

# The Influence of E-Commerce, Product Prices and Product Design on Purchasing Decisions in Souvenir Shop Tauko Medan

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**Abstract:** *Purchasing decisions made by consumers in Tauko Medan have decreased, this can be seen in the number of sales in Tauko Medan. The purpose of this study was to determine and analyze the influence of e-commerce, product prices and product design on purchasing decisions in Tauko Medan. Data collection in this study was carried out through a survey approach by distributing questionnaires. The population of this research were 399 people of Tauko Medan customers who had made online purchases. The number of research samples were 80 people. The method of data analysis used descriptive analysis and statistical analysis of multiple linear regression. Research results showed that simultaneously e-commerce, product prices and product design have a positive and significant effect on purchasing decisions in Tauko Medan. Partially e-commerce has a positive and significant effect on purchasing decisions in Tauko Medan. Likewise, the price of products partially had a positive and significant effect on purchasing decisions in Tauko Medan. Partially product design had a positive and significant effect on purchasing decisions in Tauko Medan. Of the three variables e-commerce was dominant in influencing purchasing decisions in Tauko Medan.*

**Keywords:** *e-commerce; product price; product design; purchasing decision*

## I. Introduction

Along with the entry of the 4.0 era as a change in the way of work that focuses on data management and industrial work systems through technological advances and communications, the use of the internet is no stranger to marketing a product or service. An attempt to marketing a product or service using internet media can be called e-marketing. E-marketing is the marketing side of e-commerce, which consists of the work of companies to communicate things, promote, and sell goods and services via the internet.

According to Turban (2012) e-commerce includes transactions buying, selling, transferring, or exchanging products, services or information through computer networks, including the internet. E-commerce can be done by anyone with a business partner, without being limited by space and time.

One area of business that often uses social media as a promotional place and offers its products is the fashion business. Fashion is about clothing or clothing and is very close to us. Fashion is not only about clothing, but also the role and meaning of clothing in social action. In other words, fashion can be metaphorically as a social skin in which it carries the message and lifestyle of a particular community or even a part of social life. This is what triggers a group of young people of Medan to open a shop called Tauko Medan as a form of expression of the true identity of the people of Medan that is shown on a regional identity shirt.

As the originator of the fashion trend of regional T-shirts in Medan, at the beginning of its appearance, Tauko Medan gained fantastic profits. But over time, more and more similar business competitors have emerged and have more varied products such as the Kaos Medan Bah, Punya Medan, and so on. Medan Tauko has experienced a decline in product sales. This can be seen in recent months there has been a decrease in sales volume at the Souvenir Shop Tauko Medan store.

Tauko Medan markets its products using e-commerce through Facebook, Twitter and Instagram social media. However, customers consider that the products offered by Tauko Medan through their official accounts on Facebook, Twitter and Instagram are no longer in line with customer expectations. The item catalog displayed in the Tauko Medan social media account rarely displays the latest products.

The relationship of e-commerce with purchasing decisions as according to Ardyanto (2015) who found that e-commerce relationship has a significant effect on purchasing decisions. Likewise, according to Militina (2014) who found that e-commerce has a positive relationship with purchasing decisions.

Some Tauko Medan customers also complained about the price offered by Tauko Medan, which is currently considered less affordable and the price is still far more expensive than products offered by other similar competing businesses such as Kaos Medan Bah, Punya Medan and so on. The price that the customer must pay is not comparable with the benefits received, where the customer's expectation is to buy it online and will get a much cheaper price compared to buying it offline.

Product price is one of the factors that influence consumers in making decisions to buy a product (Asshiddieqi, 2012). Price is the amount of money needed to exchange products or services that must be spent by consumers. Price is a very influential factor in consumer purchasing decisions because price is always associated with quality and value or benefits to be received by consumers. This is supported by the expression of Daryanto (2013) which states that the price is the amount of money distributed on a product that is exchanged by consumers to benefit from owning or using the product.

In addition to prices that affect purchasing decisions at Tauko Medan, attractive product designs will also influence customer purchasing decisions. Design selection is an important thing to do for companies, especially a regional clothing store. The right design will encourage sales which can make a company superior to other competitors and is a top priority that is made the basic reference in determining consumer purchasing decisions.

The relationship between product design and purchasing decisions is explained by Rachman (2014) who found that product design has an influence on purchasing decisions. Likewise Oktaviani (2015) found that simultaneous product design influences the purchasing decision process. But in contrast to Fransiska (2018) who found the results that product design had no significant effect on product purchasing decisions. Also with Taofik (2015) who found research results that design has no effect on product purchasing decisions.

The customer stated that the design offered by Tauko Medan was too simple and that there were a number of T-shirt products that used the Medan language which was a little coarser to pronounce, as well as the monotonous color selection. There are no other color variations that are only dominated by black and dark colors.

## II. Research Methods

This type of research was associative in the form of causal relationships, namely the relationship between two or more variables that are causal. This research was made using quantitative descriptive methods. The sampling technique uses the Slovin formula by distributing questionnaires to 80 respondents online via Google Docs. The measurement scale used is ordinal with a Likert scale. The analysis techniques used in this research are descriptive analysis, validity and reliability test, classic assumption test, multiple linear regression analysis,

and hypothesis testing using the F-test and t-test, and the coefficient of determination of R-Square.

**Table 1.** Operationalization of Variables

Variabel	Definition	Indicator	Scale of Measurement
<i>E-commerce</i> (X <sub>1</sub> )	A process of buying and selling activities carried out through internet media in Tauko Medan	1. Easiness	Likert
		2. Efficient	Likert
		3. Security	Likert
		4. Trust	Likert
		5. Communication network	Likert
		6. <i>Social Media Accounts</i>	Likert
Product Prices (X <sub>2</sub> )	A value exchanged to get benefits or use Tauko Medan products	1. Affordability of Prices	Likert
		2. Price Match	Likert
		3. Discounts	Likert
		4. Price Comparison	
		5. Price Variation	Likert
		6. Easy Payment Method	Likert
Product Design (X <sub>3</sub> )	The totality of features that affect the appearance of product functions in terms of customer needs based on the appearance of the product on social media Tauko Medan	1. The suitability of the original writing design with display on social media	Likert
		2. The original color matches the appearance on social media	Likert
		3. Size Match	Likert
		4. Screen printing resistance to design	Likert

### III. Research Result

The population in this study were all customer customers in Tauko Medan. The number of samples used 80 people taken using the Slovin formula.

#### 3.1. Measuring Instrument Test Results

Testing the validity of the instrument (e-commerce variable totaling 12 statement items, product prices totaling 10 statements, product design totaling 8 statements, and purchasing decisions totaling 11 statements) through the Case Processing Summary test showing all items valid, indicated by the absence of missing values, so the validity level of the data is 100%. Reliability test results regarding e-commerce variables (X<sub>1</sub>), product prices (X<sub>2</sub>), product design (X<sub>3</sub>), and purchasing decisions (Y), show a reliable value because the value of Cronbach's Alpha > 0.60.

### 3.2. Classical Assumption Test Results

Based on the results of the classical assumption test it can be concluded that the regression model in this study is free from normal distribution and residual problems.

### 3.3 Multiple Linear Regression Test Results

**Tabel 2. Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-,933	1,634		-,571	,570
E-Commerce	,348	,130	,352	2,669	,009
1 Product Price	,309	,151	,274	2,047	,044
Product Design	,508	,168	,345	3,020	,003

Multiple linear regression analysis aims to determine the effect of e-commerce, product prices and product design on purchasing decisions. Based on these results the regression equation is:

- Constants ( $\alpha$ ) = -0,933, this means that if the e-commerce variable, product prices and product design value = 0, the purchasing decision will increase by -0.933.
- Coefficient  $\beta_1$  ( $X_1$ ) = 0.348 means that the e-commerce variable has a positive influence on purchasing decisions in Tauko Medan if e-commerce increases, assuming other factors remain, it will increase purchasing decisions in Tauko Medan.
- Coefficient  $\beta_2$  ( $X_2$ ) = 0.309 means that the product price variable has a positive influence on purchasing decisions in Tauko Medan if the price of the product increases, assuming other factors remain, it will increase purchasing decisions in Tauko Medan.
- Coefficient  $\beta_3$  ( $X_3$ ) = 0.508 means that the product design variable has a positive influence on purchasing decisions in Tauko Medan if the product design increases, assuming other factors remain, it will increase purchasing decisions in Tauko Medan.

### 3.4 F-Test

**Tabel 3. ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7304,977	3	2434,992	252,499	,000 <sup>b</sup>
Residual	732,910	76	9,644		
Total	8037,887	79			

Based on Table 3 can be seen the results of the F-Test simultaneously, obtained  $F_{count} = 252.499$  with a significant level of 0,000. While  $F_{table} = 2.72$ .  $F_{count} > F_{table}$  ( $252,499 > 2.72$ ) and significant level ( $0,000 < 0.05$ ) with the hypothesis  $H_0$  rejected  $H_a$  accepted. So it can be concluded that e-commerce, product prices and product design together have a positive and significant effect on purchasing decisions in Tauko Medan.

### 3.5 t-Test

**Tabel 4. Coefficients<sup>a</sup>**

Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B	Std. Error	Beta		
-,933	1,634		-,571	,570
,348	,130	,352	2,669	,009
,309	,151	,274	2,047	,044
,508	,168	,345	3,020	,003

Based on Table 4 it can be seen that:

- The e-commerce variable has a positive and significant effect on purchasing decisions. This can be seen from the significant value of  $0.009 < \alpha = 0.05$  which means that if the e-commerce variable increases, the purchasing decision will also increase.
- Product price variables have a positive and significant effect on purchasing decisions. This can be seen from the significant value of  $0.044 < \alpha = 0.05$  which means that if the product price variable increases, the purchasing decision will also increase.
- Product design variables have a positive and significant effect on purchasing decisions. This can be seen from the significant value of  $0.003 < \alpha = 0.05$  which means that if the product design variable increases, the purchasing decision will also increase.
- Beta value on standardized coefficient is a guide to see which type of variable is the most dominant. Beta value of e-commerce is 0.352, product price is 0.274 and product design is 0.345. It can be concluded that the highest value is owned by the e-commerce variable of 0.352. This shows the dominant e-commerce variable in influencing purchase decisions.

### 3.6. Coefficient of Determination (R-square)

**Tabel 5. Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,953 <sup>a</sup>	,909	,905	3,105	2,307

Based on Table 5 can be interpreted as follows:

- R value of 0.953, means the relationship between e-commerce, product prices and product design to the purchase decision of 95.3% means that the relationship is very close.
- Adjusted R-Square of 0.905, which means that 90.5% of the purchase decision variable can be explained by e-commerce variables, product prices and product design, while the remaining 9% can be explained by other variables.
- The calculation results show an R Square value of 0.909 which means close to 1, it shows that e-commerce, product prices and product design together provide an influence on purchasing decisions with a large influence of 90.9%. While the remaining 9.1% influence on other variables.
- Standard Error of Estimated means to measure the variation of the predicted value. In this study the standard deviation of 2.307. The smaller the standard deviation means the better the model.

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## IV. Conclusion

1. Based on the results of the F-Test simultaneously, it can be seen that e-commerce, product prices and product designs have a positive and significant effect on purchasing decisions in Tauko Medan. Based on the Beta value on the standardized coefficient indicates that e-commerce variables are dominant in influencing purchase decisions in Tauko Medan
2. Based on the partial t-test results, it can be seen that e-commerce has a positive and significant effect on purchasing decisions in Tauko Medan. The biggest indicator is official social media, which Tauko Medan has official social media accounts on Facebook, Twitter and Instagram making it easier for customers to find product information. While the lowest indicator is trust. There are still many customers who feel safer to make product purchase transactions in Tauko Medan by coming directly to the store.
3. Based on the partial t-test results, it can be seen that the price of the product has a positive and significant effect on purchasing decisions in Tauko Medan. With the biggest indicator is the suitability of the price, which is the price of the product in Tauko Medan in accordance with the benefits received by the customer. While the low indicator is the price level, where customers always compare prices between other competitors' online shops before making a purchase at Tauko Medan.
4. Based on the partial t-test results, it can be seen that the product design has a positive and significant effect on purchasing decisions in Tauko Medan. With the biggest indicator being size conformity, Tauko medan offers product sizes that vary from children to adults. While the lowest indicator is the durability of design screen printing, namely screen printing on the product design in Tauko Medan lasting for 6-12 months.

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