ANALYSIS OF PURCHASE DECISION MAKING AND CONSUMER SATISFACTION ON SME PRODUCTS

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Abstract: *This study has a goalto analyze the process of purchasing decision making, and consumer satisfaction level on SMEs products in the differentincome levels (lower, middle, and upperincome levels). For the sampling, it used Convenience Sampling Method. The analytical tool used in this research is descriptive analysis, Important & Performance Analysis (IPA) and Customer Satisfaction Index (CSI). The data collected from questionnaire descriptively to explain therespondents characteristics and the decision making process on all threeincome levels. The differences are related toeducation and household income levels, the initial consideration of the purchase of SME products, and the affordability to purchase the product. The result showedthat total satisfaction on all threeincome levels are at the range of "satisfied" level. The higher theincome levels, the satisfaction with the SMEs products are also higher because of the cheap price of the products. For the product performance, theupper level consumer has higher preference and satisfaction. Middle-income levelconsumers considered thatthe durability ofproducts and uniformity of shape as important to them. Forlow-income levelconsumers, the productattributes andperformance which they suggested to be improved areprice, easiness of use, and products affordabilityat near locations around them.*

***Keywords:** decision processes, customer satisfaction, income levels, performance, customer*

1. BACKGROUND

SME products are commodities that are typically sold in traditional markets or a densely populated neighborhood. Withthe increased number of SMEs and their diverse types of products, theybecome more important in the economic development of Indonesia (Tambunan, 2005). SME products are also very important regarding the number of producers and consumers in Indonesia (Berry, 2001; Tambunan, 2005). In terms of manufacturers, the households industry of SME products in Indonesia has involved 2.5 million populations. In terms of consumers, more than 90 percent of Indonesia's population has consumedthe productsas finished goods which reaching 30 percent of the total expenditures of national households population (McMichael, 2011). It showedthe SMEs positionis very strategic as a pillar of economic growth in Indonesia (Soetrisno, 2009).

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Most of theSMEs productsare used for daily activities. Theyhaverange from food products to home furnishings. Charter, (2001) and Lim, (2010) studied thatthe pattern of consumption of Indonesian society on SME products cannot be changed drastically since it relates to the cultural community that has been so attached long time.

The Indonesian community hashighconsumption per capitaaccompanied byincreasedpopulation thatbringshigh national consumption on SME products (Charter, 2001; Tambunan, 2008; Akenji, 2011).Given the importance of SME products for the Indonesian people, it is important to know how SMEs can meet the needs and desires of consumers and their satisfaction on the products (Sharma, *et al.*, 2005).

There is type of customers which considered important by producers (Bandi, 2008). SME products have been consumed by the individuals, households, and business services (Tukker, 2008; Bandi, 2008). In addition, they are alsocomprised of diverseincome levels, both in terms of employment, income level, wealth, and other variables (Mont, 2006). The differences in income level are also an indicator of their wealth (Diener, 1997; Diener, 1993). This causes the differences in consumer behavior in consuming the productsin differentincome levels (De Mooij, 2002). However, it is not clear on whatpattern of demand for SME products, including the demand for the productsasfinished goods or unfinished goods (Dunne, 2004). Diener, (1997) argued that the higher household income levelleads to increased demands on quality. On the other hand, the demographic changes such as education level, urbanization rate, and women labor participation also impact on consumer preferences. This is also supported by (Zeithaml, 1990) which reported that the progress of transportation and communication today also affect the consumers to be more emphasis on balancing quality, availability, and ease of use. While the increase in female labor force participation, especially in particular urban areas can encourage consumers to choose the SME products which packaged attractively in such a way that they feel comfortable to shop, more proud to use and easiness to buy in location near them. Clothing product is one of the examples. It has been a long trend that fashion mode of traditional clothing is also the attractive products among Indonesian community which tend to choose local and traditional clothing for ceremonial and casual clothing (Jones, 2005).

Batik is Indonesia's cultural heritagefor clothing especially for Indonesian community which spread in many regions in Indonesia (Antons, 2009). Almost every region in Indonesia has its own art and batik color and type. No exception Semarang City which has the hallmark of batik Semarangan. The problem faced by SMEs, namely the existence of Batik Semaranganwas less known by the public because of constraints on marketing and human resources are limited.

Tambunnan, (2007) reported that the problems facing SMEs in the field of small craft industry, particularly SMEs which producing the Batik Semarangan i.e. marketing problems and lack of training.In addition, the lack of human resource training and SMEs empowerment have caused Batik Semarangan is not well developed (Suryani, 2015). This cause the product is less desirable by the audiencelack of customer awareness among wider community.Almost every region in Indonesia has cultural art and batiktype especially with the model of flora and fauna, tamarind charcoal andfish figuration.According to Rothwell (1991) thatfashion SMEs must balance betweeninternal and external efforts to improve their product acceptance in market. Internalside is characterized by the competence of human resources of their employers to improve business management (Bratton, 2012). The most important aspect ofexternal side is thesupport ofhealthy business climate, implementation of the partnership in a balanced and mutually beneficial, access to business network and trading information continuously, as well as increasingrole of supporting institutions, both associations, government, banking, training center and other institutions (Grossman, 2008).

As demographic changes such as level of education, level of urbanization, and the labor force, the product also facesa challenge toincreasethe quantity, preferences and satisfaction (Edmonston, 1997). This is really matter for the change in the household income levels which impact onconsumer preferences (Diener, 1993). Consumers have more emphasized on balancing quality, availability, and ease of use. To providethe productsin accordance with the expectations of consumers, the first step that must be considered by manufacturer is to identify the consumer behavior. The knowledge has main function to direct the customer intoevery decision that can lead them intosatisfaction.

2. RESEARCH PURPOSES

The purpose of this paper is to: (1) analyze the characteristics of consumers of Batik clothing, (2) analyze the decision making process by the consumer in the batik purchase, (3) analyze the consumer preference for batik clothing associated with the batik attributes, (4) analyze customer satisfaction with the batik attributes.

2.1. Consumer preferences

Consumer preferences defined as an option to like certain product or service and consume it (Cova, 1997). According to Preference theory Salem (2004) consumer satisfaction impacted with the limited resources that customer considersthe products have higher use, value or utilityfor the utility to fulfill certain needs.

Consumer behavior is an important thing to be considered by SMEsin order to give satisfaction to the consumer (Yau, 1988). Studying consumer behavior is to

study how consumers make decisions using their resources (time, money, and effort) to obtain the products and services they want (Koufaris, 2001). Meanwhile, according to Matzler (2002) SMEs must consider that their product attribute can impact on the customer satisfaction. Elliott, (1994) studied that product attributes are quality, appearance, style selection, brands, packaging, and product type. Meanwhile, according to Zeithaml (1988), product attributes consisted of quality, characteristics and model or type of the products.According to Jyoti (2010) there are four levels of marketing channels for consumer goods, namely: (1) the channel level zero (direct marketing channel), (2) line one level contains intermediary sellers such as retailers, (3) line two level contains two intermediaries, generally the contractor wholesalers, and retailers.

Customer satisfaction has been main Importantin many marketing and business studies. Flavián (2006) defines as expectations, good feelings and pleasure as the main driver of satisfaction. The customer satisfaction is a function of product performance (Matzler, 2002). If the performance was below expectations, then the consumer will be satisfied. Conversely, if the performance meets over the minimum expectations, then the consumer will be satisfied (Elliott, 1994; Matzler, 2002; Flavián, 2006). Matzler (2002) revealed that satisfaction is the result of post-consumption evaluation, that something been exceeded of the minimum expectations.

Other study defined customer satisfaction as a measure of corporate performance according to customer requirements.However, the size of customer satisfaction is still questioned asa measure of the quality of service. This is because customers expressed their views on the service by providing ratings on some aspects of the service, not by ad hoc experimental sample survey. Therefore, it is difficult to know exactly what customer wantswithout proper "customer satisfaction survey." A more direct measure for the evaluation of the quality of service is to use an index or so-called Customer Satisfaction Index (CSI). Hsu (2008) CSI is a measure of the quality of service as perceived byconsumers ona service or productswhich expressed in terms of importance, expectations and satisfaction gained by customers.

Customer Satisfaction Index is used to determine the level of overall customer satisfaction with an approach to measurethe importance of service quality attributes. CSI score of each dimension and service quality attributes can help the business owner to measure their performance of services and products (Hsu, 2008).

3. RESEARCH METHODS

3.1. Research site and time

The study was conducted inWest Java province. The location determination is done intentionally (purposive sampling method) considering that the West Java

province is one of the production centers in Indonesian SME products with the background of differentstatus. The study was conducted in February-March, 2016.

3.2. Types and Sources of Data

It collectedprimary and secondary data especially from questionnaires (closed and open questions) and internet search.In this study, the respondents income levels is grouped into upper, middle, and bottom levels. Layer sample was made based on criteriaof prosperous families from National Statistics Agency (BPS). Determination of the number of samples was determined using Slovin'sFormula as below.

$$n = \frac{N}{1 + Ne^2} = \frac{16.360}{1 + 16.360(0.1)^2} = 99.39 \Leftrightarrow 100$$

There are totaling 100 respondents where 33 respondentscome from lower income levels, 33 middle income levels, and 34upper level.

Table 1
Characteristics of Respondents

Characteristics of Respondents	Respondents by Income levels			
	Lower	*Middle*	*Upper*	*Total*
Age:				
➢ 20 - 29	2	8	1	11
➢ 30 - 39	11	3	6	20
➢ 40 - 49	9	11	6	26
➢ 50 - 59	8	5	11	24
➢ 60 - 69	2	4	9	15
➢ 70 - 79	1	2	1	4
Gender:				
➢ Women	32	31	34	97
➢ Men	1	2	0	3
Tribes				
➢ Jawa	14	18	20	52
➢ Madura	19	8	6	33
➢ Sunda	0	0	4	4
➢ Padang	0	2	1	3
➢ Batak	0	2	0	2
➢ Maluku	0	1	0	1
➢ Palembang	0	0	1	1
➢ Makasar	0	1	0	1
➢ Citizen Descendants	0	1	2	3

Characteristics of	Respondents by Income levels			
Respondents	Lower	Middle	Upper	Total
Marital status				
➤ married (couple)	29	32	34	95
➤ unmarried	2	0	0	2
➤ Other (divorce / spouse died)	2	1	0	3
Education				
➤ uncompleted primary school	6	1	0	7
➤ primary school	14	1	0	15
➤ Junior school	6	3	0	9
➤ High School	6	12	13	31
➤ Academy	1	7	0	8
➤ S1	0	9	17	26
➤ S2	0	0	1	1
➤ S3	0	1	2	3
pair job				
➤ Servant	2	11	9	22
➤ Private Employees	2	4	7	13
➤ Self Employed	16	12	12	40
➤ Retired	0	5	6	11
➤ driver	2	0	0	2
➤ pedicab drivers	1	0	0	1
➤ Workers building	6	0	0	6
➤ unemployed (including divorce and death)	2	1	0	3
➤ No partner (single)	2	0	0	2
Average family income level (Rp)				
➤ < 500.000	19	0	0	19
➤ 500.000 – < 1.500.000	14	3	0	17
➤ 1.500.000 – < 2.500.000	0	15	0	15
➤ 2.500.000 – < 3.500.000	0	11	11	22
➤ 3.500.000 - < 4.500.000	0	4	10	14
➤ > 4.500.000	0	0	13	13

3.3. Data Analysis Method

3.3.1. Descriptive analysis

Descriptive analysisgenerates the data output todescriptive explanation for analyzing and presenting the facts in a systematic way so that it can be easily understood and inferred by readers. In this study, descriptive analysis was used to answer the research objectives related to the purchase decision process.

3.3.2. Customer Satisfaction Index (CSI)

Customer Satisfaction Index is used to determine the level of overall customer satisfaction with an approach that consideredimportance aboutservice quality attributes in this study.

Table 2
Batik attributes Importance

No	Batik attributes	Top Considerations Respondents Purchasing rate by Income levels							
		Lower income levels		Middle income levels		Upper Income levels		Total	
		Total value	%	Total value	%	Total value	%	Total value	%
1	Product Quality	86	1.81	94	1.71	120	1.82	300	5.34
2	Product Model	189	3.98	114	2.07	130	1.97	433	7.71
3	Product Design	100	2.11	91	1.65	298	4.53	489	8.7
4	Packaging	150	3.16	175	3.18	286	4.35	611	10.1
5	Product Warranty	196	4.13	149	2.71	186	2.83	531	9.5
6	Product price	249	5.24	263	4.78	180	2.74	692	12.3
7	Points of sale	180	3.79	241	4.38	258	3.92	679	12.1
8	cultural traditions	70	1.47	151	2.75	216	3.28	437	7.77
9	ceremony/celebration	178	3.75	216	3.93	234	3.56	628	11.18
10	Uniform batik	169	3.56	321	5.84	328	4.98	818	14.56
	Total	1567	33	1815	33	2236	34	5618	100

3.3.3. Important & Performance Analysis

Important & Performance Analysis is an easy application technique to measure the level of Importantand the level of performance for the development of an effective marketing program. This analysis aims to answer the formulation problems related to consumer preferences towards product attributes.Based on the calculation of respondents answer about Customer Satisfaction Index (CSI) on Table 31, their totalsatisfaction influencedby the attributes of batikamounted to 70.03 percent. The rest have are caused by otherattributes not studied in this study.

Itis required to view the position ofSME products attributesobtained by the score of the product importance and performancefromthe respondents. Theoretically, consumers who purchase the productshave a level of Importantand performance assessment of the different product attributesamong thecustomers segments. From the analysis result, it can be estimated about what efforts should be implemented based on the four quadrants inIPA diagram. The IPA Matrix for all customer segments isgivenin Fig. 1 and Fig. 2.

Table 3
Batik attributes Importance

No	Attributes	Yi	WF	Xi	WS
1	Product Quality	4.19	0.063697	3.88	0.247145
2	Product Model	3.78	0.057464	3.49	0.200550
3	Product Design	4.02	0.061113	3.69	0.225506
4	Packaging	4.36	0.066282	3.65	0.241928
5	Product Warranty	3.69	0.056096	3.53	0.198019
6	Product price	3.56	0.054120	3.40	0.184007
7	seller location	2.96	0.044998	3.48	0.156595
8	cultural traditions	3.72	0.056552	3.34	0.188884
9	ceremony / celebration	2.83	0.043022	3.38	0.145415
10	Product uniform	2.45	0.037245	3.36	0.125144
11	Product brand	2.21	0.033597	3.10	0.104150
12	Advertising	3.82	0.058072	3.01	0.174798
13	seller Location	3.76	0.057160	3.81	0.217780
14	diversity of products	3.10	0.047127	3.52	0.165886
15	diversity of products	3.31	0.050319	3.49	0.175614
16	Convenience of purchase place	3.28	0.049863	3.32	0.165546
17	Information by traders	3.43	0.052144	3.56	0.185631
18	Services at the place of purchase	3.34	0.050775	3.24	0.164512
19	Easiness of product reach	3.97	0.060353	3.88	0.234168
	Total	65.78	1	66.13	3.501280

CSI = (3.501280/5) x 100% = **70.03**%

To determine the attributes that are considered important and its performance, the questionnaire results were analyzed with Important & Performance Analysis (IPA) index to measures the level of Importantand performance of batikattributesas shown in Fig. 1.

4. RESULTS AND DISCUSSION

The age of respondents ranged between 20-79 years. Most respondents aged 40-49 years. This is a mature age in making decisions about the SMEs products purchase. Javanese and Sundaneseare two main tribes that dominatethe respondents (52 percent).

Most respondents' education background arehigh school level (31 percent) in the middle income levels, S1 (26 percent) in the upper income levels, and elementary school (15 percent) in the lower income levels. The higher theincome level, the higher the education. The level of education makes the respondents were more sensitive to the product information in the purchase decision.
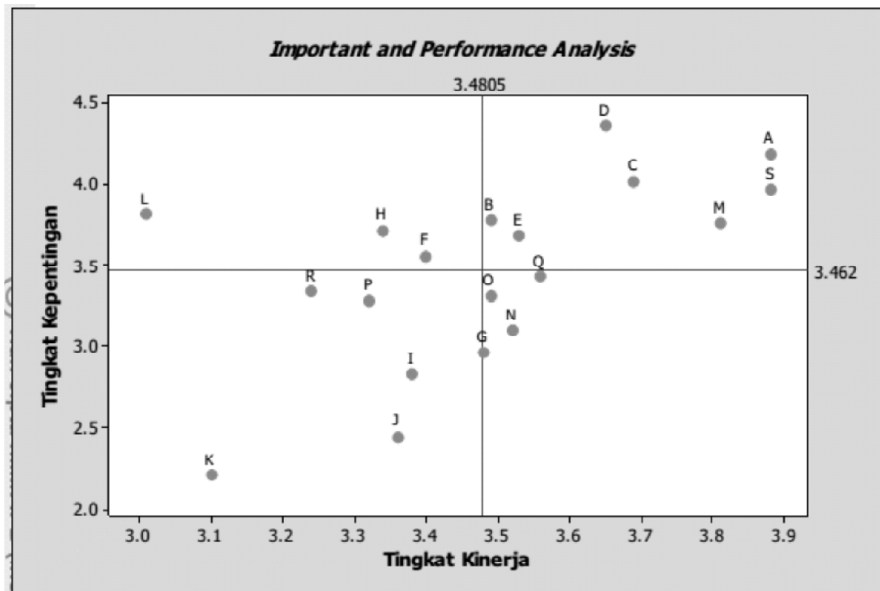
Figure 1: Important & Performance Analysis

Most respondents are housewives (40 percent). Reasons to have status ashousewife but not career women for the customer from lower income levels is the lack of education, so that there is no alternative for them to gain more income level.In contrast to the top-income levels respondents, the reasons of upper income levels respondents were housewife in the family that has enough income level as housewife status.

The income levelwhich calculated in this study is the average income level offamily per month. It is a total income levelof all family members who worked and used for family expenses. Lower-income levels family income level per month at most ranges below Rp.1 million, the middle income levels are most numerous in the range of Rp.2.5 million to Rp.5 Million. While the upper income levels families>Rp. 5 Million per month.It found that thehigherfamily income level, it also followed by the higherprosperous level of the respondents. This difference affects their flexibility to buy the SMEs productsand the choice of the productstype.

4.1. Purchase Decision Process

The respondents considered their selvesin thepurchase decision processconsisted of five stages, namely the introduction of needs, information search, and evaluation of alternatives, purchase and post-purchase.

4.2. Introduction of Needs

The decision to buy a product begins when consumers recognize the need for such products. They considered thatgenerally they are motivated by two benefits, namely utilitarian and hedonist perspectives. Most respondents (3 income levels)have been consumed the SMEs products with regard utilitarian benefits, i.e. as finished goods to meet the needs of pride and proud (58 percent). The frequency of the batik consumed in a day was three times than the totalincome levels. It showed thatthe average consumption of Indonesian society for batik products is still high. However, the higher theincome levels, the average consumption per capita has declined.

4.3. Search Information

For the search information, almost the buyer of batik clothing comes from middle income level. This is known from their response about their purchasedecision.They remembered that the product information was gained from oral trusted source of information than advertising. Although most information obtained from their relation, not from seller, but the most credible information is from their personal experience, relations and third party recommendation. Respondents tend to be more confident on the personal experience that they have routine activities and trusted information.

Types of SME products most frequently mentioned by respondents arebatik for work and formal situation cloth. This is especially true for the respondents with upper income levels background. This is because the type of the product is already well known and used in the workplace. Differentincome levels provide a real difference inproduct consumption. Customer with upperincome levels has better information about the products than middle or lowerincome levels.This is becausethe lower income levels typically purchaseSME products retailed without specifying thename of the brand or type.

4.4. Evaluationof product alternatives

Reliability aspect is the most important variable in the consumer consideration in their purchase activities. Some respondents have Javanese background who likes fluffier batik. However, from the analysis result by income levels, the most reliable result comes from second rank in each income levels. This gives information thatreliability is a very important attribute for some respondents, but notdominant in every income levels.

For the lower income levels, the most important attributes thing is the batik price which suitable with theirincome levelrange. For the middle and upper income

levels, the most important variable is the appearance of the batik and design type. This is because the level of income leveland education levelsis higher than the lower income levels, so that the middle income levels and upper income levels requires a better quality including the physicalappearance of the product (Uses low percentage).

Product Purchases

Based on the study results, almost all respondents (97 percent) claim to purchase the batikin the country. The reason is the easiness of getting batik productsin the country. There are three percent of respondents who consume the imported batikproductsfor upperincome levels since theirpurchasing power is higher. In addition, most respondents from upperincome levels have been supported by knowledge, information, lifestyle, and higherrelations that enable respondents to be aware of thehigher price. They considerforeign imported products havebetter quality than local product especiallyof the products appearance. However, since batik cloth has related with the cultural nuance, then, it only has little effect for them.

Generally, respondents purchase the batik product by a plannedbehavior, either fully or half planned. In addition, the product needs of community asa basic requirementas very important, so that respondents will spare a part of their income levelto buy the products.

Most respondents (especially the lower income level) who were asked about the type of SME products they consume do not know the answer or brand name. However, the higher theincome levels, the more influence of the brand in the purchase of SME products. This is because higher education is correlated with better knowledge and upper lifestyle which causesthem to considerpackagingas important attribute.

Thepurchase frequency varies betweenincome levels.High income levels have a frequency of purchase slightly, but in large numbers. For the lower income levels, mostly they buy SME products every 2-6 each year. This is because the lower incomehas limited income increase.Asincome levelsincreased, a stable income leveland practical reasons can encouragethem to buy the better productsSMEs with higherfrequency in large quantities.

Satisfaction analysis

Customer Satisfaction Index (CSI) is an analytical tool that can show the level of satisfaction of respondents to the attributes of SMEs product which have been determined in this study. CSI calculation results can be seen in Table 2. Table 2

showedthat CSI for the threeincome levels ranged from 70.03 percent. CSI scores on all threeincome levelsless than 100 percent indicates the product attributes areunsatisfactory for upper, middle, or bottomincome levels consumers. To find out what attributes are unsatisfactory, then the data were analyzed with analysis of the level of Important& performance attributes (IPA). The results will be included in the IPA diagram (Cartesian diagram) which determines the position of each attribute based on the level of Importantandperformance.

IPA matrix result

The analysis result of IPA gives information about the position of 19 attributes of SME products evaluated by the score of importance and performance level from 100 respondents. Theoretically, consumers who consume the SMEs productswillhave a level ofassessmentscore among the respondents of lower, middle, and upperincome levels. From this result, it can be focused the efforts to be implemented by SMEs based on the four quadrants in the IPA matrix. The IPA matrix for the thirdincome levels is given in Fig. 2 and Fig. 1.

In addition, the IPA matrix also gives information about the purchase decision processfrom the consumer perspective. There are dissatisfaction among upperincome levels which largely influenced by the performance of twoattributes of the products. This is reasonable since the attributes areconsidered essential for high-end customers, but its performance is not satisfactory. Furthermore, the easiness of getting theproducts also becomes their attractor in purchasing the product.

The consumer dissatisfaction is also analyzed in this study. The middle income level customerhas not been satisfied optimally by product attributes after the purchase. Based on the analysis results of the purchase decision process and the Important & Performance Analysis, it is known thatconsumer dissatisfaction is affected by the performance of the three attributes of SME products that are considered important for middle-income levels consumers, but its performance is not satisfactory, namely utilities, uniformity in the form ofSMEs products, and durability of theSMEs productsto be stored.As for the lower income levels, the analysis results ofthe IPA matrix explained thatmost of the consumers dissatisfactionare affected by the performance of four products attributese.g., affordability, usability, and price of the products.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

There are some differences in the consumer'scharacteristics which impactson the purchase of SMEs productsby their income level. The higher the income level,

their level of education and the average family's monthly income levelwill be higher. This affects their consuming behavior ontheproducts.

The difference in the decision-making process are the primary cause for the respondents in consuming the SMEs products especially forthe frequency and size of purchases, as well as where they buy the products.Their consumption pattern is affected by the quality, availability, service, and comfortableness at the place of purchase. The middle income levels also consider the quality relative to the price, availability, and location which impact on their experience to purchase the product. In addition, the affordability of the product andinformation from trusted sellers also impact on thelower income levels which consider batik cloth asvery expensive.

Based on Table 2 it can be seen thatCSI for the threeincome levels ranged from 70.03 percent in the category of satisfied. The attribute has thehighestinfluence on consumer satisfaction, but theperformance is not satisfactory as an attributein quadrant I. The higher theincome levels, the attributes that are included in this quadrant have less influence. It signifies the higher theincome levels, the satisfactionfromproducts purchasewill be higher. This happens because of SME products consumed by highincome levelis more qualifiedcompared withlower-income levels respondents.

5.2. Suggestion

Based on the decision-making process of buying and IPA matrix result, it is known that high-end customers are very concerned with more attributes than lower income level customers. We recommend for upper product must be distributedwith additional feature and more attributes to improve theperceived good quality.In addition, the reputation of thesellers must be improved to service and comfort the upper level customer to improve the easiness to find the product.

5.3. Limitation of study

Low-income levelconsumers still concerned about productsprices.In thepurchase decision process they tend toinclude attributes that are in quadrant I in IPA analysis. That means that consumers consider the price of theSMEs productsas more important attribute but underperforming because they are expensive. For low-income levelconsumers, the products which more affordable are their main priority where other priority considered not so important. The government should support the creation of SMEs attributes corresponding to low price consumerby providing quality inputs at affordable prices and provide guidance to the SMEs in production and distribution processes.

The limitation in this study is not discussed about the numerical factors of the product and their specification. In addition, it is does not study about the design type of each batik cloth existed in the market. This is caused by the lack of the information about the product specification. For further direction, it can add the survey and interview with the SMEs owner or the business owner about their business style and the number of production of the batik cloth. About the design type, we can ask the business owner, however, it is not studied here. Furthermore, as batik cloth is culture manner, it must be studied by involving the culture nuance and perceived cultural pride and their demand toward various batik product types.

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