
PSYCHOGRAPHIC FACTORS OF MILLENNIAL CONSUMERS INFLUENCED BY MSMEs' TRADITIONAL FOOD PRODUCT PURCHASE DECISIONS

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ABSTRACT

The goal of this study was to see how psychographic elements from the millennial generation influenced MSMEs' purchasing decisions for traditional food products. Psychographic elements in this study were lifestyle, social class, consumer personality traits, and income. Knowing which of the four variables is the most influential is also important. The sample was taken using survey techniques, and the method employed in this study is descriptive. By purposefully selecting the sample requirements, the research location is Surakarta City. The 400-sample method of determining the sample. Residents of Surakarta aged 21 to 41 years are the sample criterion for the millennial generation. The data analysis approach, on the other hand, was SEM, which was examined with AMOS 22 software. The results of the SEM analysis suggest that the goodness of fit is generally good and may be deemed to meet the model fit, specifically CMIN/Df = 2.85; TLI= 0.97; CFI= 0.98; NFI= 0.97; IFI= 0.98; IFI= 0.98; RMSEA= 0.07; GFI = 0.95 AGFI 0.9. The model's estimation results show that lifestyle influences purchasing decisions ($p= 0.00$; $cr= 5.463$), social class influences purchasing decisions ($p= 0.00$; $cr= 1.96$) and consumer personality traits influence purchasing decisions ($p= 0.00$; $cr= 13,019$), and income influences purchasing decisions ($p= 0.00$; $cr= 12,195$). The results of earlier studies are typically supported by the relationship between the variables in this study's structural equation model. The consumer personality character variable has the biggest influence ($p = 0.00$; $cr = 13, 019$) on the decision to buy traditional food goods from MSMEs ($p = 0.00$; $cr = 13, 019$).

Keywords: psychographic factors, traditional food, MSME products, millennial generation.

1. INTRODUCTION

The productivity per business unit in SMEs has improved in line with the category of business scale, according to statistics from the Indonesian Ministry of Cooperative SMEs in 2017. Increasing the strength of the local product industry is one approach for strengthening the Indonesian economy. This can help the country's GDP to be more stable. According to data on micro, small, and medium companies (MSMEs) and large firms from 2017 to 2018, the number of MSMEs increased by 2.02 percent from 2017 to 2018. This demonstrates that MSME growth is an economic opportunity that requires attention from a variety of stakeholders in order for MSMEs to remain competitive in the MSME market and globally. Processed food goods are MSME products with a lot of potential for development and a lot of market share. The number of Micro, Small and Medium Enterprises (MSMEs) has reached 64 million, according to the Central Statistics Agency (BPS). MSMEs in the food industry account for over 60% of the total. Product development that can be quickly implemented with current consumer tastes, based on local resources so that they have the potential to be developed and accelerate community independence, and easy to adapt to the market because the scope is

still on a small scale are all advantages that food MSMEs have.

Globalization is advancing, and customers' desire to change is increasing. Not only that, but consumers are becoming more choosy. MSMEs must comprehend and research consumer behavior when making purchase selections in order to meet their needs and aspirations. The millennial generation, defined as those born between 1980 and 2000, is the focus of this research. Millennials are a lucrative market for multinational corporations all around the world, particularly in emerging nations. Because millennials have reached a point in their lives when they can make their own spending decisions, this market segment draws a wide range of industries. Of course, customer preferences, particularly among the millennial generation, impact purchase decisions, which are influenced by a variety of factors. Psychographic variables are one of the aspects that influence purchase decisions. The science of using psychology and demography to better understand customers is known as psychographics. Buyers are categorized into numerous groups based on psychological/personality qualities and values in the psychographic sector. Psychographic profiles highlight personality features and attitudes that influence a person's lifestyle, including buying behavior, and cover demographics, personalities, values, and lifestyles. The product evaluation process is heavily influenced by demographics and psychographics, which can assist explain consumer responses to the product more accurately.

Consumers are also motivated to acquire things in order to sustain or pursue a certain lifestyle, according to Long-Yi Lin and Hsing-Yu Shih's (2012) research. Psychographic aspects explain why people make purchases, allowing MSMEs to understand the status of traditional food products in the millennial age. They focused on willingness to pay, and general acceptance of the perceived character of traditional foods. They also obtained information about how the traditional food of MSME products is compatible with the concept of food for the millennial generation in Surakarta City in terms of packaging, process, and production methods, and they obtained information about how the traditional food of MSME products is compatible with the concept of food for the millennial generation in terms of packaging, process, and production methods. It is intended that by understanding the psychographic elements that influence millennial customers' purchase decisions for traditional food products from MSME, they will be able to place traditional food goods from MSME in the appropriate market segmentation, allowing the marketing goal to be met.

2. LITERATURE REVIEW

a. Millennial Generation

Manufacturers of food products have an easy target in millennials. In general, the millennial generation is upbeat, goal-oriented, autonomous, hopeful, obsessed with success, self-assured, concerned with lifestyle, technologically dependent, and attention seeking. The desire to be known by the community, as well as an interest in new things, have had a significant impact on the present snack trend's development. Snack producers have come up with a slew of new ideas to appeal to the younger demographic. Millennials want their unique taste and packaging to be shared or posted to social media accounts to prove their existence.

According to a research conducted in the United States, the millennial generation spends a bigger percentage of their income on food categories than prior generations. When compared to earlier generations, the millennial generation devotes around 10% more of their spending to food. The traditional food MSME market category has the potential to make a lot of money.

b. Psychographic Factors

According to Septiyaningrum et al. (2017), psychographics is the most used technique for studying consumer behavior as a measure of lifestyle. Psychographics is a term that describes (graphs) the psychological elements (psycho) that influence customer behavior. Psychographics is also defined as the study of what psychologically defines a consumer. In psychographics, there are two notions. The first provides an overview of consumer psychological features that lead to the identification of the consumer's personality (self concept).

According to Philip Kotler (2012), there are four elements that can influence purchase decisions: cultural factors, social factors, personal factors, and motivational factors. The following are some of the psychographic factors that were used in this study:

1) Lifestyle

Lifestyle can be defined as a person's pattern of life as expressed by his hobbies, interests, and opinions, which are shaped by demography and work. Many marketers and manufacturers are aligning their brand to someone's lifestyle since they see this as an opportunity in marketing operations.

2) Consumer personality character

Personality is a unique psychological intrinsic quality in humans that causes relatively consistent and long-lasting responses to environmental stimuli. When it comes to assessing customer brand preferences, personality can be a highly important component. This is due to the fact that some customers will select a brand that matches their personality.

3) Social class

According to the theory social class is a major factor in why consumers purchase a product or service. People in the wealthy category, on the whole, have more money to spend on high-quality goods, thus they are more careful when making purchases. Lower-class people, on the other hand, are more concerned with their immediate requirements.

4) Income

The work and economic environment, as well as income, can have an impact on a person's demands. Typically, a person's economic condition is taken into account while choosing a product, including their income, savings, debt, and attitudes toward spending and saving.

c. Micro, Small and Medium Enterprises (MSMEs).

Developments in the era of globalization are heavily reliant on the economic sector as a metric of government success. Micro, Small, and Medium Enterprises (MSME) play an important role in national development, particularly in economic growth (MSMEs). The importance and strategic importance of MSMEs in the national economy cannot be overstated. Because MSMEs play such a large role in the Indonesian economy, this scenario is extremely likely. MSMEs have continued to grow year after year since the economic downturn. This also demonstrates that MSMEs may thrive even in the face of adversity. MSMEs have also been shown to absorb more workers into the national economy. The MSME sector is able to boost people's income by absorbing more workers. As a result, MSMEs are thought to play a critical role in reducing unemployment and poverty. For the contribution and function of MSMEs, it is critical for the government to continue to strengthen MSMEs so that their position as pillars in the nation's economy can run smoothly

3. RESEARCH METHOD

This study used descriptive research, which is defined as research in which the data collection procedure allows researchers to develop descriptions or descriptions of the social phenomena under investigation. Verification research is done by gathering data in the field and employing statistical computations to evaluate hypotheses using survey research methodologies. This method was used to collect replies, thoughts, and responses from respondents in Surakarta on traditional food products. The analysis approach is used to examine the data acquired from the questionnaire in order to determine the evaluation of purchase decisions on traditional food goods from SMEs. The purposive sampling approach, which is based on specific considerations in accordance with the study objectives, determines the research location.

Surakarta was chosen as the research location because it is one of the cities with a large number of food MSMEs that deserves to be developed, and the government, specifically the cooperative and MSME services, is also very supportive of MSMEs in the food sector, particularly in terms of increasing creativity and innovation. With a total of 400 samples utilized in this study, calculations were made using the number of question items on the questionnaire, which totaled 15 questions. Surakarta citizens who are part of the millennial generation, aged 21 to 41, who have purchased food goods from Surakarta MSMEs at least once in the previous six months are included in the sample. SEM with AMOS 22 software was utilized to analyze the data.

4. RESULTS AND ANALYSIS

a. Validity and Reliability Test

The Structural Equation Model (SEM) with the Amos 22 program was used to analyze the data. Validity and reliability tests are used to determine the causality of the data in SEM analysis. The Standardized Regression Weights value, which describes the appropriateness of each indicator to its concept, is used to determine the validity test. If the Analysis Variance Extracted (AVE) value is 0.5 and the Construct Reliability (CR) value is 0.6-0.7, the construct is considered dependable. The four items are declared valid based on the results of the validity and reliability tests of 30 samples.

b. Reliability Test

The accuracy of the instrument while assigning a value to what it examines is known as the reliability test. This signifies that the findings acquired when the instrument is utilized are relatively the same. A test is deemed to have high reliability if the test findings are stable, according to. Table 1 shows the results of the reliability test of 30 respondents who were assessed.

Table 1. Reliability Test Results

Variable	Variable Value	e Value		(Σ standart loading) ²	Σ standart loading) ² + $\Sigma \xi_j$	$\frac{\Sigma \text{standart loading})^2}{\Sigma \text{standart loading})^2 + \Sigma \xi_j}$
X1	0.63	0.24				
	0.3	0.34	CR	6,1009	6,1009	0.8591727809
	0.93	0.11		1	7,1009	
	0.61	0.31				
X2	1	0.02				
	0.83	0.3	CR	7.2361	7.2361	0.8680438095
	0.7	0.48		1.1	8.3361	
	0.16	0.3				
X3	0.52	0.45				
	1.03	0.05	CR	2.4964	2.4964	0.679038374
	0.03	0.68		1.18	3.6764	
X4	0.6	0.15				
	0.17	0.5	CR	2.8561	2.8561	0.7093961899
	0.54	0.21		1.17	4.0261	
	0.38	0.31				

Source: Primary data processed 2022 (AMOS 16)

The results in the table reveal that the lifestyle variable has a composite reliability coefficient value of 0.859, and the social class variable has a composite reliability coefficient value of 0.868, based on the reliability test results. The construct reliability coefficient value for the consumer personality character variable is 0.679, while the construct reliability coefficient value for the income variable is 0.709. As can be observed from the four variables with construct reliability values of 0.6-0.7, this is consistent with.

c. Validity test

The Standardized Regression Weights value, which describes the appropriateness of each indicator to its concept, is used to determine the validity test. If the Analysis Variance Extracted (AVE) value is 0.5 and the Construct Reliability (CR) value is 0.7, the construct is considered reliable.

Table 2. AVE Value Test Results

Variable	Variable Value	e Value	(Σstandart loading) ²	(Σstandart loading) ² variable	Σstandart loading) ² variable + Σξj	Σstandart loading) ² / Σstandart loading) ² + Σξj
X1	0,63	0,24	0,3969			
	0,3	0,34	0,09	VE	1	1
	0,93	0,11	0,8649		2,47	3,47
	0,61	0,31	0,3721			
X2	1	0,02	1			
	0,83	0,3	0,6889	VE	1,1	1,1
	0,7	0,48	0,49		2,69	3,79
	0,16	0,3	0,0256			
X3	0,52	0,45	0,2704	VE	1,18	1,18
	1,03	0,05	1,0609		1,58	2,76
	0,03	0,68	0,0009			
X4	0,6	0,15	0,36			
	0,17	0,5	0,0289	VE	1,17	1,17
	0,54	0,21	0,2916		1,69	2,86
	0,38	0,31	0,1444			
Y	0,85	0,02	0,7225	VE	0,61	0,61
	0,26	0,35	0,0676		2,06	2,67
	0,2	0,1	0,04			
	0,15	0,07	0,0225			
	0,6	0,07	0,36			

Table 2 provides the average variance extract value, which is less dependable than the previous results. The AVE value for the lifestyle variable is 0.288, followed by 0.290 for the social class variable, 0.427 for the consumer personality character, and 0.290 for the income variable. Because the AVE value of the four variables is less than 0.5, the variance value extracted from the indicator in the measured variable is less reliable and cannot be used in research, several questions with a value of less than 0.5 for each variable must be deleted in order to achieve a higher AVE value around 0.5.

Table 3 shows the validity and reliability test results for further testing with a questionnaire with respondents who have been determined with predetermined conditions, namely the millennial generation aged 21-41 years who live in Surakarta and have purchased traditional MSME food in the city of Surakarta at least once in the last 6 months, namely pecel, liwet, and gudeg.

Table 3. Validity and Reliability Test Results

Description	Question items retained number	Cronbach Alpha (α)
Lifestyle	3	0,859
Social class	2	0,868
Consumer Personality Character	2	0,679

Income	3	0,822
Source: research results		

All of the latent variables in Table 3 have high reliability and validity. For the number of items that were kept from 15 questions with details of questions related to lifestyle, 4 questions were omitted, 1 question became 3 questions, 4 questions were omitted for questions related to social class, 2 questions were omitted to 2, and 3 questions were omitted to 2 for questions related to consumer personality characteristics and for income-related questions, which were reduced from four to three. To reach the expected Cronbach alpha value, the questions were deleted.

d. Hypothesis Testing

SEM analysis was used to examine assumptions 1 through 4. The results of this SEM analysis show that the goodness of fit is relatively acceptable and can be deemed to match the model fit requirements, namely CMIN/Df = 2.85; TLI= 0.97; CFI= 0.98; NFI= 0.97; IFI= 0.98; IFI= 0.98; RMSEA= 0.07; GFI = 0.95 AGFI 0.9. The structural model testing model, according to is used to investigate the relationship between latent variables, both independent and dependent, that cannot be measured directly and require indicators to be measured. The results of the Structural Equation Modeling model are shown in Figure 1 and are detailed through route analysis of lifestyle characteristics, social class, consumer personality traits, and income in MSME traditional food purchasing decisions.

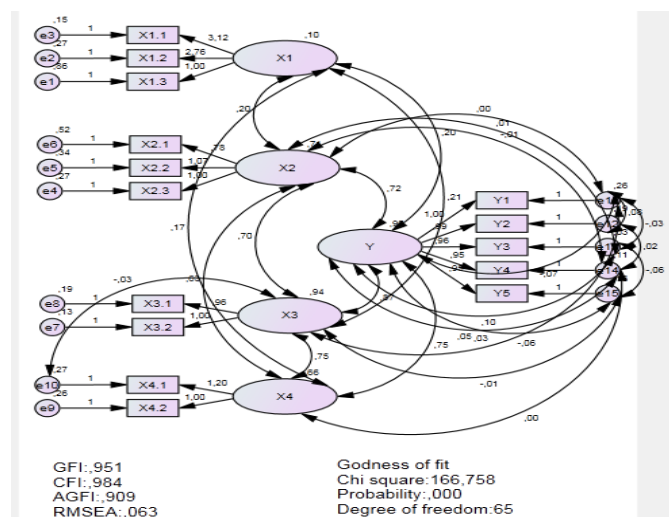


Figure 1 Results of the Stuctural Equation Modeling

Source: Primary data processed 2022 (AMOS 16)

Table 4. Value of Regression Weights

			Estimate	S.E.	C.R.	P	Label
LIFESTYLE (X1)	->	BUYING DECISION	,195	,036	5,463	***	par_11
SOCIAL CLASS (X2)	->	BUYING DECISION	,720	,062	11,691	***	par_12
CONSUMER PERSONALITY	->	BUYING DECISION	,871	,067	13,019	***	par_13

		Estimate	S.E.	C.R.	P	Label
CHARACTER (X3)	S					
INCOME (X4)	→ BUYING DECISION	,745	,062	12,195	***	par_14

Source: Primary data processed, 2022 (AMOS 16)

According to the first premise of this study, lifestyle has a beneficial impact on purchasing decisions for traditional MSME items. By looking at the crucial ratio value of $5.463 > 1.96$ and the probability value of $p = 0.000.05$, the test criteria are met. As a result, lifestyle variables have a favorable and considerable impact on traditional food shopping decisions. This demonstrates that the higher the millennial consumer's lifestyle, the more conventional MSME products they purchase. The idea that lifestyle influences purchasing preferences for traditional foods is acceptable based on the findings. This is consistent with view that lifestyle encompasses activities, interests, and opinions that influence product purchasing decisions, hence the first hypothesis can be accepted.

According to the second hypothesis, social class influences purchasing decisions in a favorable way. When looking at the crucial ratio value of $11.691 > 1.96$ and the probability value of $p = 0.000.05$, the test criteria are met. This demonstrates that social class variables have a favorable and significant impact on purchasing decisions for typical MSME products. The second hypothesis can be accepted since it is consistent with the theory that social class is a crucial factor in why consumers acquire a product or service.

Furthermore, the consumer's personality character has a beneficial effect on purchasing decisions for conventional MSME items, according to the third hypothesis. With a critical ratio of $13.019 > 1.96$ and a probability of $0.000.05$, the consumer personality character variable has a positive and substantial influence on the decision to purchase traditional food goods from MSME. The findings of this study are consistent with the notion that food purchasing decisions are influenced by a variety of factors, one of which is the consumer's taste. As a result, the third hypothesis is acceptable.

The study's fourth hypothesis argues that income has a beneficial impact on purchasing decisions for traditional MSME products. By looking at the crucial ratio value of $12.195 > 1.96$ and the probability value of $p = 0.000.05$, the test criteria are met. This is in line with the notion that if income distribution is unequal, purchasing power will erode, resulting in lower demand for goods. The amount of demand for an item is determined by the distribution of community income; if the community's income is high, it will encourage people to satisfy their desire to acquire an item; on the other hand, if the community's income is low, their purchasing power or capacity is likewise low. The hypothesis that income influences traditional food purchasing decisions is acceptable based on the findings.

This is the consumer personality character variable with the largest critical ratio value of $13.019 > 1.96$, the highest value compared to other variables such as lifestyle, social class, and income, of the four variables that have the most influence on purchasing decisions for traditional MSME products. Personality is a psychological trait that distinguishes a person from others and causes a relatively consistent and long-lasting response to the environment. It is influenced by a variety of factors including the buyer's age and stage in life cycle, occupation and financial circumstances, personality and self-concept, and lifestyle. as well as worth.

5. CONCLUSION

According to the results of statistical tests and analyses conducted by researchers, the four variables used in this study, namely lifestyle variables ($p = 0.00$; $cr = 5.463$), social class ($p = 0.00$; $cr = 1.96$), consumer personality (p

= 0.00; cr = 13.019), and income ($p = 0.00$; cr = 12.195), have a positive influence. In order to accept the first, second, third, and fourth hypothesis. With a critical ratio value of $13.019 > 1.96$, the customer personality character variable is the most impactful variable on purchasing decisions. The higher the crucial ratio value, the greater the impact on traditional food purchasing decisions. Food products made by small businesses.

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