

# Purchase Decision Making Model Based on Mental Accounting in The Day-Old Chicken Industry in Indonesia

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**Abstract:** *The process of purchasing decisions essentially goes through 5 stages, starting from the introduction of problems, information search, alternative evaluations, purchasing decisions, and post-purchase behavior. Research findings show that Industry of Day-Old Chicken (DOC), after passing through the evaluation phase of an alternative, customer does not directly make a purchasing decision, but through Mental Accounting to maximize its financial utility. Mental Accounting actions arise in purchasing decisions because the involvement of external factors plays a role in influencing the level of investment risk, at the product level or the level of high involvement price industry, the purchasing decision is through careful consideration. Customer behavior shows an improvement in the theory of the stages of the previous purchase decision from 5 stages changed to 6 stages, Mental Accounting fills the position of the fourth stage and then the purchase decision.*

**Keywords :** *Internal factor, external factor, behavior control, mental accounting, purchase decision, Day Old Chicken.*

## I. INTRODUCTION

### 1.1. Background

A better Indonesian economical condition results in the higher consumption of the animal protein especially chicken. Consuming the chicken has become the daily needs instead of the luxurious life styles. it can be proved from the menu which most restaurants, no matter the class, provide chicken as one of their menus. This means that the market is becoming interesting to enter especially those from broiler s and day old chicken. The data also show that the chicken consumption is increasing by at least 10% .

**Table 1.1 Chicken Consumption/Capita**

Production Period	Numbers (Kg)	Growth (%)
2012	4,9	
2013	6,28	28,16
2014	6,9	9,87
2015	7,8	13,04
2016	8,6	10,26
2017	9,5	10,45

Source : GPPU, 2017.

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**Table 1.2 The Sales of DOC of Companies in Jakarta (pcs/year)**

Period	PT. Cibadak	PT. Charoen Pokphand	PT. Japfa	PT. Malindo
2012	46.275.265	2.404.605.000	1.136.135.000	453.700.980
2013	32.853.215	2.404.605.000	1.136.137.000	453.700.781
2014	22.587.394	3.116.761.000	1.271.910.000	620.364.945
2015	20.064.643	3.868.560.000	1.441.647.000	778.172.607
2016	18.258.077	3.900.752.000	1.242.238.000	662.172.000
2017	22.275.265	3.259.690.000	1.513.289.000	861.856.000

Source : Data processed, 2017.

The data show that there is a higher demand of DOC every year but the fact that the market absorption of the products declines significantly i.e. Charoen Pokphand declines from about 19,6% in 2016. The table also shows that there was a declining trend year by year. This situation makes the companies produce DOC worry if it happens for a long period. But it is clear the declining trends were caused by tighter competition from the imported product from Brazil and other countries. The imported products cause the imbalance demand and supply in which the supply exceeds the demand capacity. This condition creates the DOC consumers change their purchase decision behaviour through mental accounting. Mental accounting is the way how the consumers codified, categorized and evaluated their business activities towards the chosen financial results. At the DOC market, the mental accounting happens just before the consumers decide their purchase decision influenced by the imported DOC, Chicken, animal feed, etc.

Consumers behaviour (Duncan, Tom (2005) is a process and activities when someone connects with the searching, buying, using and evaluating products and services to meet the needs and wants. Ajzen, Icek and Fishbein, M. in Jogiyanto (2007) through the theory of *planned behavior*, the consumers behaviour is shaped through 3 factors namely *behavioral beliefs, normative beliefs, and control beliefs*. While Kincaid, Judith (2003) states that for low involvement goods, the purchase decision is also easy while for high involvement goods, the purchase decision process needs comprehensive consideration. The factors influencing consumers purchase decision are 1) internal factor consisting of personal and psychological aspects and 2) external factor consisting of family, groups and culture, 3) behaviour control factor consisting of attitude, intention, behaviour and belief, 4) Decision making is an action from consumers to spend their money to buy the products or not by considering quality, prices, known products.

### 1.2. Problems Formulation

Based on the above explanation, the authors are proposing the following research problems;

1. Does internal factor influence the mental accounting?
2. Does external factor influence the mental accounting?
3. Does behaviour control influence the mental accounting?
4. Does Mental Accounting influence the purchase decision?
5. Does Internal factor influence the purchase decision?
6. Does External factor influence the purchase decision?
7. Does behaviour control influence the purchase decision?
8. Do the internal factor, external factor and behavior control influence the purchase decision through mental accounting?
9. Does mental accounting influence dominantly toward purchase decision?

### 1.3. Aims of the Research

This research is aimed at developing mental accounting conceptual construction model towards purchase decision of DOC products of the boiler businessmen in maximizing their utilities. Mental accounting conceptual model is newly

innovated model in seeing the market behaviour in purchase decision process so that the boilers company is able to predict its risks, return faced during the purchase decision.

The specific aims of this research are :

- a. Construction model developed by purchase decision through mental accounting analysed through internal and external factors, and individual market behaviour control through financial sustainability engineering utility controlled or by personal willingness thoroughly to business environments at DOC industry.
- b. Construction model developed by purchase decision through financial sustainability engineering utility at DOC industry toward risk and return.
- c. Develop the analysis of market behaviour to maximize profit through mental accounting.
- d. Test the concept of 5 process of purchase decision ; first, problem introduction, secondly ; information search, third; alternative evaluation, fourth ; purchase decision and fifth; after purchase behaviour. It becomes 6 steps and it's put before the fourth stage in which the consumers will pass through mental accounting before the make the purchase decision at DOC industry and other products.

#### 1.4. The Urgency of the Research

Mental accounting, in the purchase decision stage, is the most strategic and important step, before the market make the purchase decision. The higher the risk and the bigger market uncertainty, the purchase decision is getting weaker. So the this research urgency and specialty are :

First ; this research is finding how the tendency of market behaviour in creating purchase decision of DOC products influenced by DOC import, chicken imports and other relevant products. The basic philosophy is how the create mutual benefit between DOC producers and the boilers farmers.

Secondly ; this research contribution lies in the effect on the market behaviour development theory as a part of purchase decision development on DOC industry. Purchase decision processes are basically started with ; 1) problem identification; 2) information gathering; 3) alternative evaluation; 4) purchase decision; and 5) after purchase behaviour. However in the DOC industry, the customers decide to purchase the products through mental accounting in which the market codifies, categorizes, evaluates its chosen financial result.

The third ; preferred investment prospect is confusing in a very dynamic market. Preference indicates that in any market situation investment is aimed at maximizing the return while at the internal and external factors, behaviour control influences DOC supply such as imported chicken, and its related products.

#### 1.5. Research Contribution

Purchase decision development stage is aimed at maximizing the company financial utility as a strategic step which can not be separated from marketing strategic which underlines on market behaviour aspect influenced by internal, external, behaviour control and others. Purchase decision at those phenomena causes the development of the decision stages from 5 to six in which mental accounting becomes the intervening stage. This research finding will determine the quality of broiler purchase decision be better in maximizing its financial utility.

This research is aimed at creating policy construction model in developing purchase decision at maximizing the better financial utility to maintain its sustainability at the very competitive market. It is a novelty and innovative developed from behaviour, education, social and culture and psychology approaches at developing purchase decision process which bases on mental accounting model at DOC industry.

#### 1.6. Research Findings

The research finding is a model of purchasing decision formation through mental accounting from the analysis of internal, external, and control factors of individual market behavior in the engineering of the sustainability of financial

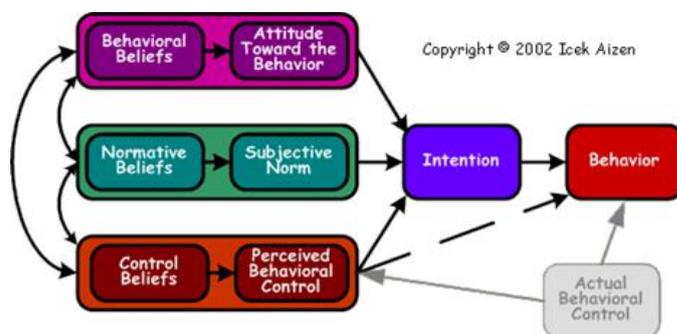
utilities under their own overall control and desires in the DOC industry business environment. The relevant findings to be achieved in this study include;

1. Construction of the model of purchasing decision formation through mental accounting that examines the analysis of internal, external, and control factors of individual market behavior in the engineering of maximizing the sustainability of financial utilities under their own control and desires in the DOC industry business environment.
2. Construction of mental accounting policy models in influencing the stages of the process of forming purchasing decisions by consumers.

## II. LITERATURE REVIEW

### 1.7. Consumer Behaviour

Consumer behavior, is the process of how individuals, groups, and organizations choose, buy, use, and how goods, services, ideas or experiences to satisfy their needs and desires (Kotler P. and Keller KV., 2013). Factors that influence the formation of consumer behavior include internal and external factors (Nugroho J. Setiadi, 2003). While according to Private B. and Handoko (2000), external factors influencing consumer behavior include culture, social class, social groups, and family. In addition to these psychological factors become the basis in determining consumer behavior including motivation, observation, learning, personality, self-concept, and attitude (Subiyanto T., 2007). Then Ajzen and Martin Fishbein (in Jogiyanto, 2007) in the theory of reasoned action (Theory of Reasoned Anction / TRA), to determine the action or will involves beliefs, attitude, will or intention and further is behavior. Jogiyanto (2007), emphasizes that behavioral theories focus on attention, that is, considering something that is considered important, and intention is determined by subjective attitudes and norms. Ajzen emphasizes the factor of perceived behavioral control (PBC) is called Theory of Planned Behavior (TPB):



Sumber : Ajzen, I. (1991)

**Figure 2.1: Theory of Planned Behavior**

### 1.8. Purchasing Decision Building

Fandy Tjiptono (2008), states that the formation of decisions will be preceded by the actions of individuals who are directly involved in the business of obtaining, using, and determining products and services. Utami, CW (2006), further detailed that, the factors that influence purchasing decisions basically consist of internal factors including personal aspects (eg age stages, financial condition, lifestyle, personality, and self-concept), and psychological aspects ( include motivation, perception, belief, behavior, and learning process). While external factors include family, reference groups, and culture.

Stages of the purchase decision process basically starts from the stage; first, problem recognition; second, information search; third, alternative evaluation; fourth, purchasing decisions; fifth, post-purchase behavior (Kotler, P and Keller, KL, 2010). The behavior that appears in the purchase decision is the formation of psychological accounting. in two possibilities; 1). minimal accounting is the determination of the results according to the consequences that directly

accompany them; 2) inclusive accounting, i.e. if the decision results are framed by taking into account previous events (Kahneman, D., 2005).

### **1.9. Mental Accounting**

Mental accounting, is the process by which markets will encode, categorize, and evaluate financial results against their choices (Kottler, P., Keller KL., 2010). Mental accounting in the process of purchasing decision stages, is the most important strategic step before the market makes a buying decision. The greater the risk and inconvenience that the market will face, the weaker the purchasing decision will be. Mental accounting has the principal content of individuals determining different levels of utility in each group of assets, which influences their consumption decisions and other behaviors (Arrozi, MF., 2015).

The decision-making behavior above shows that there are two possible attitudes including; first, that low-value valuables are made easily, while for high-value valuables the decision making process is done with careful consideration (Kincaid, Judith, 2003); and second, if the situation is due to external factors that cause losses then the behavior that occurs indicates a mental accounting forming financial utility. External factors that have a dominant influence on the investment process drive the behavior of market decisions that tend to be relaxed. Cheema, A., Soman, Dilip (2006). Slivic (1995), explains that preference is as a choice and decision making that has a rational essence with a specific intention behavior.

### **1.10. Behaviour Control**

Behavioral control occurs when it refers to a person's perception of his ability to display certain behaviors (Ajzen, 2005). Behavioral control directly affects the intention to carry out a behavior and also influences behavior (Ajzen, 2006). Perceived behavioral control is demonstrated by one's response to internal or external obstacles when engaging in behavior or behavior. Behavioral control can measure a person's ability to get something in taking an activity.

### **1.11. Internal Factors**

Internal factors are factors that influence purchasing decisions based on; first, personal aspects, namely the existence different personal factors which can be in the stages of age, financial condition, self-concept, and personality; second, psychological aspects, namely factors that influence a person in the act of buying an item or service based on motivation, perception, belief, behavior, and learning process that consumers go through (Christina Whidya Utami, 2006).

### **1.12. External Factors**

External factors are among the factors that influence purchasing decisions based on; first, family which is an important factor in society, for example age and marital status; second, the reference group, which has a direct or indirect influence on a person's attitude or behavior; third, culture which has a wide influence on market / consumer decision making (Christina Whidya Utami, 2006).

### **1.13. Relevant Research**

Previous studies generated by mental accounting of purchasing decisions include:

1. Arrozi's research (2014) proved that investor's preferred return is in the form of dividends and capital gains. The return is based on the choice of investors to invest in securities that have superior stock categories, good performance, stable profitability, and prospective shares.
2. Mahastanti's research (2012), found that mental accounting is formed in making decisions on the use of credit cards based on demographic variables, gender, and income.
3. Kim' research (2006), found that purchase intention increases when the salience of smaller payments towards greater value. In particular, integration leads to product purchase intentions with prices including shipping costs higher than separate, because the emergence of additional costs actually results in higher total costs.

#### **1.14. Hypothesis**

Based on the theory and empirical studies that have been done before, the hypotheses proposed in this study are as follows:

H<sub>1</sub>: Internal factors influence Mental Accounting

H<sub>2</sub>: External factors influence Mental Accounting

H<sub>3</sub>: Behavioral Control influences Mental Accounting

H<sub>4</sub>: Mental Accounting influences Purchasing Decisions

H<sub>5</sub>: Internal factors directly influence the Purchasing Decision

H<sub>6</sub>: External factors directly influence the Purchasing Decision

H<sub>7</sub>: Behavioral Control directly influences Purchasing Decisions

H<sub>8</sub>: Internal Factors, External Factors, and Behavioral Control influence Purchasing Decisions through Mental Accounting.

H<sub>9</sub>: Mental Accounting has the most dominant influence on Purchasing Decisions

## **2. RESEARCH METHODOLOGY**

### **2.1. Research Design**

Descriptive research design based on causality aims to describe both characteristics and functions (Malhotra, 2004), by linking ideas, attitudes, beliefs, perceptions, beliefs of people to be investigated in behavior in the formation of purchasing decisions. This research is classified as fundamental research because it is oriented to the search for methods in forming purchasing decisions from the behavior of market participants so that it can support applied research. The design of this study uses cross-sectional research, namely the research design in the form of data collection from a particular sample that is only done once (Malhotra, 2014), called a single cross sectional where data collection is done from respondents for one time only. The data analysis method used is qualitative, which summarizes large amounts of data into important information that can be used to interpret trends.

### **2.2. Population and Samples**

The population in this DOC study is the Broiler Farmers Industry in Jabodetabek, with production from 2012 to 2017. The samples in this study were all broiler breeders in Jabodetabek. Sampling in this qualitative study uses a purposive sampling technique that is how to determine the sample deliberately on the basis of certain criteria or considerations. Sampling is based on the following criteria:

1. Companies or individuals as breeders of enlargement of DOC into broilers, have made at least 5 purchases @ 2000 head.

2. The last-mentioned DOC purchase was made at least 6 months ago from now

The determination of the number of samples is determined based on a standard error of 5%, a confidence level of 95%, a probability of 0-1, and a Z score of 1.96. To simplify the calculation and hypothesis test the samples used in this study were 276 respondents. To measure indicators of the dependent and independent variables using a Likert scale (Schiffman, Leon and Leslie Lazar Kanuk, 2004). With a Likert scale research subjects give statements:

1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Agree (S), 4 = Strongly Agree (SS),

5 = Very Strong Agree (ASS)

### **2.3. Variables Clasification**

Independent variables in this study are Internal Factors (X1), External Factors (X2), and Behavioral Control (X3). The dependent variable in this study is in the form of a Purchase Decision (Y) in DOC investment as broiler chicken.

While the Intervening variable is Mental Accounting (Z) as a determinant of buying decision behavior in the DOC industry as broiler breeds.

Variable Operational Definition, for research conducted on the DOC industry are as follows:

#### **1. Internal Factors (X1)**

Is a factor influencing DOC purchasing decisions based on consideration; first, the personal aspect, namely the existence of a difference due to personal factors such as age, financial condition, self-concept, personality; second, psychological aspects, namely factors that influence a person in the act of buying an item or service based on motivation, perception, belief, behavior, and learning process that consumers go through (Christina Whidya Utami, 2006).

#### **2. External Factors (X2)**

Factors that influence DOC purchasing decisions based on; first, family, which is an important factor in society, such as age and marital status; second, reference groups that have a direct or indirect influence on a person's attitude or behavior; third, culture which has broad influence on market / consumer decision making (Christina Whidya Utami, 2006).

#### **3. Behavioral Control (X3)**

is behavior that refers to a person's perception of his ability to display certain behaviors (Ajzen, 2005), or behavioral control refers to the extent to which a person feels that displaying or not displaying certain behaviors is under the control of the individual concerned over the DOC industry. Dimensions include belief, attitude, intention, and behavior.

#### **4. Mental Accounting (Z)**

is a series of cognitive operations used by individuals or groups in coding, categorizing, and evaluating financial activities in maximizing their utility (Thaler, RH., 1985), in the DOC industry environment

#### **5. Purchase Decision (Y)**

is a process of evaluation and selection of various alternatives in accordance with certain interests by determining a choice considered the most profitable (Christina Whidya Utami, 2006), in the DOC industry environment. Dimensions include initiator, influencer, decider, buyer, and user (Kotler, P., Keller, KL., 2010).

### **2.4. Research Objects and Data Sources**

The study was conducted on the Broiler Breeder industry that uses DOC as a seed or chicken for raising broilers in Jabodetabek on consumption from 2012 to 2017. Secondary data sources were collected from the company's annual report, and questionnaires from DOC user companies that were kept into chickens broiler for the period 2012 to 2017 in Jabodetabek. Whereas primary data was collected based on field studies through questionnaires filled out by predetermined respondents, namely broiler breeders who use DOC as broiler breeds.

### **2.5. Research Data Collection**

The method or method of data collection in this study was carried out through several methods including:

1. Library Survey Method, this method is aimed at obtaining theories from references / books, research journals, and others.
2. Interview Method, this method is carried out to obtain data from DOC user companies as an investment process in maximizing its financial utility.
3. Questionnaire, this method is carried out to obtain primary data from respondents, namely broiler breeders who use DOC

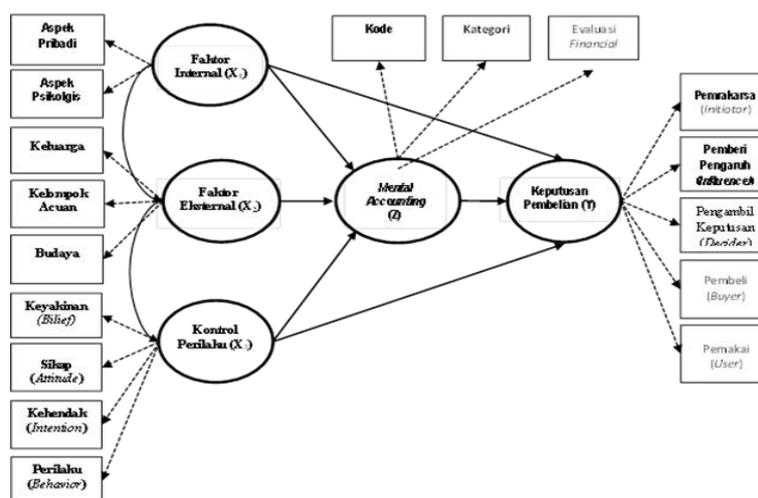
### **2.6. Data Analysis Technique**

Hypothesis testing is done to get the results that are in accordance with the desired based on the problems faced, among others:

1. Validity and Reliability Test, aims to test the quality of primary data based on the validity of the instrument, which is a questionnaire created, while reliability aims to measure the consistency of the instrument against indicator variables.
2. Statistic descriptive, aims to describe or describe something, both a characteristic and a function based on the results of data analysis.
3. Hypothesis Test, in this study using SEM (Structural Equation Model) through AMOS with the aim to determine the effect of Mental Accounting as a determinant in the stages of the process of forming purchasing decisions in the DOC industry. The test model used is the SEM equation so that the model fit indicator is obtained that meets the criteria of a good model, namely: a). Degree of Freedom (DF) the value must be positive; b). Non-significant Chi-Square must be above the required value ( $p = 0.05$ ) and above the accepted conservative limit ( $p = 0.10$ ); c). Incremental fit values above 0.90, namely for GFI, TLI, and NFI; d). The lowest RMR and RMSEA values.

## 2.7. Research Determinant Factor Model

Market behavior models in the Formation of Purchasing Decisions through Mental Accounting are based on forming behaviors indicated through coding, categorizing, and financial evaluations carried out by the market or broiler investors as DOC consumers. In perspective, the determinant model of research can be seen in the figure below. The determinants of mental accounting behavior include internal and external factors, and behavioral control, acting as forming opportunities and obstacles in the broiler industry as DOC consumers.



Sumber : Data diolah, 2018

## 3. DATA ANALYSIS RESULT

### 3.1. Instruments Testing

The research instrument in the form of a questionnaire used to draw primary data to respondents has validity and reliability, and a consistent level of normality. The results can be seen from the results of tests conducted, including:

1. Validity Test - A validity test is conducted to see if the instrument to be used is valid for obtaining primary data from respondents. The statistical test is said to be valid if  $\text{sig } r < 0.05$ , and invalid if  $\text{sig } r \text{ value} > 0.05$ . Can also be seen by looking at  $r \text{ count} > r \text{ table}$ , if  $r \text{ count} > r \text{ table}$  (0.361) is said to be valid, and if  $r \text{ count} < r \text{ table}$  (0.361) is said to be invalid. From the results of tests conducted on each questionnaire having a  $r \text{ count}$  above 0.361, this shows that the questionnaire is valid and can be used to collect data that can describe the real problems of respondents who have been determined according to criteria.
2. Reliability Test - The reliability test results of the research instrument obtained Cronbach's Alpha value of 0.827 from N 38 items, this shows that the instrument of each variable has a consistency or reliability that can be trusted. The

conditions are if the instrument is said to be unreliable when the Cronbach's Alpha value is less than 0.6. The following results are statistically tested:

**Tabel 4.1 Reliability Test Result**

***Reliability Statistics***

<i>Cronbach's Alpha</i>	<i>N of Items</i>
,827	38

**3.2. Data Processing With SEM Through AMOS**

The results of the analysis with SEM through AMOS as in table 4.2 of 276 respondents indicate that the External Factors which include family, reference and cultural elements have a P-value of 0.106, this value is greater than 0.05, meaning that external factors do not directly influence purchasing decisions. While indirectly, through mental accounting, external factors have a very strong influence with a P-value of 0.037 which is smaller than 0.05. The internal factors and behavioral control directly influence the purchase decision, each of which has a P-value of 0.035 and 0.034. With the results obtained in testing that mental accounting as an intervening variable from external factors to purchasing decisions, then this event also shows a shift in the concept of consumer purchasing decision stages from 5 stages to 6 stages. Changes occur at the stage after the 3rd, before making a Purchase Decision consumers will do mental accounting first and then make a purchase decision. The process of changing the stages of consumer purchasing decisions in the DOC industry can be seen from the problem formulation to the proof of testing with SEM through AMOS, empirically it can be seen in the Regression Weights P Value table and in the Model of the determinant factors of research (see figure 3.1), to the Model structural SEM test results as in Figure 4.3.

**Table 4.2. : Regression Weights P Value Independent Variable Toward Dependent Variables**

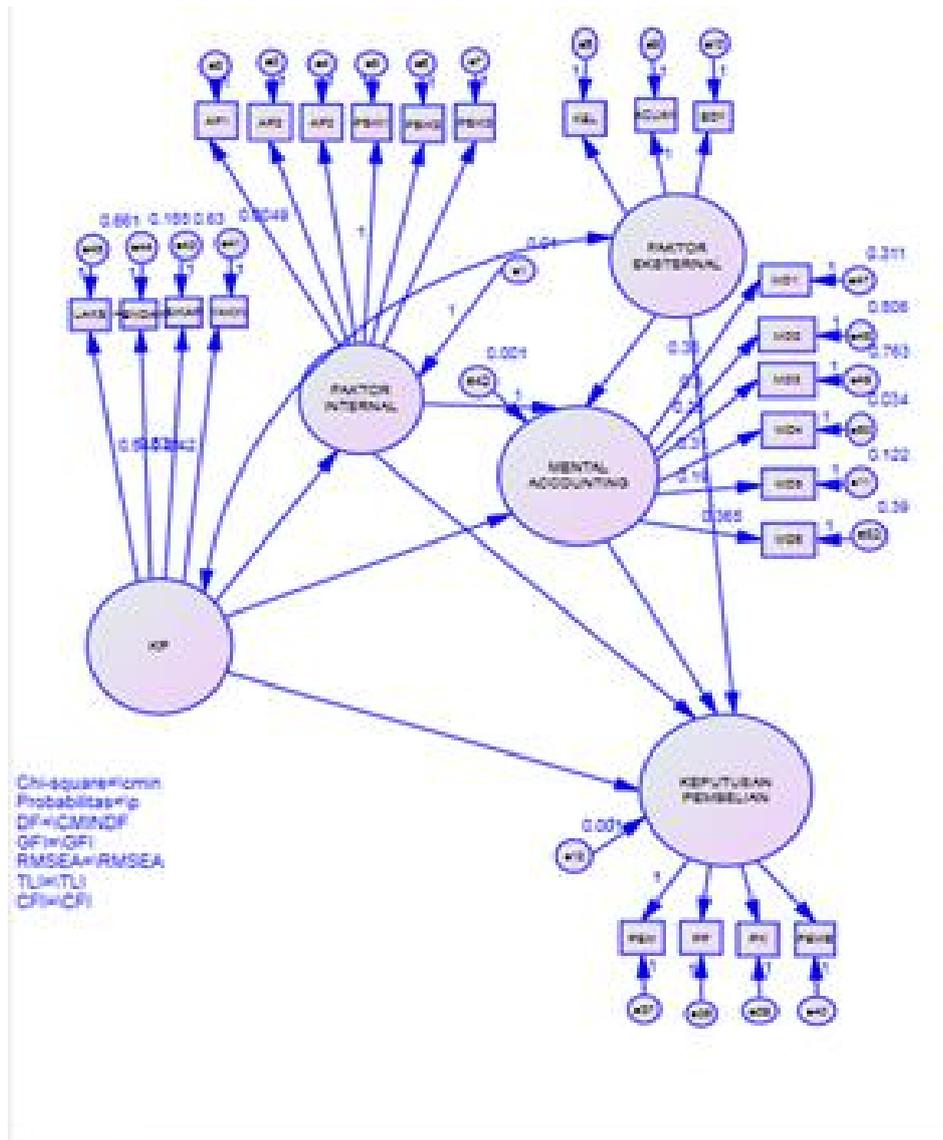
Number of distinct sample moments	: 276
Number of distinct parameters to be estimated	: 38
Degrees of freedom (276 – 38 )	: 238

		Estimate	S.E.	C.R.	P	Label
FAKTOR_INTERNAL	<--- KP	1.535	.248	6.194	***	par_18
MENTAL_ACCOUNTING	<--- FAKTOR_EKSTERNAL	.586	.282	2.083	.037	par_1
MENTAL_ACCOUNTING	<--- FAKTOR_INTERNAL	-3.412	.709	-4.810	***	par_13
MENTAL_ACCOUNTING	<--- KP	7.062	1.476	4.785	***	par_17
KEPUTUSAN_PEMBELIAN	<--- MENTAL_ACCOUNTING	-4.689	2.100	-2.233	.026	par_9
KEPUTUSAN_PEMBELIAN	<--- FAKTOR_EKSTERNAL	3.049	1.887	1.616	.106	par_14
KEPUTUSAN_PEMBELIAN	<--- FAKTOR_INTERNAL	-17.013	8.079	-2.106	.035	par_15
KEPUTUSAN_PEMBELIAN	<--- KP	35.712	16.826	2.122	.034	par_16
HENDAK	<--- KP	.210				
LAKS	<--- KP	.840				
SIKAP	<--- KP	.830				
YAKIN	<--- KP	.420				
KEL	<--- FAKTOR_EKSTERNAL	.561	.274	2.049	.040	par_2
MD3	<--- MENTAL_ACCOUNTING	.230				
MD4	<--- MENTAL_ACCOUNTING	.310				
MD2	<--- MENTAL_ACCOUNTING	.300				
MD1	<--- MENTAL_ACCOUNTING	.350				
MD5	<--- MENTAL_ACCOUNTING	.190				
MD6	<--- MENTAL_ACCOUNTING	.365				
PSIK3	<--- FAKTOR_INTERNAL	1.034	.197	5.242	***	par_3
PSIK2	<--- FAKTOR_INTERNAL	.720	.177	4.072	***	par_4
PSIK1	<--- FAKTOR_INTERNAL	1.000				
AP3	<--- FAKTOR_INTERNAL	.585	.179	3.266	.001	par_5
AP2	<--- FAKTOR_INTERNAL	.990	.256	3.868	***	par_6
AP1	<--- FAKTOR_INTERNAL	.915	.240	3.811	***	par_7
PEMB	<--- KEPUTUSAN_PEMBELIAN	1.098	.283	3.886	***	par_10
PK	<--- KEPUTUSAN_PEMBELIAN	.694	.264	2.628	.009	par_11
PEM	<--- KEPUTUSAN_PEMBELIAN	1.000				
PP	<--- KEPUTUSAN_PEMBELIAN	1.036	.297	3.490	***	par_12
BDY	<--- FAKTOR_EKSTERNAL	1.583	.729	2.171	.030	par_19
ACUAN	<--- FAKTOR_EKSTERNAL	1.000				

Sumber : Data diolah, 2018

### 3.3. SEM Structural Model.

After testing the data obtained with SEM through AMOS, this study can obtain a structural SEM model as shown in Figure 4.1. The following SEM structural model clarifies mental accounting as an intervening variable from external factors to purchasing decisions, in line with these results, it ensures the development of purchasing decision stages from 5 stages to 6 stages. This information becomes very important for the DOC industry to formulate a DOC marketing strategy, so that it continues to grow and develop and be competitive in markets that have high demand both inside and outside the country.



Sumber : Data diolah, 2018.

**Gambar 4.1 : Model Struktural SEM Penelitian Day Old Chicken (DOC)**

### 3.4. Discussion.

*External factors*, involvement in purchasing decisions through Mental Accounting, seen from the test results have a significant P-value of 0.037. External factors have an influence on the DOC investment climate which is debilitating because the DOC industry consumers namely broiler breeders are affected by very high operational costs sourced from the availability of medicines and chicken feed which are very volatile in price. With controlled management, basically broiler breeders at harvest time still have margins even though they are very thin as long as it does not appear to import chicken meat from outside which has an over supply. However, this situation will be weakened if suddenly there is a decision on the import of chicken meat from outside that does not pay attention to the balance of supply and demand. The heavy burden must be borne by broiler breeders investors in the non-conductive industry climate, because these external factors create high operational costs. However, if the situation is very conducive, the margin that can be reached by investors is very high because the level of need for broilers in the market is increasing. For this reason, DOC consumer investors when making the buying decision process always consider the Mental Accounting factor in an effort to maximize their financial productivity. This situation is strengthened by the results of the analysis which

shows that Mental Accounting has the most dominant P-value both directly and indirectly, the effect of Internal Factors, External Factors, and Behavioral Control on Purchasing Decisions, which is 0.00.

*Internal factors*, including personal and psychological aspects have a significant influence both directly and through Mental Accounting with a P-value of 0.00. This happens due to the encouragement in DOC consumers towards efforts to increase the productivity of their investments which have already been spent in the form of large assets in the form of broiler farming. This shows that if internal factors including psychological aspects and personal aspects are increased, the decision to purchase DOC by the customer will also increase. Increased purchasing decisions will be more intensive if information about Mental Accounting can ensure that the level of risk of a decrease in the value of its investment in DOC is getting smaller which can be seen from the analysis of external factors. The effectiveness of the purchasing decision will take place according to the level of risk obtained from the K analysis purchasing decisions through Mental Accounting.

*Behavioral Control*, which occurs in DOC consumers, is basically the same as internal factors, which has a significant influence on purchasing decisions, both directly and indirectly. Judging from the results of the analysis of the direct effect of Behavioral Control on Purchasing Decisions have more dominant value when compared to the indirect effect (through mental accounting). This shows that basically the Behavioral Control aspect tends to neglect the mental accounting aspect if the investment situation which is influenced by the External Aspect is sufficient to support an investment climate conducive to the Broiler industry. However, if external aspects / factors trigger fluctuating investment conditions and even have a high level of risk, then the decision to purchase DOC by consumers will take place through Mental Accounting.

*Mental Accounting*, in this test, influences the purchase decision. When viewed from testing internal factors, external factors, and behavioral control on purchasing decisions, then external factors that have an influence on purchasing decisions through mental accounting, while internal factors and behavioral control have a greater direct influence on purchasing decisions than through mental accounting. Mental accounting has a large influence role from external factors on purchasing decisions, basically showing a conflicting role faced by DOC consumers between as an entrepreneur and manager. As the manager, his main role is to maximize the sustainability of the financial return utility invested, but if the external situation of the industry does not show a profitable business, DOC consumers tend to limit or even delay their investment. The external situation of the industry in question are factors outside the company that affect the broiler business as a DOC consumer, which includes elements of family and culture. The family element, especially from the age side, where the higher the decision maker's capacity shows the level of maturity and caution in making decisions. Whereas from the cultural elements as long as the influence of external factors provides an unfavorable experience, the behavior of decision makers will always pay close attention to the range of external factors in determining purchasing decisions. External factors that make up the decision-making behavior of DOC purchases that always involve mental accounting from family and cultural elements, especially the conspiracy of interests of government officials who suddenly allow other parties to import chicken meat and DOC in amounts that do not consider domestic production capacity so that there is over supply.

### **III. CONCLUSION AND SUGGESTIONS**

#### **3.5. Conclusions**

1. Internal factors have a significant effect on Mental Accounting, which means that even personally and psychologically the DOC consumer wants to make a purchasing decision (DOC investment), but if based on his/her financial analysis through Mental Accounting is not profitable, the DOC consumer will postpone his/her purchasing decision (investment).

2. External factors affect Mental Accounting, meaning that if external factors are very conducive to DOC investment and supported by sufficient financial capability, DOC investors will invest, and vice versa.
3. Behavioral Control influences Mental Accounting, meaning that the higher the confidence and will supported by the results of financial analysis (mental accounting) that support, the DOC consumers will make a purchase decision (investment).
4. Mental Accounting influences Purchasing Decisions, meaning that if the results of mental accounting analysis show an increase in financial utility in the future, DOC consumers will make a purchase decision, and if the results of the analysis are the opposite, DOC consumers will menuda his purchasing decisions.
5. Internal factors influence the Purchasing Decision, meaning that the stronger the influence of personal and psychological aspects in the analysis of internal factors, the purchasing decision will increase.
6. External factors do not directly influence the purchase decision, meaning that if the DOC consumer financial factor does not become a measure of achievement or an increase in its financial utility, the consumer still makes a purchasing decision.
7. Behavioral Control influences the Purchasing Decision, meaning that the higher the DOC consumer's confidence in his financial utility will strengthen the attitudes and desires of consumers to invest or buy.
8. External Factors affect Purchasing Decisions through Mental Accounting, meaning that if the external factor situation is uncertain due to the ups and downs of the prices of chicken feed, chicken medicines, and chicken meat imports exceed domestic supply limits, DOC consumers will not make purchases.
9. Mental Accounting is the most dominant aspect / factor to the influence of purchasing decisions, especially external factors, meaning that consumers of DOC, namely broiler breeders, are faced with External Factors that indicate a weak increase in their financial utility even though Internal Factors and Behavioral Control are urgent to buy, then in the end, DOC consumers, namely broiler breeders, will postpone the decision to purchase DOC to be raised into broilers.
10. Novelty research improves the stages of the Purchasing Decision Process from 5 stages to 6 stages. Corrected before the 4th stage there was Mental Accounting. So the stages of the purchase decision process are basically from 5 to 6 stages namely; First, Problem Recognition; Second, Information Search; Third, Alternative Evaluation; Fourth, Mental Accounting; Fifth, Purchase Decision; Sixth, Full Purchase Behavior

### **3.6. Suggestions**

1. To DOC producers, because it is proven that Mental Accounting as an intervening factor of External Factors on Purchasing Decisions, when they want to produce DOC, they must always analyze the development of the broiler industry, especially external factors to the fluctuating prices of chicken feed, chicken medicines, and policies importing chicken meat or DOC from abroad. If this is not conducive to DOC consumers, namely broiler breeders, DOC production needs to be limited.
2. Considering that Mental Accounting is the most dominant factor influencing the Purchasing Decision, then as strong as any investment encouragement of broiler breeders investors from the elements of Internal Factors and Behavioral Control, DOC producers must remain selective in determining production capacity. So it does not cause large losses and weak absorption of DOC by consumers, namely broiler breeders can be avoided.
3. If external factors outside the estimation greatly affect the formation of MOC accounting Mental behavior so that it cannot be absorbed as a whole, so that the DOC industry remains a profitable industry and even industry growth can be improved, it is necessary to facilitate cooperation between DOC consumers and the chicken meat product industry processed. The collaboration of three kinds of DOC industry, broiler industry, and processed chicken meat product industry will encourage the growth of DOC industry to advance

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