with data collection conducted through interviews with MSME actors. The results of this study indicate that if there is an increase in the pricing variable, then the purchasing decision variable will also experience an increase. This means that the pricing strategy applied can enhance purchases in the A&R Juice MSMEs, where pricing pressure is achieved through product diversification or variation. However, it is necessary to conduct a risk analysis to minimize errors in product diversification.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the economy of a country. MSMEs are a sector that drives economic growth, creates jobs, and contributes to income distribution (Susilowati & Utari, 2022). In Indonesia, MSMEs serve as the backbone of the economy, contributing a significant portion of national revenue and absorbing a considerable amount of labor. MSMEs are a type of business that has a substantial role in increasing labor absorption and serves as a driving force in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs, the number of MSMEs accounts for 99% of all business units. The contribution of MSMEs to GDP also reaches 60.5%, and their contribution to labor absorption is 96.9% of the total national labor absorption (Citradewi et al., 2023)

Figure 1

Jumlah UMKM di Indonesia Sepanjang 2022

*Berdasarkan Provinsi

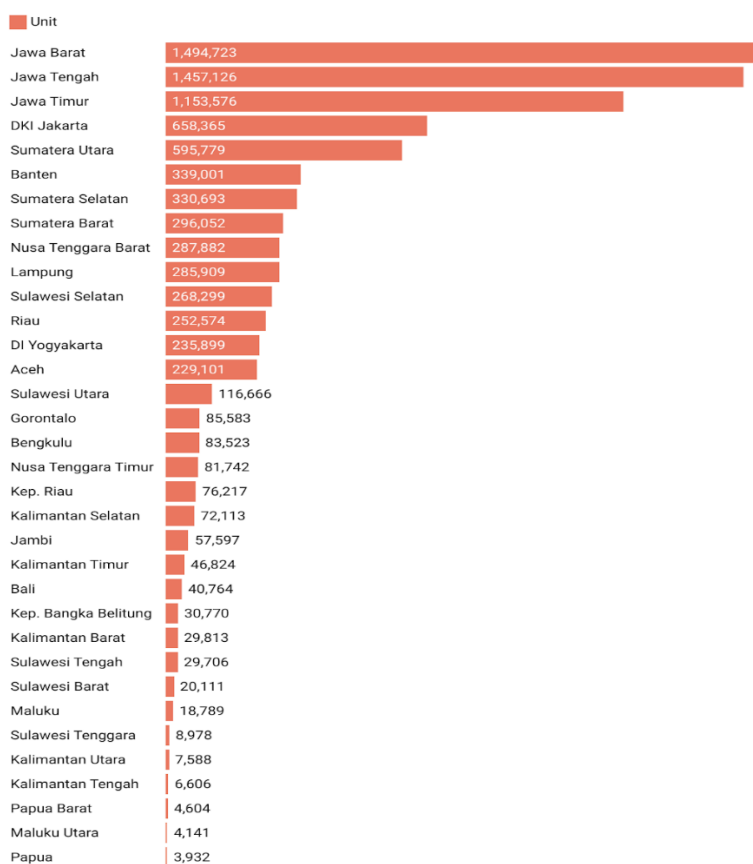
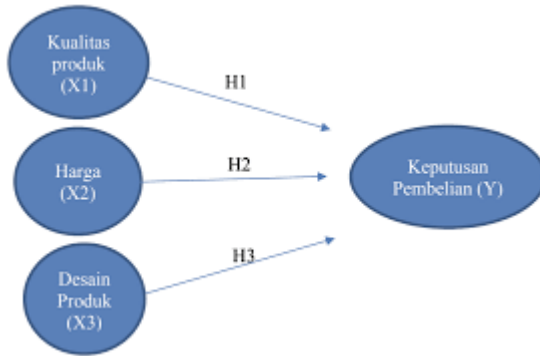


Chart: Aulia Mutiara Hatia Putri · Source: Kementerian Koperasi, Usaha Kecil dan Menengah · Created with Datawrapper

Data on MSMEs that influence the Indonesian economy

The data proves that MSMEs play a significant role in advancing the economy in Indonesia. This is evidenced by the data we have presented, showing that many MSMEs continue to thrive even in the era of well-known large corporations.

Figure 2



One of the factors that influence purchasing decisions is price, which is a key factor that fosters consumer loyalty to a product, leading consumers to consistently purchase the product

So, based on the data that has been explained, price is the most important factor because consumers currently pay close attention to price when making purchases.

According to (Farhan et al., 2020), their research shows that product price influences purchasing decisions. This finding aligns with (Yuniati, 2016), which indicates that product price significantly affects purchasing decisions. Therefore, MSMEs strive to focus on price competitiveness of their products and compare them with those offered by competing MSMEs. Price is an important consideration for consumers. The high or low price of a product will determine its perceived quality. A product with good quality will have a high selling value or price.

THEORETICAL STUDY

Price

Companies do not use a marketing approach designed to achieve their objectives; instead, the approach they use to set prices for goods is different. Producers use the prices of the products they create and market to attract customers from all market segments. In marketing, pricing is considered an integral component of product differentiation, as it serves as a mechanism through which vendors can distinguish their products or services from their competitors. Furthermore, there is significant price variation (Rahmadani & Ananda, 2018)

In the indicators that influence price, there are four measures that characterize a price, namely (Hendri, 2018)

1. Price affordability. Customers should be able to reach the prices set by the company. The product usually comes in several types within one brand, with varying prices from the cheapest to the most expensive
2. Price according to ability or price competitiveness. Customers often compare the prices of one product with another. In this context, whether a product is expensive or cheap is heavily considered by customers when deciding to purchase a product
3. Suitability of price with product quality. Price is often used as an indicator of quality for customers, who often choose the higher price between two items because they perceive it as a sign of better quality.
4. Differences in quality. The more expensive the price of a product, the better the quality is expected to be. 5. Suitability of price with benefits. Customers decide to purchase a product if the perceived benefits are greater than or equal to the cost incurred to obtain it. If customers feel that the benefits of the product are less than what they spent, they will consider the product expensive, and they will think twice about making repeat purchases (Arda & Andriany, 2019). This aligns with research conducted by (Nasution & Lesmana, 2018), (Harahab et al., 2021), (Felicia, 2020), and (Cahya et al., 2021), which indicates that, partially, the price variable affects consumers' purchasing decisions. H2: There is a partial impact of price on the purchasing decisions of MSME products.

The setting of selling prices plays a role in product sales, where its impact on sales is reflected in the achievement of planned sales targets. The amount of profit earned is influenced by the level of sales of an entity. Therefore, profit is an indicator of financial performance in determining whether a company will grow, expand, or close down. For MSMEs, sales results are crucial for business continuity. If sales results cannot cover costs, it will impact operational activities, making it difficult for the company (Simangunsong, 2022).

According to (Indrasari, 2020), the definition of price is the amount of money, possibly supplemented by some goods needed to obtain a combination of a product and the accompanying services. Price is the total value or money charged for a product or service in exchange for the benefits received by consumers. Price is an important factor influencing buyers' choices. It plays a significant role in providing value to consumers and impacts product image and consumer decisions through pricing strategies. Setting a price is also related to income and affects supply or marketing channels. The determined price must be consistent with the overall marketing strategy (Mashuri & Nurjannah, 2020).

Purchasing Decision

Purchasing decision is a series of processes that begin with consumers recognizing their problem, searching for information about specific products or brands, and evaluating how well each alternative can solve their problem, which then leads to the purchasing decision (Tjiptono, 2014:21). The purchasing decision is a stage in the buyer's decision-making process, where consumers actually buy the product. This involves consumers recognizing their problem, seeking information about specific products or brands, and evaluating how well each alternative can address their problem, which then leads to the purchasing decision (Pratiwi et al., 2021).

Purchasing decision is a process where consumers recognize their problem, search for information about specific products or brands, and evaluate how well each alternative can solve their problem, which then leads to the purchasing decision (Wattimena & Irmansyah, 2020).

The number and complexity of consumer activities in purchasing can vary. According to Howard, consumer purchases can be viewed as problem-solving activities, and there are three types of situations. These types of situations are: Routine response behavior, Limited problem-solving, and Extensive problem-solving. The process consumers go through to make purchasing decisions must be understood by company marketers to develop appropriate strategies. The consumer decision-making process in buying products cannot be regarded as the same. Purchasing toothpaste involves a different process compared to buying body soap or shampoo. Assael (2010:67) developed a typology of the consumer decision-making process, which includes: Levels of decision-making and Levels of involvement in purchasing (Buccieri & Park, 2022).

Research Methodology

This study uses qualitative analysis with a narrative descriptive method, where we use the dependent variable of price analysis and the independent variable of purchasing decisions. The sample for this research consists of actors from the MSME Jus A & R, where we conducted interviews to collect data. We also utilized existing data that will support our research this time.

This research is expected to yield findings that are useful for understanding the price analysis in relation to the characteristics of purchasing decisions. The findings of this study can be used to develop programs and policies that can assist MSME actors in determining prices that can influence purchasing decisions.

RESULTS AND DISCUSSION

Based on the results of interviews we conducted with MSME A&R, it can be described that price significantly influences sales levels because many consumers currently are indifferent to product cleanliness and quality; however, they pay a lot of attention to price when making purchases. This makes it very difficult for traders to align the prices of the products desired by consumers with the prices they should charge. As a result, many MSMEs focus on raw material costs to reduce their expenditures.

Based on the interview results, one of the things that MSME actors can do to lower prices and increase purchasing decisions is to diversify their products. By varying their products, MSME actors can still influence consumers' purchasing decisions. However, when MSME actors diversify their products, they need to conduct a risk analysis; thus, MSME actors must implement risk management to support business success. Below, we present a risk analysis for MSME Jus A&R using SWOT analysis.

No	Strenght(Kekuatan)
1.	Well-known brand: If A&R already has a loyal consumer base, this is a very valuable asset. A strong brand can enhance consumer trust..
2.	Unique flavor: If Jus A&R has a distinctive taste that is liked by consumers, this sets it apart from competitors
3.	Quality of raw materials: The use of fresh and high-quality raw materials will add value to the product and enhance the brand image.
4.	Availability: A wide distribution network will make it easier for consumers to obtain the product
5.	Product innovation: If A&R frequently launches new flavor variants or attractive packaging, this will capture consumer interest. .

No	Weaknesess(Kelemahan)
1.	Price: If the price of Jus A&R is too high compared to competitors, this could be a barrier for some consumers.

2.	Dependence on seasons: If the main raw materials for Jus A&R come from seasonal fruits, then production and product availability may be affected
3.	Portion size: Portion sizes that are too small or too large can be a problem for consumers.
4.	Packaging: Unattractive or impractical packaging can reduce the appeal of the product
No	Opportunities (Peluang)
1.	Healthy lifestyle trends: The increasing awareness of the public about the importance of healthy living opens up significant market opportunities for juice products.
2.	Market segmentation: A&R can target specific market segments, such as children, adults, or athletes, with customized products
3.	Collaboration: Partnering with other brands or influencers can enhance product visibility
4.	Product development: A&R can develop new products such as smoothies, detox juices, or juices with added nutrients

No	Ancaman(Threats)
1.	Competition: The juice market is highly competitive, with many new brands emerging with various innovations
2.	Changing consumer trends: Consumer tastes are continually evolving; A&R must always keep up with market trends
3.	Government regulations: Changes in food-related regulations can affect the production and marketing of products. .
4.	Rising raw material costs: Increases in raw material prices will impact production costs and the selling price of products

By conducting the above analysis, MSME actors can diversify their products, allowing them to offer product variations. Price emphasis will also continuously influence purchasing decisions because consumers are always attracted to new items. Below, we present product diversification that can be undertaken by MSME Jus A&R: 1. Flavor and Variant Expansion

1. **Unique flavor combinations:** Combining exotic fruits or vegetables with more familiar flavors. Example: Green apple juice with spinach and pineapple.
2. **Juices with added nutrients:** Incorporating superfoods such as chia seeds, flaxseeds, or spirulina to enhance nutritional value.
3. **Juices specifically for certain market segments:** Juices for children with sweeter flavors, juices for athletes with high protein content, or juices for diets with low calorie content.
4. **Seasonal juices:** Offering juices made from seasonal fruits to provide a different experience each time.

2. Derivative Products

1. **Smoothie:** Offering smoothies with a thicker texture and a wider variety of flavors
2. **Frozen Juice:** Juices packaged in frozen form for easier storage and consumption
3. **Juice Powder:** Instant juice powder that can be mixed with water to create fresh juice anytime.
4. **Fruit Jam:** Utilizing fruit pulp from the juice-making process to create fruit jams with unique flavors.

3. Health-Related Products

1. **Herbal Tea:** Offering herbal teas made from natural ingredients such as ginger, turmeric, and lemongrass.
2. **Healthy Snacks:** Making healthy snacks such as granola bars or biscuits made from natural ingredients
3. **Dietary Supplements:** Developing dietary supplements in the form of capsules or powders that contain fruit extracts

4. Plant-Based Products

1. **Alternative Milk:** Making plant-based alternative milk such as almond milk, oat milk, or soy milk.
2. **Yogurt plant-based:** Yogurt made from plant-based ingredients such as coconut or soybeans.
3. **Plant-Based Meat:** Creating plant-based meat products such as burgers or nuggets made from plant protein.

5. Collaboration with Other Brands

1. **Collaboration with Food Brands:** Creating co-branded products such as yogurt with fruit flavors or cereals with added fruits.
2. **Collaboration with Fashion Brands:** Creating merchandise such as shopping bags or water bottles with attractive designs.

By conducting analysis and product diversification, the products offered by the A&R juice MSME will run smoothly and meet sales targets.

Conclusion

In influencing purchasing decisions, MSME actors must pay attention to price, as it is the most important factor affecting consumers when making purchases. When MSMEs want to meet market targets, they need to diversify their products by varying their offerings.

When diversifying products, MSMEs need to conduct risk analysis, which enables them to control prices, diversify their products, and influence purchasing decisions through innovative product offerings.

Recommendations: To the A&R MSME actors, before starting a business, it is essential to conduct a risk analysis and diversify products, provide friendly and satisfactory service to every customer, respond to complaints, and resolve any issues faced by customers. Building good relationships with customers will help convert them into loyal patrons. Additionally, creating accounts on various social media platforms such as Instagram, Facebook, TikTok, and YouTube is advisable. Regularly post engaging and relevant content related to your products or services.

Daftar Pustaka

- Bucciari, D., & Park, J. E. (2022). Entrepreneurial marketing and reconfiguration towards post-entry performance: Moderating effects of market dynamism and entry mode. *Journal of Business Research*, 148, 89–100.
- Citradewi, J., Siska, E., & Indra, N. (2023). Pengaruh Kualitas Produk dan Harga Terhadap Keputusan Pembelian Pada Produk UMKM Dekranasda Kota Depok. *CiDEA Journal*, 2(1), 104–116.
- Mashuri, M., & Nurjannah, D. (2020). Analisis SWOT Sebagai Strategi Meningkatkan Daya Saing. *JPS (Jurnal Perbankan Syariah)*, 1(1), 97–112.
- Pratiwi, A., Junaedi, D., & Prasetyo, A. (2021). Pengaruh Harga terhadap Keputusan Pembelian Konsumen: *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, 2(2), 150–160.
- Rahmadani, R., & Ananda, F. (2018). Analisis Pengaruh Harga terhadap Keputusan Pembelian di Online Shop Tokopedia.
- Simangunsong, B. Y. P. (2022). Peluang dan Tantangan Usaha Mikro Kecil dan Menengah (UMKM): Systematic Literature Review.
- Susilowati, I. H., & Utari, S. C. (2022). Pengaruh Harga Terhadap Keputusan Pembelian Di Apotik MAMA Kota Depok. *Jurnal Ecodemica Jurnal Ekonomi*

Manajemen Dan Bisnis,

Wattimena, K. T., & Irmansyah, I. (2020). Kesalahan Penetapan Harga oleh Usaha Mikro Kecil Menengah yang Menyebabkan Kesulitan Likuiditas. *Jurnal Pendidikan Akuntansi & Keuangan,*

