

## Product Innovation and Product Assortment on Online Purchasing Decisions

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### ABSTRACT

The rapid growth of digital technology has impacted business activities and consumer behavior, particularly in purchasing habits. Online shopping has become a common part of consumer activity. The purpose of this study was to analyze the effect of product innovation and product assortment simultaneously on online purchasing decisions. Then it also aims to analyze the effect of product innovation partially on online purchasing decisions and the effect of product assortment partially on online purchasing decisions. This study is causality study. The population in this study are consumers who have made purchases on the online marketplace. The sampling technique used was purposive sampling with a sample size of 100 people. Multiple linear regression was used as a data analysis technique. The results showed that product innovation and product assortment simultaneously influence online purchasing decisions. Product innovation has a partial effect on online purchasing decisions. Product assortment has a partial effect on online purchasing decisions.



## **INTRODUCTION**

Digital technology is growing rapidly. The development of e-commerce has accelerated since the Covid-19 pandemic (Zirena-Bejarano et al., 2023). The internet has become a business platform for marketing products (Yin Yin & Feng, 2021). As a result, both business operations and consumer behavior are changing. Information and communication technology can now be applied to business transactions. Online shopping platforms provide consumers with a wide range of products and services. The growth of online shopping platforms has changed the way consumers make purchasing decisions (El Dehaibi & MacDonald, 2022). The rise of these platforms presents both challenges and opportunities for businesses. Consumers no longer need to visit physical stores, as they can make purchases over the internet (Rusniati et al., 2024). They can easily browse and shop through online marketplaces. This gives consumers broader and easier access to various products and brands. In response, companies must continuously innovate and offer product assortment to meet consumer needs and preferences.

Product innovation is seen as one of the activities in product development. Product innovation will create value and make consumers decide to buy (Lahindah et al., 2018). By focusing on innovation, companies can create products that offer added benefits or address unmet consumer needs. Product innovation is an effort to create products that have added value. This allows businesses to adapt to the changing demands and preferences of their customers. Product innovation gives consumers more appealing options, encouraging them to make a purchase. Another important variable is product assortment, which refers to offering a variety of products for consumers to choose from. It is a key strategy in product management (Fedoseeva, 2020) and plays a significant role in influencing consumer decisions when selecting retailers (Shriedeh et al., 2024).

Product innovation and product assortment are vital in shaping purchasing decisions. Product innovation drives consumers to buy by providing added value, while product assortment offers flexibility, allowing them to find products that meet their specific needs. Studies have shown that product innovation impacts purchasing decisions (Asmara et al., 2023; Lahindah et al., 2018; Suwarno, 2022). Product innovation affects purchase interest which ultimately affects purchasing decisions (Tannady et al., 2022). If the initial decision emphasis is on the question of whether to buy, then increasing assortment size has a more positive effect on purchases (Gao & Simonson, 2016). Product assortment affects online purchasing decisions (Amanah & Harahap, 2018). This study aims to analyze the effect of product innovation and product assortment simultaneously on online purchasing decisions. Then also to analyze the effect of product innovation and product assortment partially on online purchasing decisions.

### **Literature Review**

Product innovation is the development of new products, namely the development of old products with better quality (Jungang, 2023). Product innovation refers to product improvement, expansion of product variations and creation of new products (Lahindah et al., 2018). Product innovation is increasingly important along with the development of technology (Tannady et al., 2022). Product innovation refers to the development and improvement of existing products. Product innovation makes a product different from existing ones. Usually consumers want to explore product innovation. Product innovation includes the creation of new products, new product groups, additions to product groups and improvements to existing products (Jungang, 2023). Product assortment can include

brand variations, product variations, quality variations, size variations. Product assortment is the availability of various types of products offered by marketers (Amanah & Harahap, 2018). Product assortment characteristics include product breadth and depth (Fedoseeva & Herrmann, 2020).

Purchasing decisions are one of the stages contained in the purchasing decision process. The purchasing decision process is problem recognition, information search, alternative evaluation, purchase decisions and post-purchase behavior (Kotler & Keller, 2016: 195). The purchase decision is at a stage that indicates that the consumer has decided to buy the product. The consumer purchasing decision model refers to the various orientations and perspectives that consumers use (Hartati et al., 2023). Purchasing activities can be carried out by consumers by visiting physical stores directly and can also be done online. The online purchasing decision process is the process that users of products or services go through online before the final process of deciding to buy (Petcharat & Leelasantitham, 2021). Online purchasing decisions are purchasing decisions made via the internet.

Product innovation and product assortment play an important role in purchasing decisions. Consumers can see that there are products that are different from previous products and consumers also have many product choices that suit their needs and preferences so that they decide to buy.

## **METHODOLOGY**

This study is causality study. Causality studies aims to explain the causal relationships between multiple variables (Ferdinand, 2014: 7). The population consists of consumers who have made purchases in online marketplaces. A purposive sampling technique was used, with the criteria that respondents must live in Banjarmasin City, be at least 17 years old and have made purchases based on their own decisions. A minimum age of 17 years was chosen as it is considered the age of adulthood (Kania & Tarsidi, 2022). This ensures that respondents can provide relevant information based on their own experiences in relation to the variables studied through the questionnaire. The sample size for the study was 100 respondents. The variables analyzed are product innovation (X1), product assortment (X2), and online purchasing decisions (Y). The measurements for these variables are based on studies by Amanah & Harahap (2018), Jungang (2023), Lahindah et al (2018), and Petcharat & Leelasantitham (2021). Data were collected using a questionnaire, and multiple linear regression was employed for data analysis.

## **RESULTS AND DISCUSSION**

Respondent characteristics can be seen in table 1.

Table 1. Respondent characteristics

Characteristic	Item	Freq. (person/%)
Gender	Man	37
	Woman	63
Age	17- 21 years old	38
	>21 – 25 years old	45
	>25 years old	17
Occupation	Student	29
	Entrepreneur	53

	Others	18
Income/pocket money	< Rp.3,000,000,-	22
	Rp.3,000,000 - Rp.5,000,000,-	59
	> Rp.5,000,000,-	19

Source: Data processed, 2024

Table 1 shows that the majority of respondents are women, who tend to engage in more shopping activities, although men also participate. In terms of age, most respondents fall within the 21-25 age range, a life stage where many needs are still being met, often through online purchases. The largest group of respondents are entrepreneurs, followed by students and individuals with other occupations, reflecting the wide range of products available for consumers across different job types on online marketplaces. Most respondents report an income or pocket money in the range of Rp. 3,000,000 - Rp. 5,000,000, indicating a level of purchasing power that supports online shopping.

All test results met the required standards. The validity test showed that all items were valid, with r-values greater than 0.3. The reliability test confirmed reliability, with Cronbach's Alpha values exceeding 0.7. Additionally, the classical assumption test was satisfied. A summary of the multiple linear regression test results is presented in Table 2.

**Table 2. Summary of multiple linear regression test results**

Independent Var.	Reg.Coef.	t	Sig.
X1	0.329	5.079	0.000
X2	0.442	6.590	0,000
F=121.915			
Sig. 0.000			
Adj.R Square=0.710			

Source: Data processing result, 2024

The F test results show that  $F_{count}$  is greater than  $F_{table}$  ( $121.915 > 3.09$ ) so that the first hypothesis is accepted. This means that product innovation and product assortment simultaneously influence online purchasing decisions. The effect of product innovation and product assortment simultaneously on online purchasing decisions is 71% and the remaining 29% is influenced by other variables not examined.

For product innovation, the t test results show that  $t_{count}$  is greater than  $t_{table}$  ( $5.079 > 1.985$ ) so that the second hypothesis is accepted. This means that product innovation product assortment partially affects online purchasing decisions. For product assortment, the t test results show that  $t_{count}$  is greater than  $t_{table}$  ( $6.590 > 1.985$ ) so that the third hypothesis is accepted. This means that product assortment partially affects online purchasing decisions.

Product innovation and product assortment have a significant effect both simultaneously and partially on online purchasing decisions. Product innovation and product assortment are a form of the company's ability to provide products for consumers. Product innovation and product assortment available in the online marketplace are able to influence consumers to make purchases.

Product innovation in the online marketplace represents improvements to existing products. It refers to the creation of more functional or modern products and can also involve the introduction of entirely new products. Product innovation allows marketers

to offer products with added value compared to previous versions. Innovative products often come with new features, such as advanced technology, improved functionality, or more attractive designs. The presence of product innovation in online marketplaces gives consumers new product options that differ from previous offerings. Consumers find it easier to access products that were not available before, prompting them to make purchases. The results of this study align with the findings of Asmara et al. (2023), Lahindah et al. (2018), Suwarno (2022), which state that product innovation influences purchasing decisions.

Product assortment in the online marketplace refers to the availability of products in different variations, namely product types, brands, quality, and sizes. A wide product assortment increases attractiveness and provides flexibility in meeting consumer needs and preferences. It can also encourage consumers to explore products they may not have considered previously. The availability of product assortment in online marketplaces provides consumers with a broader selection of products to choose from. This makes it easier for them to find products that match their needs and preferences, leading to purchasing decisions. The findings of this study are consistent with the research by Amanah & Harahap (2018), which also found that product assortment affects online purchasing decisions.

Product innovation and product assortment available on the online marketplace indicate that the product is widely available. This situation makes consumers have many product choices in the online marketplace. The large selection of products makes it easier for them to find products that suit their needs and preferences. This creates an attraction that encourages consumers to decide to buy the product. The more available product innovation and product assortment, the more it affects their purchasing decisions. Finally, it can be stated that product innovation and product assortment are able to influence consumers to decide to make a purchase. This study supports the findings of previous research by Amanah & Harahap (2018), Asmara et al. (2023), Lahindah et al. (2018), and Suwarno (2022), emphasizing the importance of product innovation and product assortment in shaping purchasing decisions.

## **CONCLUSION**

Consumers can make purchases online anytime and anywhere. Product innovation and product assortment simultaneously and partially affect online purchasing decisions. Product innovation and product assortment have an important role in online purchasing decisions. The presence of innovative products and of course these products did not exist before and the existence of product assortment can influence consumers to make online purchasing decisions. This study only examines product innovation and product assortment as variables that influence online purchasing decisions, while there are many other variables that also influence online purchasing decisions, such as price fairness, price discounts, flash sales and cashback. Marketers should continue to innovate products and offer product assortment. If this is done continuously, then consumers have many choices and can find products that suit their needs and preferences so that they decide to buy.

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