

IDENTIFICATION OF FACTORS INFLUENCE PURCHASE INTENTION TOWARDS CUSTOMERS OF CV. AURORA TIGA SINERGI

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ABSTRACT

This study aims to determine the factors that affect the purchase intention towards customers of CV. Aurora Tiga Sinergi. Company used as object in this research is company sales cattle feed product under the brand Livepro. This research uses qualitative method with data collection technique through semi-structured interview. Interviews were conducted with four informants consisting of two customers, one marketing expert and one corporate facilitator. Documentation is done with audio recording and photo, and for the validity and reliability of this research data is tested by member check method. The result shows that there are five factors affecting purchase intention of Livepro, including price, product quality, promotion media, customer service, and network.

Keywords: *Purchase Intention, Factors, Cattle Feed,*

INTRODUCTION

Cattle's meat is one of the most important commodity for daily necessities that the demand will always be exist continuously in the market. This type of commodity is not affected by any kind of trend since it is a daily-consuming goods. Cottle & Kahn (2014) stated that beef consumption in some countries has increased in recent decades despite its low base, as the result of improved living standards and revenues in terms of the global trade. The demand of cattle's meat leads to the large potential of livestock industry in Indonesia, especially for cattle breeding and fattening. Based on Directorate General of Livestock and Animal Health Resources (<http://disnak.jatimprov.go.id/web/>), population of beef cattle in East Java has been increased constantly for the last five years. With the increase in cattle population, the needs of cattle feed availability also increases automatically.

CV. Aurora Tiga Sinergi is a trading company runs in livestock industry that specifically sells a cattle feed product called as Livepro. This product has several advantages that basically meets the market expectation. First, the price sets at the lowest level compared to other competitors. There are only two products in the market that offers low-cost cattle feed which is Livepro and Yellowfeed, meanwhile others set the price between Rp. 3200 until Rp. 3900. Second advantages, Livepro contains coffee skin that makes it less smell rather than other products, and also makes the feces of the cattle less smell as well. Third, Livepro is more durable than any other cattle feed products, it can lasts up to six months in storage while other similar products only last for two months. Last but not least, Livepro brings a brand new concept which is complete feed product. When other companies are only offer a product with specific substance independently such as protein concentrate, vitamins, and

fibers, Livepro has already contains a complete nutrition following cattle's daily needs. The raw protein of Livepro shows an average percentage that beef cattle can absorb, as well as the raw fibers amount which will supports the digested level of the cattle. Meanwhile, the amount of raw fat and minerals is quiet low in order to maximize the meat weight and maintain the cattle's productivity. Livepro keeps the balance of its nutrition so it will not be necessary for customers to buy extra specific substances or even cut the grass off in order to fulfil the cattle's daily nutrition. Other feed products available in the market have unbalance nutrition details. In protein concentrate products, the amount of raw protein are quiet extreme between 10-20 percent, meanwhile the fibers are very low. Even though protein plays an important role to beef cattle's fattening, it will not be able to absorbs the protein effectively since the fibers affect the digested level of the cattle significantly. "Nutrition is the most important determinant of growth rate, and accurate ration formulation for energy, protein, minerals, and trace elements is important" (Bazeley & Hayton, 2014).

Until today, CV. Aurora Tiga Sinergi has made several sales from customers. However, even though the company assumes that the product has met customer's expectation the purchase amount is quiet random and unpredictable. Even with extra services given such as free tester, discount, and quality-monitoring. Aurora Tiga Sinergi is still unable to reach the sales target and kept falling. There was a single sale happened in January amount of 1,5 ton. However there was no sales for the next two months, as the next sales start in April. Sales by same customer done continuously from April until July which was seven ton a week or 28 ton a month. Several sales also done between April to July randomly. The most massive scale of sales happened between April to July because basically those periods were closed to annual Islamic culture Eidul Adha which held in September. It is common that the sales going massively 4-6 months before Eidul Adha as customers focus on finishing their cattle's fattening program. However the data shown in Figure 1.3 that the sales happened between April to September was quiet random, even there was no sales happened in August. This is the main issue that CV. Aurora Tiga Sinergi face today. This data shown the opposite result from the market demands generally and creates a paradox.

Peter & Olson (2013) stated that the core process of customer decision making is integrated process used for combine knowledge to evaluate two or more alternative behavior and to choose one of them, then the result of those integrated process is a choice which cognitively shows behavioral intention or a decision plan to do one or more behavior. Based on the main issue described, this study was arranged to analyze the reason behind customer's interests as well as the factors influence their purchase intention. This study was conducted in order to boost the sales of Livepro product in the future. This research is arranged in order to understand and explain what factors influence the purchase intention toward customers of CV. Aurora Tiga Sinergi.

LITERATURE REVIEW

Purchase Intention

According to Assael (2001) in Rifai et al. (2016), purchase intention is a behavior that appears as a response to an object, or is also a purchase interest that indicates a customer's desire to make a purchase. It is customers who are looking for information about the product (Abdurrahman, 2015). There is a real difference between actual purchase and purchase intention. That is, actual purchases are actually purchases made by customers while purchase intention is the intention of making a purchase in the future. Although actual purchases will not necessarily be made on future occasions, but measurement of purchase intention is generally done to maximize the prediction of the actual purchase.

Purchase intention is a process affected by many aspects both externally and internally. Factors affecting purchase intention can be improved by taking into account the following

factors, among others, psychological factors which are the driving factors that come from within the customer which is the motivation, perception, knowledge and attitude. In fact, Wu and Chang (2016) found that integration of multichannel which consists of process consistency, business ties, and transparency of service significantly affect the purchase intention. Based on the descriptions above, it can be concluded that the definition of purchase intention is the desire or the tendency of customers to a product or service before it becomes the purchase decision.

Factors affecting Purchase Intention

Customer's purchase intention is actually a process between alternative evaluation and purchase decision (Kotler and Keller, 2016). The discussion of purchase intention is so wide that researchers tend to pursue their research into more specific and focused topics, to facilitate discussion not to widen. In result, factors affecting purchase intention are also very broad and conditional in accordance with the type of object observed. There are so many aspects affecting purchase intention internally and externally. The conclusion according to Mirabi et al. (2015) stated that there are x factors that affect customer's purchase intention which is brand name, product quality, and advertising. Purchase intention can be improved by taking into account factors, among other factors are perceived value, customer's knowledge, and celebrity endorsement (Younis, 2015).

Factors affecting purchase intention

There are several indicators related to purchase intention as a guide or benchmark. According to Ferdinand in Mulyana (2016) there are four indicators of purchase intention, namely:

1. Transactional intention, which is the tendency of people to buy products.
2. Referential intention, which is the tendency of people to reference products or services to others.
3. Preferential intention, which is interest that describes a person's primary preference for a product or service.
4. Explorative intention, which is interest describes that a person will always seek information about the chosen product and also information that supports the positive characteristics of that product or service.

RESEARCH METHODS

Research Design

This research uses qualitative method. Qualitative research is a type of research whose findings are not obtained through statistical procedures or other forms of calculation and aim to express the symptoms in a holistic-contextual manner through the collection of natural data by using the researcher as a key instrument (Sugiarto, 2017). Qualitative research through several critical-scientific thinking stages, which captures the facts happened in the field after researcher started to think inductively, for later analyzing and arranging the theorize based on the observation (Bungin, 2015). Qualitative research in this study is descriptive, due to the research problem which is about consideration of purchase intention towards prospective customers of CV. Aurora Tiga Sinergi to cattle feed product.

Research Object and Research Subjects

The object of this research is CV. Aurora Tiga Sinergi, and the purpose of this research is to help CV. Aurora Tiga Sinergi to understand the factors affecting purchase intention of its customers in order to improve the marketing strategy in the future. Informants are individuals who become sources of data collection through interviews that have been prepared by researchers. Informants in this study consist of prospective buyer and someone who has

bought Livepro products, as well as marketing strategy expert.

Table 1. Subject Criteria

Informant	Criteria	Reason
Facilitator	<ul style="list-style-type: none"> • Lecturer in Ciputra University • Minimum degree of Magister • Has been teaching CV. Aurora Tiga Sinergi for minimum 1 semester 	To explore the factors that canceled the purchase intention
Customer	<ul style="list-style-type: none"> • Has bought Livepro at least twice 	To explore the factors that positively affect the purchase intention
Marketing Strategy Expert	<ul style="list-style-type: none"> • Minimum degree of Magister • Own a company that has operated at least one year • Run a company in a livestock industry 	To ensure that argument fits the existing theory and reality in the field based in experience

Source: Processed Data

Data Collection Method

In this study, the researcher use interview data collection method. Interviews are a method used to obtain information directly, profoundly and individually. Interviews addressed to people who meet the criteria of informants. Semi-structured interview is a type of interview that new idea freely added during the interview take place, yet still need to organize guiding questions before it begins in order to control the flow of conversation so it will not shift to opinion that irrelevant to the topic. It makes it unique among interview methods for the degree of relevancy it provides the topic while remaining responsive to the participant (McIntosh & Morse, 2015). According to Silverman (2016), Documentation is necessary in order to provide realistic proof about the research documents, and also to carry crucial contents, images, words, and patterns. The researcher will use photos, interview transcripts, and audio recordings to archive the interview session.

Validity ensure whether the observation and interpretation are measured correctly (Silverman, 2016). The research can be considered as unsuccessful if it has a low rate of validity. In qualitative research, the data can be said to be valid if there is no difference between what is reported with what actually happened and can be said if the researcher reliability can prove that the whole series of research process is really done. Validity in this research will use member check method. Member checking (also referred to as informant feedback, respondent validation, member validation, or dependability checking) involves the researcher presenting data transcripts or data interpretations to all or some participants for comment (Varpio et al., 2017). Reliability is the consistency of the analytical procedures, including accounting for personal and research method biases that may have influenced the findings (Noble & Smith, 2015). Reliability in this research using informant statement transcript, audio recordings, and photo evidence to each informant.

DATA ANALYSIS AND DISCUSSION

Company Profile

CV. Aurora Tiga Sinergi is a company runs in livestock industry and focus on animal feed product. Product currently under development are animal feeds specifically formulated for ruminant animals such as beef cattle and goats. The vision of this company is to make

Indonesia as a self-sufficient country of meat through the independence of feed production. The company's mission is to become one of the best livestock feed suppliers in Indonesia, establish cooperation with various big farms in Indonesia and become a manufacturing company capable of producing large scale of animal feed.

The product offered called as Livepro. This product is an innovation in the market of animal feed, which is more simple and profitable for farmers or distributors. If cattle feed generally still requires additional materials such as forages, concentrates, and other complementary substances in addition to fulfill the daily nutrients of livestock, unlike the case with this product. Without the need to mix any ingredients, Livepro has already contains a complete and balanced nutrition, according to the needs of the cattle at a low price. Other advantage Livepro offered is long durability which is can sustain up to six months in the storage.

The company was founded by three students of Universitas Ciputra, namely Jodie Winanda, Tyko Cantya Nugratama, and Riau Salim in 2016. CV. Aurora Tiga Sinergi experiencing some obstacles in business, one of which is the factor of purchase intention by customers. This is marked by the downward trend in monthly sales and Livepro's sales uncertainty over the past few months.

Profile of Informant

There are four informants for this research, consist of two customers of CV. Aurora Tiga Sinergi which has bought Livepro product several times, one facilitator or advisor of CV. Aurora Tiga Sinergi, and one marketing expert in livestock industry, which is also a person who has experience as a breeder as well. Interviews were conducted to Livepro customers to obtain data of purchase intention directly from target markets that understood the advantages and disadvantages of Livepro and its correlation to the needs of farmers. While the interview was conducted to expert to obtain data of purchase intention from a view that has understood the theory and practice in the field on the academic perspective. As for the facilitator, the interview was conducted to get a perspective of customer's purchase intention from the advisor who has monitored the company for the past one year. The label is applied in order to make the process of taking statement easier from the interview transcript, by using the first letter of the informant's name.

Price

According to Lamb in Adiputra (2016) price is what should be given by the consumer (buyer) in order to get a product. Three of the four informants stated that price was the first important aspect affecting the purchase intention of Livepro customers. They stated that in the industry of agricultural, farming, breeding, and livestock, price is highly sensitive to the market, because this sector plays in the first position of supply chain which is cattle meat. Therefore, people psychologically tend to find the cheapest option of cattle feed offered in the market, after that then they will look into other aspects such as product quality, brand, etc. Another informant also stated that price is one of the most important factors in the livestock sector, especially animal feed products, only the priority is being overtaken by another major factor that is the personal proximity of the seller and buyer. According to Kotler and Armstrong (2015) the higher price of goods or services the lower decision to buy, otherwise if the price offered is low then the purchase decision will increase. Based on data analysis, informants state that the price is the most important factor that greatly affects the purchase intention of customer. This is the reason why breeders tend to use organic feed as they find agricultural waste and try to mixed them up by themselves. Using agricultural waste will lower the feed expense, but this method has two weaknesses which is the first one is that the quality of the feed will unstandardized and unpredictable. It is also has a risk to cattle's health because the ingredients come from agricultural waste, and the availability of those

ingredients are unpredictable as well. Second weaknesses is that the breeders will lose most of their time and energy to only to find and mixed these ingredients, so the effort will not be worth with the result.

Product Quality

According to Kotler and Keller (2016), product quality is the ability of a product to demonstrate its function, including overall durability, reliability, accuracy, convenience, operation and product repair, as well as other product attributes. In this case, the four informants agree that the quality is also one of the main factors that affect customer purchase intention in Livepro product. Many farmers change products simply because the products they use have a quality that always fluctuates. Price and quality are a series that depend on each other. Price compliance with the quality obtained is a consideration for informants to buy this product. It has been proven based on the analysis that the market sector tends to be sensitive to the quality of feed and its compliance with the price offered. Informants stated that the cattle feed will be considered as a good quality product if it contributes in cattle's fattening process and result. They do not understand about the data of nutrition, instead they judge only from the result. If that product makes the cattle fatter in short period of time, then it is considered as a product with good quality.

Basically, the content that contributed in fattening process is raw protein level. The fat content is also contributes, but the high level of fat content will lower the quality of cattle's meat. So when customers said that they want a product that can boost the time of fattening process, it means that the protein content needs to increase. But, company also needs to consider about the TDN content (Total Digestible Nutrient). Because although the protein content is significantly high, it will not affect the cattle if the TDN level is low. TDN level shows percentage of nutrient absorbed by the cattle. For example, if the product has 60% of TDN, it means that from all 100% feed nutrition, the cattle can absorbs 60% to its body for fattening process, and the 40% will turn out as a feces. So, the product is considered as high quality product if it has high protein content while balanced with the TDN level.

Promotion Media

Elements of promotion according to Kotler and Armstrong (2015) are advertising, sales promotion, personal selling, public relations, direct marketing, events and experiences, interactive promotion, and word of mouth marketing. Based on the results of data analysis, the majority of informants stated that the most influential promotion media on Livepro and other similar products in the market is word of mouth that is promotion that utilizes people talk, electronic communication involving experience in purchasing product or service. In the livestock industry, especially cattle feed, the implementation of word of mouth is a reference from fellow breeders. The majority of farmers have a network of groups called paguyuban. When one or a few breeders have tried a cattle feed product and satisfied, there will be conversations where that breeder will recommend the cattle feed product to other colleagues. Other medias that might be useful in this market are physical tools such as brochures or advertisement in newspaper, as well as simple electronic media such as facebook and whatsapp.

The segment of this sector are mostly people at age 30 or above. This is the reason why social networks such as Instagram and Twitter are not match with them, or E-commerce platforms such as Bukalapak, Tokopedia, OLX, etc. The only online platform they used is Facebook, while the only online media is Whatsapp. They prefer to more actively and directly contact with the people through some communities or paguyuban. This is also the reason why the most effective marketing method is through word of mouth or reference from

people in those communities.

Findings of Other Factors

In the process of collecting data, researcher found two new finding factors that affect customer purchase intention. The first new finding is customer service. According to Kashmir (2013), service is given as an action or actions of a person or organization to provide satisfaction to the customer. The form of service provided by the seller to the buyer turned out to give a significant influence on the increase of their purchase intention in the cattle feed product, including the way of speaking, the speed of responding and the suitability of the demand with product given, the accuracy of delivery, and other things related to work professionalism and ethics. A good customer service will provide a customer satisfaction to make him feel comfortable with the seller, so the selling process will be more easily accepted. Currently CV. Aurora Tiga Sinergi does not have good customer service quality, because the company assumes that in the livestock industry, customer service is not a factor to consider. The effort made is only a response in accordance with the demand. Even shipping process are sometimes not in accordance with the agreement. Usually due to some technical issues so the delivery time has to be delayed for 1-2 days. Based on data analysis, it can be seen that customer service is one of the most important factors that can influence customer purchase intention, so company needs to consider and develop strategies to improve the quality of its customer service. This can be done by estimating the delayed delivery time, providing warranty and indemnity if the received feed is not match with the demand, providing other forms of satisfaction such as customer discounts and any prize form as to maintain company's after-sales relationship. When the customer service provided is appropriate or even exceeds the customer's expectation, their satisfaction level will increase, which significantly affecting their trust on the company that impact on customer loyalty, so that there will be personal closeness with the customer who will indirectly contribute in the company of doing word of mouth marketing to the his/her network. Loyal customers will also tend to be difficult to switch brands even though there are better options in the market in terms of price and quality.

The second new finding is a network or a relation, proximity seller with buyers personally so that it can affect customer purchase intention. According to Achrol and Kotler (1999) in Nguyen et al. (2016), during the last decades marketing theories that applied networking approach have gained ground in the academic world. This factor is related to the first factor that is customer service. When the service we provide is satisfactory, it will create a trust in the customer and a sense of comfort, then this is what will eventually turn into a personal proximity factor to form a network or relationship. Network or personal relation is also the beginning of applying word of mouth method, because this method is applicable only if a customer get satisfied with the product and then directly promote into a group of people or communities. Breeders tend to be more trusting to their colleagues, and references from friends rather than to see other promotional media such as brochures or electronic media. The majority of them are people who do not understand about technical matters in detail such as nutritional content, lab results, and percentage of absorption. Customers tend to judge on the results that can be seen directly, which means the result of the fattening process in the form of increase in the weight of the cattle itself. When a fellow breeder in a community or paguyuban tries a cattle feed product and has an appropriate or even above expectations, then the other partner will automatically follow the reference. Therefore, even though the price is the first factor into consideration to buy. However, once the customer tries and gets the quality that matches their expectations, then the factor that will affects the purchase intention of his fellow breeders is the real result of this customer or the reference he gave to the community.

CONCLUSION

Conclusion

This research has a purpose to identify factors that influence purchase intention towards customers of CV. Aurora Tiga Sinergi to Livepro product. Based on the results of data analysis and discussion, the following conclusions can be drawn:

1. The price offered by Livepro is in accordance with existing market conditions, where the customer is quite sensitive to price and this aspect is the main factor affecting purchase intention. However, although Livepro sets the lowest price in the market this product also needs to increase its nutritional content to match the price offered.
2. Second factor that affects customer's purchase intention is product Quality. Based on aspect of product quality, Livepro has excellent nutritional balance so customers do not need to add other nutritional sources. However, Livepro's low protein is a consideration for customers to their purchase intention. So the protein content of Livepro should be increased while still balanced with TDN or absorption level.
3. Promotion media is also one of the factors that affect customer purchase intention. Ease of access and type of media are very impactful to them. Currently the media used CV. Aurora Tiga Sinergi to promote Livepro only use online media such as facebook. Therefore the CV. Aurora Tiga Sinergi need to improve strategy through word of mouth technique by joining community or paguyuban and spreading Livepro verbally.
4. There are two aspects that are new findings, these are customer service and network. Currently customer service provided by CV. Aurora Tiga Sinergi is very common and the company has not been too concerned about this aspect, so it is necessary to improve the quality of its services such as the way of responding customers, the speed of providing information, and the punctuality of delivery process. For network aspect, currently CV. Aurora Tiga Sinergi only join the group through the online media on facebook, therefore the company needs to join in a real breeder community to expand the network towards customers.

Suggestion and Limitation

Based on the results of data analysis and discussion, the researcher realize that this study still needs to be explored more widely and processed more comprehensively. Time constraints also lead to less extensive and deep research. This study is an identification to determine what factors affect the purchase intention of customers for Livepro cattle feed product. Furthermore it is suggested to expand the research topic to the sales strategy that must be done, and increase the number of informants to get more specific results.

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