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THE EFFECT OF INDIVIDUAL FACTORS ON CONSUMER'S PURCHASING DECISIONS AT GRAND DUCK KING RESTAURANT CAMBRIDGE MEDAN

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**Abstract:** *The personality individual factors that usually affect consumers' purchasing decisions include age or life cycle stage, job, economic condition, lifestyle and personality or self-image. The consumer's purchasing decisions related to goods depends on various factors such as brand, quality, after sales services, warranty, advertising, rebates, offers, discount, mode of payment, display, sales person behaviour, store location and many more. Grand Duck King Restaurant Medan, it has been confirmed that the number of consumers has been decreasing these recent months. It has been suspected that this problem is due to consumers' individual factors. The indicators of individual factors in this research were adopted by Rouzbahani, et.al (2013:1151) which include age and life cycle stage, job, economic condition, lifestyle, and personality or self-image and indicators of consumer's purchasing decisions indicators by Lopez (2012:127) which are frequency of transactions, consumer referral, Loyalty, repeat decisions. The population that the writer used is the consumers the writer doing research 1 day on 30th May 2017 at grand Duck King Cambridge Medan which are 101 people, by using Slovin's Formula, the sample size is 81 consumers, and use the simple random sampling technique which the consumers have same chance to be chosen as sample. The results from analysis are individual factors have effect on consumer's purchasing decision at Grand Duck Restaurant King Cambridge Medan and individual factors have a strong and positive effect on consumer's purchasing decisions at Grand Duck King Restaurant Cambridge Medan.*

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**INTRODUCTION**

The consumer's purchasing decisions related to goods depends on various factors such as brand, quality, after sales services, warranty, advertising, rebates, offers, discount, mode

of payment, display, sales person behaviour, store location and many more. According to Rouzbahani, et.al (2013, p.1150), –Consumers strongly influenced by the method of decisions-making process in which they are involved. If consumers of mental engagement approach rather than a top-down approach to use of mental conflict, the choice would be different. There is a relationship between of consumer’s individual factors on their purchasing decisions||. The writer will conduct a research at Grand Duck King Restaurant Cambridge Medan which is under The Duck King Group. The Duck King Restaurant first opened in 2003 in South Jakarta. It is a chinese restaurant in Indonesia that has been operating through 27 branches under 5 different segments. The Grand Duck King Restaurant Cambridge is located at Cambridge City Square 2nd Floor, Lot No. II - 04, Jl. S. Parman No. 217, Kota Medan, Sumatera Utara 20152. Based on the preliminary data obtained from the sales manager, Mr. Michael Ong, Grand Duck King Restaurant Medan, it has been confirmed that the number of consumers has been decreasing these recent months. It has been suspected that this problem is due to consumers’ individual factors Consumers visit this restaurant to enjoy the tasty food varieties and oriental dining experience that this restaurant has been offering. One of the issues that this restaurant has been encountering, regarding the individual factors of visiting consumers, is that most consumers, either during weekdays or weekends in these recent months, have been dominated by those whose age range is 30 – 55 years old. This age range is different from what they had, which was 17 – 55 years old. The management of this restaurant also initially targeted those whose ages are lower than 30 hence this dining place has been intentionally located, designed, and positioned to become a favorite cozy hanging-out place for those who are still in high-school, college, and even working-age. In addition, those consumers also mostly come from middle-up economical supports and possess upper managerial positions or even entrepreneur figures. This deviation from initial target market segments, which was lower-middle to middle-up consumers’ income levels from any jobholders, has also been suspected to contribute on the decreasing number of consumers over those months. Despite the specially designed dining atmosphere, this restaurant has obviously failed to attract more young adults to come and demand their products.

This restaurant has been described as not adequately portraying the up-to-date dining lifestyle and thus does not stand out as the fittest one for any teenagers, especially since there has been more and more youth-oriented dining places established in Medan city. Grand Duck King restaurant only provides the family- gathering experience, as most other oriental restaurants in Medan, to the consumers without adequate effort to cope with changing requirements. Self-image has also been increasingly important for any consumers from any segments nowadays. The messages sent from one’s activities to other people would reflect how good the self-image is. Without anything significantly unique and up-to-date lifestyles from this restaurant, Grand Duck is also weak at boosting up the self-image of the consumers. This restaurant is merely seen as a place to get food’ instead of \_the best hanging-out place over distinguished dining experience. For this reason, the researcher interested to take this title –The Effect of Individual Factors on Consumer’s Purchasing Decisions at Grand Duck King Restaurant Cambridge Medan||.

## **LITERATURE REVIEW**

### **Individual Factor**

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Sun, Sridhar and O' Brien (2012:101) explained that, –Consumer individual factor of product value is central to all stages of the process of bringing products to markets, from design and manufacture to distribution and retail|. As a result, product strategy needs to respect consumer needs in order to achieve or retain competitive advantage in providing innovative and differentiated products. Yee, San, and Khoon (2012:291) stated that, ||Most of the large company research consumer purchasing decisions in increasing detail to answer question about what consumer buy, where they buy, how and how much they buy, when they buy and why they buy. Consumer Individual factor is the process of selecting, organizing, and interpreting sensations into a meaningful whole. In the past, methods of studying stimuli and measuring responses to them were restricted to examining the five senses. Today, however, the view that individual factor uses merely sight, hearing, smell, taste, and touch to comprehend the environment is inadequate. Although the senses do play a major role in our comprehension of an event, our interpretation of a sensation may lead to a false individual factor. Individual factor is highly subjective and therefore easily distorted. Consumer individual factor applies the concept of sensory individual factor to marketing and advertising. Just as sensory individual factor relates to how humans perceive and process sensory stimuli through their five senses, consumer individual factor pertains to how individuals form opinions about companies and the merchandise they offer through the purchases they make. Merchants apply consumer individual factor theory to determine how their consumers perceive them. They also use consumer individual factor theory to develop marketing and advertising strategies intended to retain current consumers -- and attract new ones. Self individual factor theory attempts to explain how individuals develop an understanding of the motivations behind their own behavior. Self individual factor by consumers relates to values and motivations that drive purchasing behavior -- which is also an important aspect of consumer individual factor theory. The researchers concluded that consumers' self individual factor was a driving factor in whether or not they placed a priority on socially conscious purchase and consumption practices. Consumers who viewed themselves as socially conscious tended to place more weight on issues such as environmental impact when making purchasing decisions than consumers who did not hold similar views of themselves. Individual factor establishes the meaning about a product or brand when a consumer makes initial contact. In marketing, this is described as consumer information processing. At this stage all of the senses are engaged in receiving brand marketing communicate messages. In marketing literature, four distinct stages of individual factor occur during consumer information processing: sensation, attention, interpretation and retention. Consumer individual factor describes what occurs when a person's senses are initially exposed to the external stimulus of a product or brand marketing. The sensory receptors of a consumer are engaged by product or brand cues through sight, sound, smell, taste and texture. For example, Starbucks engages all the senses in its sensory brand marketing. A consumer who enters a Starbucks coffee shop may hear the sounds and smell the aroma of the grinding of fresh coffee in the store. Background music and a unique store design round out the experience of the taste of hot or cold coffee and food products that can be enjoyed in-store at quaint cafe tables.

### **Purchasing Decision**

According to Kotler and Armstrong (2013:84) for definitions of consumers' purchasing

decisions,—A consumer's purchasing decisions can be considered as an optimization process through which buyers seek the product or the brand that will yield the greatest satisfaction. In order to find which brand will produce the highest utility, buyers compare these brands along attributes they consider as important. The choice process can be considered as the search for the most satisfying trade-off among brands that possess desirable attributes at different levels. Assume that a buyer judges – wrongly or rightly – that all the brands of one product on the market have exactly the same level of a given attribute. This attribute does not enable the consumer to differentiate among different brands, since it is present in all of them. This attribute is called an inherent attribute. Obviously, in this case, to choose a brand, one would have to compare the different brands along other important attributes. For example, a buyer may perhaps think that all the umbrellas on the market are waterproof, whether or not this opinion is technically well-founded. The consumer who perceives this as a fact cannot use the water-resistance attribute to compare umbrellas, since all the brands are perceived as being equal on this attribute. For marketers it is important to understand how consumers treat the purchasing decisions they face. If a company is targeting consumers who feel a purchasing decisions is difficult (i.e., Major New Purchase), their marketing strategy may vary greatly from a company targeting consumers who view the purchasing decisions as routine. In fact, the same company may face both situations at the same time; for some the product is new, while other consumers see the purchase as routine. The implication of purchasing behavior for marketers is that different purchasing situations require different marketing efforts. A purchasing decisions process (or cost-benefit analysis) describes the process a consumer goes through when purchasing a product. This purchasing decisions model has gone through lots of interpretation by scholars. Although the models vary, there is a common theme of five stages in the decisions process. The purchasing decisions process is the process by which (1) consumers identify their needs, (2) collect information, (3) evaluate alternatives, and (4) make the purchase decisions. These actions are determined by psychological and economical factors, and are influenced by environmental factors such as cultural, group, and social value. The final decisions to buy a product comes only after the prospect has made a series of smaller decisions. In the field of selling, these decisions are referred to as mental steps in the purchasing process. As a practical matter, an understanding of the mental steps in the purchasing process helps the salesperson construct a logical sales presentation. When salespeople anticipate questions and concerns that exist in the prospect's minds they can deal with them in a more systematic fashion. The end result is a sales presentation that takes into consideration the buyer's point of view. Several commonly accepted theories explain how people arrive at a purchasing decisions. According to Kotler (2012:134), –Stages in the Consumer's Purchasing Process" outlines the purchasing stages consumers go through

## RESEARCH METHOD

Population is the overall research object as the resources of the data which have certain characteristics. Sample is the elements selected in a population where it can take conclusion to represent the entire population. Sample is the selection of a fraction of the total amount of units of interest to decisions makers, for the ultimate purpose of being able to draw general conclusions about the entire body of units. The writer will take the sample of the population

based on Slovin's formula allows a researcher to sample the population with a desired degree of accuracy. It gives the researcher an idea of how large his sample size needs to be to ensure a reasonable accuracy of results. The sample size is 81 consumers. The sampling technique is simple random sampling which the consumers have same chance to be chosen as sample.

### Determination Test

Determination is tested in order to find out how far the value of variable X can impact the value of variable Y. Determination analysis is used to indicate the relative size of proportion of items. The determination formula is as shown as below:

$$D = (r)^2 \times 100 \%$$

Where: D = Determination r = Correlation

### Linear Regression

Equation In order to find out the nature of relationship between two variables factor analysis is carried out. The linear regression explained the pattern of variation of depending variables in relation to values the independent variable. Through regression equation, forecasting the value of the dependent variable (Y) on independent variable (X) is more accurate as well.

### Hypothesis Test

Sugiyono (2012:139) stated that, –Uji hipotesa Z dipakai apabila jumlah sampel yang digunakan lebih dari 30 orang||. (The test the hypothesis is ztest if the size of sample is more than 30 people).

The scale used for the result of hypothesis test of two-tailed hypothesis test because there are two variables which is discussed in this research. Margin of error/ level of significance = 5% Level of Confidence = 95% The scales of hypothesis test are: If Zcount +Ztable, H0 is rejected or there is a significance level of influence If -Zcount -Ztable, H0 is rejected or there is no significance level of influence If -Ztable< Zcount< +Ztable, H0 is accepted or there is no significance level of influence

## RESULT AND ANALYSIS

### Determination Test

Determination test is used to determine the percentage effect of individual factors on consumer's purchasing decisions in the restaurant. The result of determination test can be seen belows:

**Table 1**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889a	.791	.789	2.66402

The percentage influence of individual factors on consumer's purchasing decisions is 79.1% and the remaining 20.9% is impacted by other factors which are not discussed in this skripsi. The result of 79.1% with the table of determination scale is high determination. Individual factors have high percentage effect on consumer's purchasing decisions at Grand Duck King Restaurant Cambridge Medan

### Linear Regression Equation

Linear Regression analysis is a statistical data technique that analyzes the linear relationships between two variables by estimating coefficient for an equation for a straight line. The equation of linear regression is as follows:

Table 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.649	1.028		3.548	.001
Individual Factors	.674	.039	.889	17.302	.000

a. Dependent Variable: Consumer Purchase Decisions

$$Y = a + b X$$

$$Y = 3.649 + 0.674X$$

$$x=0 \quad y = 3.649 + 0.674(0) = 3.649$$

$$x=1 \quad y = 3.649 + 0.674(1) = 4.323$$

$$x=2 \quad y = 3.649 + 0.674(2) = 4.997$$

$$x=3 \quad y = 3.649 + 0.674(3) = 5.671$$

After the calculation, the writer concludes that when individual factor is (X=1), the consumer's purchasing decision is 4.323 which increase 0.674point. When individual factor is (X=2), the consumer's purchasing decision is 4.997 and when individual factor is (X=3), the consumer's purchasing decision is 5.671. Individual factors have a positive equation on consumer's purchasing decision, the increase of individual factors will bring the increase to consumer's purchasing.

### Hypothesis Test

Level of configuration is 0,95, since use the two-tailed hypothesis test as there are two variables were discussed,  $0.95/2=0.4750$ . the ztable is 1.96. zcount= 7.95. zcount> ztable ( $7.95>1.96$ ), Null hypothesis (Ho) is rejected and the alternative (Ha) is accepted. Individual factorshave effect on Consumer's Purchasing Decisions at Grand Duck King Restaurant Cambridge Medan

From the results of the employees' answers to the questionnaires can be summarized as follows:

1. From the results of validity test, the validity results of variable X (Individual Factors) and variable Y (Purchasing Decisions) got the value of validity test in very high and high validity. All the questionnaires' questions can be carried out.
2. The reliability test of individual factors is 0.952 and reliability test of consumer purchase decision is 0.934. The reliability result is over than 0.80 which means the questionnaires have good acceptable data reliability and questionnaires give the same results to other respondents.
3. The significant or probability value which is 0.783and 0.589 which greater than 0.05. This means, the sample has normal distribution.sample has normal distribution, so the data set is well-modeled by a normal distribution, this is good for the sample gives normal result.
4. The statistics for variable X (Individual factors), the customers answered disagree that the individual factors to come to restaurant is good. The statistics for variable Y (Purchasing decisions), the mean, median, and mode got result the customers disagree that the individual factors increase their purchasing decisions.
5. The correlation test shows individual factors have a strong and positive effect on

- purchasing decisions at Grand Duck King Restaurant Cambridge Medan.
6. The determination test shows individual factors have high percentage on purchasing decisions.
  7. The linear regression equation shows that each increase of variable X (Individual factors) will result 0.674 for variable Y (Purchasing decisions). Individual factors have a positive equation on purchasing decisions.
  8. From the result of hypothesis test,  $Z_{count} > Z_{table}$ , so that  $H_a$  is accepted which individual factors have effect on consumer's purchasing decisions at Grand Duck King Restaurant Cambridge Medan.

## CONCLUSION

After some research and review from the previous chapters, the writer would like to present some conclusions which related to the objectives of the research and answer the problem identifications. The conclusion of this research is that individual factor has effect on consumer's purchase decisions at Grand Duck King Restaurant Cambridge Medan. The hypothesis test result is  $Z_{count} > Z_{table}$  ( $7.95 > 1.96$ ). Alternative hypothesis ( $H_a$ ) is accepted. Individual factors have effect on consumer's purchasing decision at Grand Duck Restaurant King Cambridge Medan. The calculation of correlation test between variable X (Individual Factors) and Variable Y (Consumer's Purchasing Decisions), the writer got the result of 0.889 which means Individual factors have a strong and positive effect on consumer's purchasing decisions at Grand Duck King Restaurant Cambridge Medan. The determination value is 79.1%. It means that the percentage influence of individual factors on consumer's purchasing decisions is 79.1% and the remaining 20.9% is impacted by other factors which are not discussed in this research. From linear regression analysis, it can be known that the consumer's purchasing decision will increase in 0.674 unit if there is increasing of individual factors in 1 unit.

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