



THE INFLUENCE OF PRODUCT DIVERSIFICATION AND BRAND ASSOCIATIONS ON BUYING INTEREST

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Abstract: During the Covid-19 period, the demand for goods decreased so management must be able to achieve the company's target by increasing consumer buying interest. The purpose of this study is to determine and analyze the influence of Product Diversification and Brand Associations on Buying Interest at PT. Arinvi Mitra Lestari. The sampling technique used a simple random sampling method. The samples used in this study are: the company's customers, amounting to 92 people. The data analysis method used multiple linear regression analysis. In conclusion, Product Diversification and Brand Associations simultaneously have a positive and significant effect on Buying Interest of PT. Arinvi Mitra Lestari, Deli Serdang. Partially, Product Diversification has a positive and significant effect on the Buying Interest of PT. Arinvi Mitra Lestari, Deli Serdang. Partially, the Brand Association has a positive and significant effect on Buying Interest of PT. Arinvi Mitra Lestari, Deli Serdang. The magnitude of the coefficient of determination can be seen from the Adjusted R Square value of 0.526 which means that Product Diversification and Brand Associations can explain the Buying Interest of 52.6% and the remaining 47.4% is influenced by other variables outside of this study such as brand equity and so on.

Keywords: Brand Associations; Buying Interest; Product Diversification

INTRODUCTION

During the Covid-19 period, the demand for goods decreased so that the company demanded employees to always provide maximum work results and work optimally, but the increasingly difficult economic situation caused competition in various fields to be tighter, especially the bottled beverage section. This encourages companies to improve their business systems to achieve company goals in the form of profit and face competition. To develop well, the company must be able to anticipate the problems caused by implementing the right strategy in competing and making various motivations, innovations, and breakthroughs. In addition, management must be able to increase sales of the production that is the company's target by increasing consumer buying interest.

PT Arinvi Mitra Lestari is a company that produces non-alcoholic bottled drinks under the Siena, Jelco, and Choya brands. The company is located at Jalan Saudara, Percut Sei Tuan District, Deli Serdang Regency, North Sumatra Province.

According to Priansa (2017), "Repurchase interest is a behavior that arises in response to objects that indicate the customer's desire to make repeat purchases". Based on the above definition, it can be concluded that buying interest is the willingness of consumers to buy a product or service after consumers evaluate the product.

The phenomenon of the problem that occurs at PT Arinvi Mitra Lestari is that sales results are not achieved according to the target of the company because the products sold are less in demand by consumers due to price competition which is almost relatively the same as the products owned by the company are not well known by consumers. This results in buying interest in Siena, Jelco, and Choya brand products from year to year decreasing and not reaching the sales target.

According to Assauri (2018), product diversification is a company's effort to increase sales by developing new products for new markets, so that there are various



products produced by the company. The main purpose of product diversification is risk spreading, namely, the possibility of losses suffered by certain products can be covered or compensated for by the possibility of greater profits in other products. This is in line with the results of research from Muliati et al. (2017) that product diversification has a significant effect on buying interest. The phenomenon of the problem that occurred at PT Arinvi Mitra Lestari was that after the company diversified its products into flavored cup packaged drinks, it was not as expected by the company where the company's market share only controlled 4% in Medan City. Market share does not increase due to product competition from other companies.

According to Firmansyah (2019) "Brand Association is an asset that can provide its value in the eyes of its customers. The assets it contains can help customers interpret, process, and store information related to these products and brands. This is in line with research conducted by Hermawan et al. (2016) that brand association has a significant effect on buying interest. The phenomenon of the problem that occurs at PT Arinvi Mitra Lestari is based on the brand of packaged drinks produced by the company, the jelco brand is a jelly drink with a mixture of nata de coco but in the minds of consumers who are attached to the Okky Jelly Drink brand produced by PT Suntory Garuda. The Siena brand is a flavored drink with various flavors but in the minds of consumers who are attached to the Ale-ale brand produced by Wings Food. And the Choya brand is a flavored drink with a mixture of Nata de Coco but in the minds of consumers who are attached to the Inaco brand produced by PT. Nirmas Pandaan Sejahtera.

Based on the background of this problem, it is clear that product diversification and brand association influence buying interest. Therefore, the researcher wrote the title: "The influence of product diversification and brand associations on buying interest"

According to Assauri (2018), "product diversification is carried out by a company due to the implementation of product development, while the old product can still be economically maintained". In addition, product diversification is an effort so that a wide variety of products marketed will make customers believe that their needs can be met by the entrepreneur. The diversity of products marketed is very important, especially for entrepreneurs. Meanwhile, in Gunawan (2018) Product diversification is a way or strategy in a company related to its products by adding types of products or diversifying to expand market share so that it can provide benefits for the company.

According to Tjiptono (2019), broadly speaking, diversification strategies are developed with various objectives, including: (1) Increase growth When the existing market/product has reached the stage of maturity in the Product Life Cycle (PLC); (2) Maintaining stability, by spreading the risk of profit fluctuations; (3) Increase credibility in the capital market.

Based on the explanation above, it can be concluded that product diversification is an activity or action to make products more diverse or not stick to just one type, whereas product development is an activity or activity carried out in the face of possible product changes for the better, so that it can provide greater satisfying power and attractiveness, thereby obtaining greater profits.

In Aaker (2017) specific associations related to a brand are the basis for brand value. Associations and impressions tied to the brand will increase with more customer experience in consuming a brand. If consumers have a good experience when consuming a product, the associations that arise with the product will be good, otherwise, if consumers have a bad experience, the brand association with the product will be bad too.

According to Assauri (2018), "a brand is a name, term, sign or symbol and a combination of two or more of these elements, which are intended to identify (goods or services) from a person. According to Kotler & Keller (2016) "Brand Associations consist

of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on, that become linked to the brand node" or can be interpreted as Brand Associations consist of all thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on related to the brand.

Based on the explanation above, it can be concluded that brand association is everything related to the memory of a brand. in terms of all impressions arising from the memory of a brand can be said to be a brand association.

According to Priansa (2017), repurchase interest is a behavior that arises in response to an object that shows the customer's desire to make repeat purchases. When a consumer gets a positive response to positive action on past actions, there will be reinforcement with positive thoughts on what he receives allowing individuals to make repeated purchases. Meanwhile, according to Anwar & Wardani (2021), Repurchase interest is the desire and action of consumers to repurchase a product, due to the satisfaction received accordingly.

According to Halim & Iskandar (2019), Buying interest is a consumer's mental statement that reflects a plan to purchase a product with a certain brand, knowledge of consumer purchase intentions for products needs to be known by marketers to describe consumer behavior in the future. desired from a product.

Based on the description above, it can be concluded that buying interest is the initial process carried out by consumers on a product or service before making a purchase decision, if consumers have received stimuli from the product they see the desire to own and are interested in buying a product or service arises, consumers will make a purchase decision to obtain the product or service.

According to Kadarudin (2021), "to achieve the objectives and uses of research, a framework of thought is needed which is the basis for researchers to collect research data to answer problem formulations, and to find concepts of understanding". Based on the above description, a framework of thought in this study is as follows:

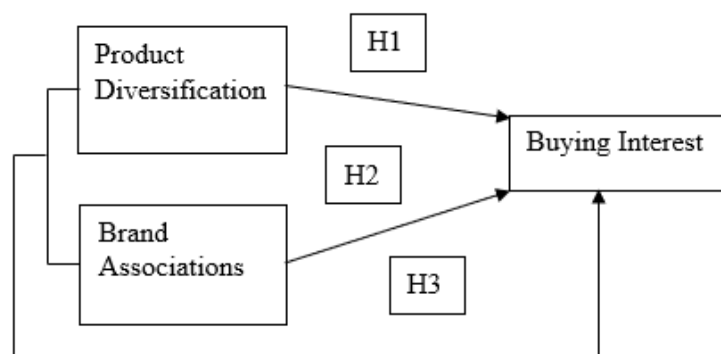


Figure 1. Framework of Thought

Source: Research, 2022

According to Hikmawati (2017), "Hypotheses are temporary answers to the problems being studied. Hypotheses are scientific research suggestions because hypotheses are working instruments of a theory and are specific and ready to be tested empirically".

The hypothesis in this study is as follows:

- H1: Product Diversification Affects Buying Interest at PT Arinvi Mitra Lestari.
- H2: Brand Association Affects Buying Interest at PT Arinvi Mitra Lestari
- H3: Product Diversification and Brand Association Affect Buying Interest at PT Arinvi Mitra Lestari.



METHODS

This research was conducted at PT. Arinvi Mitra Lestari is located at Jalan Saudara, Percut Sei Tuan District, Deli Serdang Regency, North Sumatra Province and the research time is planned from November 2021 to April 2022. According to Yusuf (2017), "Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions". The population in this study were reseller shop owners in the Medan City area who are hereinafter referred to as customers at PT. Arinvi Mitra Lestari, totaling 120 people. According to Yusuf (2017), "The sample is part of the number and characteristics possessed by the population". To determine the number of samples, researchers can use the Slovin formula as follows:

With a population of 120 people and an error rate (e) of 5%, the sample (n) of this study is:

$$n = \frac{120}{1+(120 \times 0.05^2)}$$
$$n = \frac{120}{1+0.3}$$
$$n = 92.31 \approx 92$$

Based on the results of these calculations, the number of samples in this study was: 92 people.

In this study, data collection related to the problems studied by researchers was carried out by:

Questionnaire

According to Sugiyono (2018), "a questionnaire is a data collection technique that is carried out by giving a set of questions or written questions to respondents to answer". This research was conducted to obtain answers to the results of a questionnaire distributed to customers of PT. Arinvi Mitra Lestari, this questionnaire is intended to obtain data in the form of information in writing and directly from respondents. To assess the answers of the respondents, the authors used the Likert scale in Sugiyono (2018), namely by calculating the value of each statement. The Likert scale uses five levels of answers, namely Strongly Agree (SS), Agree (S), Disagree (KS), Disagree (TS), and Strongly Disagree (STS).

Interview

According to Sugiyono (2017), interviews are used as a data collection technique if the researcher wants to conduct a preliminary study to find problems that must be researched, and also if the researcher wants to know things from respondents that are more in-depth and the number of respondents is small.

Documentation

According to Sugiyono (2018), "documentation is a record or a phenomenon that has occurred. With this instrument, we try to analyze the contents of documents that contain the research we are doing".

Literature Study

According to Sujarweni (2019), "literature study is carried out by studying and retrieving data from related literature and other sources that are considered to provide information about this research". This literature study is obtained by the author using theories from libraries related to research variables.



According to Hikmawati (2017), descriptive research is research intended to collect information about the status of an existing symptom, namely the state of the symptom according to what it is at the time the research is conducted without intending to make conclusions that apply to the public or generalization. The type of research conducted is quantitative descriptive research. According to Priyastama (2017), "Classical assumptions are several requirements that must be adhered to when we use linear regression procedures, including normally distributed residuals, no multicollinearity, no heteroscedasticity, and no autocorrelation".

RESULTS AND DISCUSSION

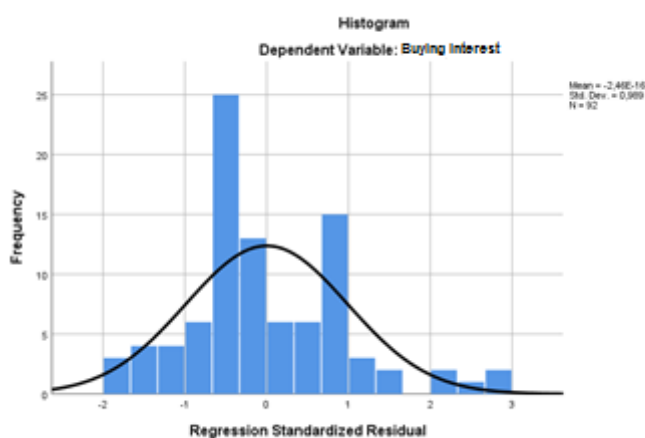


Figure 2. Histogram Normality Test
 Source: Primary data processed (2022)

Based on figure 2, shows that the curve has formed a perfect bell. This gives the understanding that the data is normally distributed.

Table 1. Multicollinearity Test Results

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	4,317	,795		5,432	,000		
PRODUCT_DIVERSIFICATION	,163	,079	,251	2,055	,043	,351	2,853
BRAND_ASSOCIATION	,329	,078	,515	4,229	,000	,351	2,853

a. Dependent Variable: BUYING_INTEREST

Source: Primary data processed (2022)

Based on table 1, it can be seen that the Product Diversification variable (X_1) has a Tolerance value of 0.351 and a VIF value of 2.853. The Brand Associations variable (X_2) has a Tolerance value of 0.351 and a VIF value of 2.853. The Tolerance value of each independent variable is greater than 0.1 and the VIF value of each independent variable is less than 10. This shows that all variables are free from multicollinearity.



Table 2. Multiple Linear Regression Analysis Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,317	,795		5,432	,000
PRODUCT_DIVERSIFICATION	,163	,079	,251	2,055	,043
BRAND_ASSOCIATION	,329	,078	,515	4,229	,000

a. Dependent Variable: BUYING_INTEREST

Source: Primary data processed (2022)

$$\text{Buying Interest} = 4.317 + 0.163 \text{ Product Diversification} + 0.329 \text{ Brand Association} + e$$

The meaning of the multiple linear regression analysis equations above is: (1) A constant of 4.317: If Product Diversification and Brand Association do not increase or are worth 0, the Buying Interest is 4.317 units; (2) Product Diversification regression coefficient of 0.163: Every time there is an increase of one unit for the Product Diversification variable, the Buying Interest will increase by 0.163 units, assuming that the other variables are constant; (3) Brand Association regression coefficient of 0.329: Every time there is an increase of one unit for the Brand Association variable, the Buying Interest will increase by 0.329 units, assuming the other variables are constant.

Table 3. Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,732 ^a	,537	,526	1,860

a. Predictors: (Constant), BRAND_ASSOCIATION, PRODUCT_DIVERSIFICATION

Source: Primary data processed (2022)

Based on table 3, it is known that the Adjusted R Square value is 0.526 or equal to 52.6%. This means that product diversification and brand association can explain Buying Interest by 52.6%, and the remaining 47.4% is explained by other variables that are not included in this research model.

Table 4. Simultaneous Testing (F Test)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	356,314	2	178,157	51,513	0,000
	Residual	307,806	89	3,458		
	Total	664,120	91			

a. Dependent Variable: BUYING_INTEREST

b. Predictors: (Constant), PRODUCT_DIVERSIFICATION, BRAND_ASSOCIATION

Source: Primary data processed (2022)



Based on the results in table 4, and the F_{table} value, it can be seen that the $F_{count} > F_{table}$ value, where the F_{count} value is 51.513 greater than F_{table} of 3.10 ($51.513 > 3.10$) with a probability value in this test of 0.000. The probability value is smaller than the alpha value (0.05) so it can be concluded that Product Diversification and Brand Association simultaneously have a positive and significant effect on Buying Interest.

Table 5. Partial Testing (t-test)

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	4,317	,795		5,432	,000
PRODUCT_DIVERSIFICATION	,163	,079	,251	2,055	,043
BRAND_ASSOCIATION	,329	,078	,515	4,229	,000

a. Dependent Variable: BUYING_INTEREST

Source: Primary data processed (2022)

Based on table 5, partial hypothesis testing results, It is known that the Product Diversification variable has a t_{count} value of 2.055, when compared to the t_{table} value, it results in $2.055 > 1.98698$ with a significance level of 0.043 smaller than the research alpha value of 0.05, thus it can be concluded that Product Diversification has a positive and significant effect on Buying Interest. The Brand Association variable has a t_{count} value of 4.229, when compared to the t_{table} value, the resulting $4.229 > 1.98698$ with a significance level of 0.000 is smaller than the research alpha value of 0.05, thus it can be concluded that Brand Association has a positive and significant effect on Buying Interest. In addition, Brand Association has a greater effect on Buying Interest than Product Diversification.

CONCLUSION

Based on the study results, it can be concluded that Product Diversification and Brand Associations on the Buying Interest of PT. Arinvi Mitra Lestari's Products affect partially or simultaneously. This means that Product Diversification significantly affects customers to have buying interest in the product of PT. Arinvi Mitra Lestari. Meanwhile, Brand Association also has a significant influence on buying interest in the product. Nevertheless, as for suggestions for PT. Arinvi Mitra Lestari, regarding the diversification of company products, the company should expand the range of market share so that the products that the company has produced with a variety of flavor diversity can be reached by the entire city of Medan. As for the Brand association, the company should be able to advertise through social media such as Instagram, Facebook, and Tiktok which can reach the market according to the target market so that the company's product brand can be exposed and increased the buying interest of customers.

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