**Artikel Penelitian**

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# The Effect of Perceived Risks on Purchase Intention at UD. Kian Maju Medan

## Pengaruh Perceived Risks Terhadap Minat Beli Pada UD. Kian Maju Medan

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**Abstract**: *Perceived risk is a significant source of psychological stress that results in impaired purchase intention. Thus, marketers' understanding of perceived risk structure and the provision of risk relievers give consumers a better environment for making purchase intentions. The writer conduct research at UD. Kian Maju Medan which engages in providing glassware and any other glassware products, the company is facing problem which customers experiences the functionality risks which fear that the product will fail to deliver based on its functions, the financial risks which the product's quality doesn't match its price, the prices that the company can change suddenly, customers have been spending much money on purchasing an inadequate or unfamiliar brand. The indicators of perceived risks were adopted from Bhukya and Singh (2015:221) which are perceived functional risk, perceived financial risk, perceived physical risk, and perceived psychological risk. The indicators of purchase intention are adopted from Elwanda and Lu (2012:7) which are product orders, customer satisfaction, loyalty, and repeat order. The population that the writer uses is the customers of UD. Kian maju Medan using Slovin's formula get the sample size 81 people. The writer uses the simple random sampling which each member of the population has an equal and known chance of being selected. The results of calculations are perceived risks have effect on customer purchase intention which can be seen from hypothesis test (-zcount <-ztable), and perceived risks have a negative and strong effect on purchase intention from the result of correlation test, linear regression equation and determination test. Several recommendations are given based on the disagree answers of the respondents which make sure the quality of products to be high and standard quality that meet the customers' needs, check and make sure the products are free from defects and chemicals, provide the well-known and familiar brand of products, and charge the prices based on the products' materials.*

**Abstrak**: Risiko yang dirasakan merupakan sumber stres psikologis yang signifikan yang mengakibatkan gangguan niat beli. Dengan demikian, pemahaman pemasar tentang struktur risiko yang dirasakan dan penyediaan pereda risiko memberi konsumen lingkungan yang lebih baik untuk membuat niat pembelian. Penulis melakukan penelitian di UD. Kian Maju Medan yang bergerak di bidang penyediaan barang pecah belah dan produk barang pecah belah lainnya, perusahaan sedang menghadapi masalah dimana pelanggan mengalami resiko fungsionalitas yang takut produk akan gagal terkirim berdasarkan fungsinya, resiko finansial dimana kualitas produk tidak sesuai harganya, harga yang dapat diubah perusahaan secara tiba-tiba, pelanggan telah menghabiskan banyak uang untuk membeli merek yang tidak memadai atau tidak dikenal. Indikator persepsi risiko diadopsi dari Bhukya dan Singh (2015:221) yaitu persepsi risiko fungsional, persepsi risiko keuangan, persepsi risiko fisik, dan persepsi risiko psikologis. Indikator niat beli diadopsi dari Elwanda dan Lu (2012:7) yaitu pesanan produk, kepuasan pelanggan, loyalitas, dan repeat order. Populasi yang penulis gunakan adalah pelanggan UD. Kian maju Medan dengan menggunakan rumus Slovin didapatkan jumlah sampel 81 orang. Penulis menggunakan simple random sampling dimana setiap anggota populasi mempunyai kesempatan yang sama dan diketahui untuk dipilih. Hasil perhitungan persepsi risiko berpengaruh terhadap niat beli pelanggan yang dapat dilihat dari uji hipotesis (-zhitung < -ztabel), dan persepsi risiko berpengaruh negatif dan kuat terhadap niat beli dari hasil uji korelasi, persamaan regresi linier dan tes determinasi. Beberapa rekomendasi diberikan berdasarkan jawaban tidak setuju dari responden yaitu memastikan kualitas produk tinggi dan standar kualitas yang memenuhi kebutuhan pelanggan, memeriksa dan memastikan produk bebas dari cacat dan bahan kimia, menyediakan produk yang terkenal dan merek produk yang sudah dikenal, dan membebankan harga berdasarkan bahan produk.

## INTRODUCTION

There are many risks associated with its use experienced by the customers. For example, perceived high risk about the quality of the product, new payment methods, delivery options, and information content. Perceived risk is consumers' subjective expectations of a loss. It means that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant. Consumers perceive a high degree of risk when they make purchase decision to buy unknown brands as they do not have experience with those brands, thus perception of risk causes the consumer to select whichever device appears to be best suited for the type of risk involved. In the marketing literature, research has shown that the use of certain risk reduction strategies such as brand reputation, product trial, and warranty are successful in reducing the risk perception of consumers. Perceived risk analysis increases marketing efficiency. Since a study of risk identifies consumers' preferred risk-reduction strategies, the focus on useful strategies brings about more efficient resource allocation into all marketing activities, including brand/image development, targeting, positioning, and segmentation. The study of perceived risk leads consumers to more effective decision making. Perceived risk is a significant source of psychological stress that results in impaired purchase intention. Thus, marketers' understanding of perceived risk structure and the provision of risk relievers give consumers a better environment for making purchase intentions. Purchase intention has been widely used in the literature as a predictor of subsequent purchasing. More specifically, purchase intention is negatively driven by the perceived risk associated with the purchase. The greater the perceived risk associated with the act of buying from the company, the lower the future purchasing intention from the customers.

The customers experiences the functionality risks which fear that the product will fail to deliver based on its functions, the financial risks which the product's quality doesn't match its price, the prices that the company can change suddenly, customers have been spending much money on purchasing an inadequate or unfamiliar brand, the physical risk (the products do not have strong and long-lasting color) and the psychological risks which the customers do not have many good product choices, the staff of the company All those perceived riks factors can be a barrier or obstacles in the company in creating customer purchasing intention

## LITERATURE REVIEW

**Perceived Risks.** Any time customers consider purchasing a new product or signing up for a new service, they also face a set of uncertainties about the product or service collectively referred to as perceived risk. As part of the conversion process from potential customer to paying customer, businesses must develop strategies to assuage one or more of the six types of perceived risks.

Perceived risk is the uncertainty a consumer has when buying items, mostly those that are particularly expensive, for example, cars, houses, and computers. Every time a consumer considers buying a product, he or she has certain doubts about the product, especially if the product in question is highly priced. According to Zhang (2012:8), "The perceived risk will affect the consumer's purchase decision, but he didn't analyze the perceived risk's specific types. The perceived risk included at least two factors, uncertainty and adverse consequences". Following the theory of consumers' perceived risk, consumers will perceive risk when they face uncertainty and potentially undesirable consequences as a result of purchase. The more risk consumers perceived, the less likely it is that they will make a purchase. Therefore, Perceived risk is powerful at explaining consumers' behavior because consumers are more often motivated to avoid mistakes than to maximize utility in purchasing. According to Bugman (2013:57), the term perceived risk means the individual's subjective belief about potentially negative consequences from his/her decision. In other words, "perceived" is used as opposed to objective outcome distributions of an alternative or a product class with that a consumer is associated. There are a number of reasons why risk is an appropriate place to look at the manner in which traditional theories

and propositions of marketers hold up in the Internet area. First, perceived risk theory provides a comprehensive explanation of why consumers are more often motivated to avoid negative aspects than to seek positive aspects or payoffs in a given buying situation. Perceived risk theory postulates that buyers are inclined to minimize the perceived risk first, rather than to maximize the expected positive outcome or expected payoff. In this way, it has been possible to understand some of the consumer behaviors that are not comprehensible in a normative utility theory. Besides, it has been shown that once consumers' perceived risks have been identified in a buying situation, there seems to be some evidence to determine subsequent consumer behavior in accordance with such risks Second, perceived risk theory is expandable to almost all kinds of consumer poducts and services. That is, the previous perceived risk research demonstrates that the theory can be successfully applied to a wide range of consumer product categories, including coffee, detergent, furniture, automobiles, and services. Third, perceived risk analysis increases marketing efficiency. Since a study of risk identifies consumers' preferred risk-reduction strategies, the focus on useful strategies brings about more efficient resource allocation into all marketing activities, including brand/image development, targeting, positioning, and segmentation. Fourth, the study of perceived risk leads consumers to more effective decision making. Perceived risk is a significant source of psychological stress that results in impaired decision-making. Thus, marketers' understanding of perceived risk structure and the provision of risk relievers give consumers a better environment for making purchasing intentions. For all these reasons, investigating consumer risk perception and providing proper risk-reduction strategies within environment offers a great deal to potential Internet marketing. But the investigation of risk perception in decisions goes beyond mere help for Internet marketers. The relationship between risk perception and consumer behavior is a well-researched and well-understood area of consumer research. Perceived risk is about the consumer perception toward the uncertainty of buying a product where it can make consumer become doubt in buying the product and lead for asking suggestion of the consequences of buying it. Perceived risk is one of the most significant factors that influence consumer purchase intention.

## PURCHASING INTENTION

According to Omotayo (2011:65): "Customers' purchasing intention is series of choices made by a customer prior to making a purchase that begins once the customer has established a willingness to buy". The customer must then decide where to make the purchase, what brand, model, or size to purchase, when to buy, how much to spend, and what method of payment will be used. The marketer attempts to influence each of these decisions by supplying information that may shape the customer's evaluation process.

According to Raula (2012:4) for definitions of customers' purchaisng intention, 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 customer 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 customer 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. According to Raula (2012:5), "Most purchases imply the decision to buy a product or service. This purchasing intention process includes: 1) A goal to be reached (i.e., lessening the tension created by an unsatisfied need or desire). 2) A number of alternatives (i.e., competing products and brands). Products and brands are perceived, evaluated, and compared on the basis of their distinctive attributes

and on their ability to satisfy a set of needs. These alternatives also include the non-purchase decision. 3) A state of doubt, arising from the impossibility of possessing all relevant information on the different products and brands. Buyers are also uncertain about how well a given product or brand will satisfy their needs and desires.

## METHODOLOGY

**Research Design.** The methods of research conducted are deeming as a scientific writing, which put research in a systematic order to find out the answer to every problem through the research of population and sample inside the organization. The writer used descriptive research method and correlational (casual research) research. Descriptive research methods were done by collecting, categorizing, analyzing, and also interpreting the data that is relevant with the problem. The descriptive research use interview and questionnaires. Correlational research is a plan that defines the research question, hypotheses to be examined, and the number and type of variables to be studied. It also assesses the relationship between the variables by using well-developed principles of scientific inquiry. The correlational research uses correlation statistic such as correlation coefficient, determination, regression equity, etc.

**Research Object.** According to Sugiyono (2011:98),"In addition to the purpose of the study and population size, three criteria usually willl need to be specified to determine the appropriate sample size. The level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured. The level of precision, sometimes calles sampling error is the range in which the true value of the population is estimated to be. This range is often expressed in percentage points (e.g.5%). Thus, if a researcher finds that 60% of customers in the sample have adopted a recommended practice with a precision rate of 5%, then he or she can conclude that between 55% and 65% of customers in the population have adopted the practice". The approach to determining sample size os the application of a simplified formula for prapations in Slovin's formula provides a simplified formula to calculate the sample size in this skripsi. A 95% confidence level and p=0.05 are assumed, The sample size is 81 customers. The writer uses the simple random sampling which each member of the population has an equal and known chance of being selected. When there is large population, it is often difficult or impossible to identify every member of population

## RESULT

**Normality Test.** Normality test is the test whether the sample being used is normal or not. The Kolmogorov Smirnov normality test is to compare the distribution of the data with the standard normal distribution.

### One-Sample Kolmogorov-Smirnov Test

|  |  | Perceived Risks | Purchase Intention |
|---|---|---|---|
| N |  | 81 | 81 |
| Normal Parameters[a] | Mean | 27.40 | 19.64 |
|  | Std. Deviation | 4.170 | 2.797 |
| Most Extreme Differences | Absolute | .183 | .211 |
|  | Positive | .183 | .211 |
|  | Negative | -.103 | -.109 |

| | | |
|---|---|---|
| Kolmogorov-Smirnov Z | 1.282 | 1.184 |
| Asymp. Sig. (2-tailed) | .157 | .163 |
| a. Test distribution is Normal. | | |

Explanation: Application of Kolmogorov Smirnov test is that if the significance is below 0.05, it means that the data to be tested have significant differences with the standard normal data. In other words, the data are not normally distributed. Based on the result above, the significant or probability value which is 0.157 and 0.163 which is greater than 0.05. This means, the sample has normal distribution.

**Correlation Test.** The correlation test can be used to know the correlation between independent variable and dependent variable.

**Coefficient of Correlation**

| | | PerceivedRisks | Purchase Intention |
|---|---|---|---|
| Perceived Risks | Pearson Correlation | 1 | -.780** |
| | Sig. (2-tailed) | | .000 |
| | N | 81 | 81 |
| Purchase Intention | Pearson Correlation | -.780** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 81 | 81 |

The result of calculation of correlation coefficient between Variable X (Perceived risks) and Variable Y (Purchase Intention), the writer got the result of -0.78. The value of -0.78 is indicated as negative and strong. This means perceived risks have a negative and strong relationship with customer purchase intention at UD. Kian Maju Medan.

**Determination Test.** Determination test is used to determine the percentage effect of perceived risks on customer purchase intention in the company. The result of determination test can be seen belows:

**Model Summary**

| Model | R | R Square | Adjusted RSquare | Std. Error of theEstimate |
|---|---|---|---|---|
| 1 | .780a | .6084 | .728 | 1.126 |
| a. | Predictors: (Constant) | | | |

The percentage effect of perceived risks on purchase intention is 60.84% and the remaining 39.16% is effected by other factors which are not discussed in this skripsi. The result of 60.84% with the table of determination scale is high determination. Perceived risk has high percentage effect on customer purchase intention at UD. Kian Maju 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:

### Coefficients[a]

| | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| Model | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 45.320 | -.690 | | 2.483 | .018 |
| | Total_X | -.690 | .061 | .810 | 9.295 | .000 |

a. Dependent Variable:

After the calculation, the writer concludes that when perceived risk is (X=1), the customer purchase intention is 43.94 which decrease 0.69 point. When perceived risk is (X=2), the customer purchase intention is 43.25 and when perceived risk is (X=3), the customer purchase intention is 42.56. This means, perceived risk has a negative equation on customer purchase intention at UD Kian Maju Medan. The increase of variable X (perceived risk) will result in the decreasing of customer purchase intention.

**Hypothesis Test.** To know the hypothesis is significant or not, the writer uses z-test hypothesis test. The writer used the ztest to test the hypothesis as the sample size is more than 30 people. The calculation is as follows:

$$z = \frac{r}{1/\sqrt{n-1}}$$

$$= -\frac{0.78}{1/\sqrt{81-1}}$$

$$= -\frac{0.78}{0.11}$$

$$= -7.09$$

The confidence level of hypothesis test is 95% and 5% error degree, Since use the two-tailed hypothesis test, 0.95/2= 0.4750. The ztable is 1.96. From the calculation above, the writer got zcount= -7.09. The -zcount < -ztable (-7.09 < - 1.96). Ha (Alternative Hypothesis) is accepted. Perceived risks has effect on Purchase Intention at UD. Kian Maju Medan.

## DISCUSSION

The results of validity for variable X (perceived risks) and variable Y (Purchase intention), the result is in the range of 0.60-0.80 which in the scales is indicated as High Validity. All questionnaires' questions are valid and can be used.

The reliability test is 0.82 is located at the scale α > 0.80 which 0.82> 0.80, this means the questionnaires have good data reliability.

The statistics of variable X (perceived risks), The respondents (the customers) agree that they are having risks by purchase the products of UD.Kian Maju Medan. The statistics of variable Y (purchase intention), customers disagree that they will have high purchase intention with the products of the company.

The significant or probability value which is 0.157 and 0.163 which is greater than 0.05. This means, the sample has normal distribution.

The correlation test shows perceived risks have a negative and strong effect on customer purchase intention at UD. Kian Maju Medan.

Determination result percentage shows perceived risk has high percentage effect on customer purchase intention at UD. Kian Maju Medan.

The linear regression equation shows perceived risk has a negative equation on customer purchase intention at UD Kian Maju Medan.

-zcount < -ztable (-7.09 < -1.96), This means the Null hypothesis (Ho) is rejected and the alternative (Ha) is accepted. Perceived risks has effect on Purchase Intention at UD. Kian Maju Medan.

## CONCLUSIONS

Perceived risks has effect on purchase intention at UD. Kian Maju Medan which can be seen from the result of hypothesis test that shows Ha (Alternative Hypothesis) is accepted. -zcount < -ztable (- 7.09 < -1.96).

Perceived risks have a negative and strong effect on customer purchase intention at UD. Kian Maju Medan which can be seen from the result of correlation test and Perceived risk has high percentage effect on customer purchase intention at UD. Kian Maju Medan from determination test (60.84%).

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