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Factors That Influence Reseller Purchasing Decisions

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Abstract

This study was conducted to examine what factors shape reseller purchasing decisions. This study used a quantitative approach by collecting data using questionnaires and then organizing the data using SPSS and SMART-PLS. The questionnaire was distributed to 68 respondents who were resellers from PT Dwitunggal Kencana Raya. This research used Confirmatory Factor Analysis (CFA). The factors used were derived from previous studies and were rational and emotional factors. Rational factors included product, brand image, price, distribution, promotion, service quality, information and warranty. Emotional factors included job assessment, incentives and interpersonal. The results of this study indicated that rational and emotional factors can be used to shape purchasing decisions at Jaguar Star resellers and for Dwitunggal management.

Keywords: Reseller, Purchase Decision, Rational Factors, Emotional Factors, CFA

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1. Introduction

Plastic waste contributed 13.16% or about 9.52 tonnes of the total urban solid waste pile of 65.2 million tonnes in 2016. Of all the top-ranking polluters, Indonesia is ranked second behind China as the world's largest contributor of plastic waste. (World Bank, 2018). Therefore, the participation of manufacturing companies is needed in order to reduce and manage the very worrying problem of plastic waste. One type of industry that is considered important in the management of plastics in Indonesia is the houseware industry. This industry has a very potential market because Indonesia is also a country with a large population. In addition to its social value through its role in environmental conservation through recycled waste activities, the houseware industry also has high economic value because it is able to support various industries that absorb housewares products such as hotels, resorts, and restaurants that continue to grow in Indonesia.

Dwitunggal Kencana Raya is a company engaged in the distribution of aluminum and plastic houseware. Products sold include: corms, pans, plates, buckets, thermos, barrels,

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jerry cans, wardrobes, shoe racks and so on. Dwitunggal has several suppliers, every day the supplier will send the goods to Dwitunggal warehouse according to the order and after that the goods will be arranged to be sent to the sub-distributor (shop and reseller). Some of these items will be sent by using their own car or using an expedition service. Currently, Dwitunggal distributes its goods in major cities in Indonesia which are spread across Java Island (Jakarta, Semarang, Solo, Yogyakarta, Malang, Surabaya, Madura), Kalimantan (Palangkaraya, Balikpapan, Samarinda, Pontianak), Sulawesi (Makassar, Bau Bau, Kendari, Palu, Luwuk, Manado, Gorontalo), Maluku (Ternate, Amobon, Tuai), Bali, Lombok, NTT (Atambua, Kupang, Ende) dan NTB (Bima).

Dwitunggal is also a distributor of several brands of plastic houseware and aluminum kitchenware. These brands are Sun Flower, Golden Ring, SL, PUP, DJP, Global Eagle. This company has been around for about 8 years and has sold these products in cities in Indonesia. Of the several brands owned by Dwitunggal, Sun Flower has a higher and faster sales turnover and has a high demand which is preferred by consumers. Approximately 3 years ago, the founder of this company set up his own small factory which is engaged in plastic houseware with almost the same product and quality that is no less good because it still uses a mixture of plastic pellets with a nicer and stronger color (break resistant) and labeled the Jaguar Star brand.

The owner of Dwitunggal initially sold Jaguar Star products at a lower price than Sun Flower as a form of promotion to introduce Jaguar Star products to the market. However, after the Jaguar Star product prices were applied normally, Dwitunggal resellers had the perception that Jaguar Star products were expensive despite the fact that Jaguar Star prices were cheaper.

Based on 8 years of experience in marketing Sun Flower products, the owner of Dwitunggal realizes that the incentives provided by Sun Flower as a supplier that continues to run every year are indeed a big obstacle for Dwitunggal owners to encourage resellers to be more active in marketing products from the Jaguar Star brand. or at least expected to reach a percentage almost the same as sales generated by resellers of the Sun flower brand. Even though the price of Sun Flower is more expensive, resellers still choose Sun Flower because they feel happy and still feel lucky because the prizes obtained from these incentives are compared to the Jaguar brand which provides low prices but does not provide an incentive program for resellers.

B2B consumer purchasing behavior can be influenced by several factors, including rational-economic factors (price, product features, distribution, brand image, and end-user demand) which directly affect the company's financial condition and socio-emotional factors (organization, individual and interpersonal relationships). which has a

direct impact on B2B consumer purchasing behavior (Haußmann, 2016; Keshvariet al., 2017), including the quality of services and incentives provided by suppliers to B2B consumers (Pawłowski & Pastuszak, 2016), job assessments targeting B2B consumers (Povolna, 2018), B2B consumer satisfaction, product price fluctuations and expected target achievement duration for B2B consumers (Grünbaum, 2016), as well as design, product availability information and policies related to returns (Hande et al., 2016).

Therefore the findings that have been put forward by the five previous studies and from the existing experience regarding purchase incentives will then be used by the research as a first step to conduct research on: "Factors that Form Reseller Purchasing Decision". Which of these factors will be used as provisions for Dwitunggal to develop strategies that can help increase sales levels for the Jaguar Star brand in the future.

2. Method

The data analysis method used in this study is confirmatory factor analysis, which is an independent analysis technique whose main purpose is to determine the predictions underlying the structural model among the variables in the analysis (Hair et al., 2017). The factor analysis method used in this study is the Partial Least Square (PLS) method which uses variances in the iteration process or blocks the variances between indicators or parameters estimated in one other latent variable in one research model. The consequence of the variance-based iteration process is the neglect of the multicollinearity effect between indicators and variables. According to Hair et al., (2017), the stages of PLS-SEM analysis go through five phased processes, where each stage is the conceptualization of the model, determining the algorithm analysis method, determining the resampling method, describing the path diagram and evaluating the model.

3. Result

The data analysis method used in this research is Confirmatory Factor Analysis (CFA), which is a type of structural equation modeling that specifically deals with measurement models that aim to determine the number and nature of the factors that take into account variations and covariations between a series of indicators. In this study, Confirmatory Factor Analysis (CFA) was used to determine the dimensional constructs that shape purchasing decisions at Dwitunggal resellers. After the data collection is complete, the results of the questionnaire filled out by the Dwitunggal company reseller are then processed statistically using the help of the SPSS and SmartPLS programs. The

SPSS program was used to perform descriptive analysis, test the validity of the first order formative indicators, test the reliability of the first order indicators, and test the multicollinearity (Table 1). Furthermore, the evaluation of the first order and second order measurement models of the CFA model is carried out using the assistance of the SmartPLS program.

Based on the correlation analysis, it can be seen that the factors that form the construct model of the Rational Factors (Table 2) are Service Quality, Price, Warranty, Brand Image, Promotion, Distribution, and Information on Product Availability, while the constructing factors for the construct model of Emotional Factors (Table 3) are Job Assessment, Sequentially, Incentives, and Interpersonal Relationships. The path coefficient test results (Table 4) have also shown that rational and emotional factors are proven to be factors that shape Dwitunggal reseller decisions.

TABLE 1: Test Results Of The Validity And Reliability Of First Order Formative Indicators

Variable	Indicator		Outer Loading	Composite Reliability	AVE
Rasional Factor	Product	R1	0,393	0,933	0,874
		R2	0,283		
	Brand Image	R3	0,667	0,828	0,707
		R4	0,656		
	Price	R5	0,788	0,831	0,712
		R6	0,655		
	Distribution	R7	0,275	0,792	0,658
		R8	0,321		
	Promotion	R9	0,717	0,861	0,756
		R10	0,623		
	Service Quality	R11	0,883	0,924	0,858
		R12	0,800		
	Information	R13	0,272	0,703	0,544
		R14	0,224		
	Warranty	R15	0,588	0,815	0,689
		R16	0,734		
Emosional Factor	Job Assesment	E1	0,842	0,936	0,879
		E2	0,899		
	Insentive	E3	0,855	0,914	0,841
		E4	0,834		
	Interpersonal Relationship	E5	0,883	0,930	0,869
		E6	0,820		

TABLE 2: Result of Correlation Test for Latent Variable Rational Factors

	Product	Brand Image	Price	Distributio	Promotion	Service Quality	Informatio	Warranty	Rational
Product	1,000	0,121	0,236	0,549	0,207	0,221	0,454	0,095	0,370
Brand Image	0,121	1,000	0,648	0,026	0,589	0,707	0,050	0,571	0,787
Price	0236	0,648	1,000	0,250	0,601	0,751	0,196	0,637	0,860
Distribusi	0,549	0,026	0,250	1,000	0,161	0,216	0,557	0,232	0,368
Promotion	0,207	0,589	0,601	0,161	1,000	0,659	0,146	0,506	0,773
Service Quality	0,221	0,707	0,751	0,216	0,659	1,000	0,178	0,729	0,910
Information	0,454	0,050	0,196	0,557	0,146	0,178	1,000	0,264	0,338
Warranty	0,095	0,571	0,637	0,232	0,506	0,729	0,264	1,000	0,802
Rational	0,370	0,787	0,860	0,368	0,773	0,910	0,338	0,802	1,000

TABLE 3: Result of Correlation Test for Latent Variable Emotional Factors

	Job Assestment	Insentive	Interpersonal	Emotional
Job Assestment	1,000	0,788	0,767	0,508
Insentive	0,788	1,000	0,765	0,425
Interpersonal	0,767	0,765	1,000	0,409
Emotional	0,508	0,425	0,409	1,000

TABLE 4: Path Coefficient

Indikator	Original Sample	Sample Mean	Std. Deviation	T Statistics	P Values
Reseller Decision <– Rational Factor	0,681	0,669	0,112	6,099	0,000
Reseller Decision <– Emotional Factor	0,471	0,479	0,108	4,353	0.000

4. Discussion

To increase resellers' perception of the quality of Jaguar Star products, Dwitunggal must be able to maintain the quality of Jaguar Star products through strict quality control. In marketing Jaguar Star products and using the help of online promotional media such as Instagram to introduce the Jaguar Star Brand Image to the wider community. Allocating promotional funds with a certain value to encourage resellers to explore new potential markets, so that there is differentiation of distribution areas for Jaguar Star and Sun Flower products. Promotion of Jaguar Star products can be concentrated on giving rewards or bonuses in the form of cash or non-cash such as gold or holiday packages, so as to increase reseller motivation to sell more Jaguar Star products.

Besides being able to increase the speed of product provision and distribution to resellers, Dwitunggal management can create a catalog that shows the details of

the products produced, as a complement to services for resellers so that resellers' perceptions of Dwitunggal service quality also increase. Dwitunggal management can use social media applications such as Line and Whatsapp to update products, because so far they are only used for personal contact with resellers. Always ensure that the products provided to resellers for the market have gone through a strict quality control process, and when a product does not match its quality, the company can withdraw the product quickly to guarantee the product.

Can encourage resellers through reward strategies to increase reseller motivation in pursuing sales achievement in accordance with the specified working period, so that the working relationship between Dwitunggal-reseller will also be stronger. Providing more incentives to resellers as Sun Flower did, such as incentives in the form of gold or travel. Creating an event that involves all resellers that is done every six months or one year, such as giving rewards for example, to maintain good interpersonal relationships with resellers, so that resellers will always feel comfortable working with Dwitunggal.

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