The Impact of Price and Location on Consumer Decision-Making: An Economic Perspective on Boarding House in Pontianak

Yesi Novianti [1], Sukardi [2]

Abstract:

The aims of this research is to identify the factors that influence the saving behavior of young employees in Nganjuk Regency. The factors examined include lifestyle and financial literacy, with self-control serving as a moderating variable. A total of 130 young workers in Nganjuk Regency participated in the study through questionnaires. This research employs a quantitative approach, utilizing SPSS 25 for analysis. The results indicate that lifestyle positively impacts saving behavior and has a significant influence, while financial literacy does not affect saving behavior. Furthermore, the findings reveal that self-control does not effectively moderate the relationship between lifestyle and saving behavior, but it does moderate the impact of financial literacy on saving behavior. Overall, this research emphasizes the importance of self-control, a healthy lifestyle, and a solid understanding of financial literacy in enhancing the saving behavior of young workers in Nganjuk Regency.

Keywords: *Saving Behavior, Lifestyle, Financial Literacy, Self-Control*

1. Introduction

The rapid growth of the business world, particularly in the rental property sector, has led to a significant expansion of the boarding house (rumah kos) market. This expansion has intensified competition among similar businesses, necessitating effective strategies to remain competitive. As outlined by Al Hanif, Hartarto, and Hajar (2023), the boarding house sector plays a crucial role in meeting the increasing demand for affordable housing, especially among students and young professionals. To sustain and grow in such a competitive landscape, boarding house operators must make timely and precise decisions by understanding consumer needs and preferences.

[1] *Fakultas Ekonomi Dan Bisnis Universitas Muhammadiyah Pontianak, Indonesia.* noviantiyesi51@gmail.com

[2] *Fakultas Ekonomi Dan Bisnis Universitas Muhammadiyah Pontianak, Indonesia.* Sukardi82@unmuhpnk.ac.id

Urbanization and rising demand for cost-effective housing have further highlighted the relevance of boarding houses as viable living solutions. These facilities offer furnished rooms with various communal amenities, presenting an appealing alternative to renting apartments or purchasing homes (Nugraha, 2019; Wahyuni & Nugroho, 2020). The flexibility and affordability of boarding houses make them particularly attractive to transient populations, such as students and office workers (Harris & Ernawati, 2013; Mukherjee & Basu, 2021).

In Pontianak, a city witnessing significant urban growth, the boarding house market reflects promising prospects. However, this growth has also heightened competition among providers. For instance, Rumah Kos Anggrek, a prominent boarding house in Pontianak Tenggara, has seen a decline in occupancy and revenue despite achieving full occupancy in previous years. This decline, attributed to the emergence of new competitors, underscores the critical need to understand the factors influencing consumer decision-making, specifically concerning price and location (Suryono & Indrawan, 2018; Ramadhani, 2020).

Research has identified price and location as pivotal factors in consumer preferences for rental properties. Price significantly affects affordability and perceived value, while location determines accessibility and convenience (Lee & Chang, 2019; Zhang & Wang, 2019). Boarding houses situated near universities or workplaces, for example, enjoy higher demand due to their strategic positioning (Ardiansyah, 2021; Rahmawati & Syahputra, 2020). Additionally, spatial analysis highlights how proximity to amenities influences rental decisions, emphasizing the importance of location in the marketing strategy for boarding houses (Qiu & Zhao, 2018; Prasetyo & Hidayat, 2020).

Despite existing literature on rental property preferences, a research gap remains regarding how price and location interact to shape consumer decisions in specific urban contexts, such as Pontianak. Previous studies have primarily focused on metropolitan cities, leaving medium-sized cities underexplored (Sugiyono, 2021; Liza, 2017). This study aims to bridge this gap by examining the influence of price and location on consumer decisions within the context of Pontianak's boarding house market, with a particular focus on Rumah Kos Anggrek.

Through a quantitative approach involving consumer surveys and statistical analysis, this research seeks to uncover actionable insights for optimizing marketing strategies. By addressing the interplay between price and location, the study aims to provide valuable recommendations for enhancing occupancy rates and competitiveness in the boarding house sector, both locally and beyond.

2. Theoretical Background

Price is a critical element influencing purchasing decisions. Kotler and Keller (2016) assert that price not only reflects costs but also encompasses positioning strategies that signal value to consumers. Supporting this view, Arini and Sukardi (2021) found that

the marketing mix, including pricing, has a significant impact on consumer purchasing decisions, as evidenced in their study of Toko Haikal Collection. This highlights the essential role price plays in shaping consumer behavior and its importance as a focus in consumer decision-making studies.

Location also serves as a crucial factor in attracting consumer interest. Putra et al. (2021) emphasize that location selection must consider economic feasibility and accessibility to ensure optimal consumer engagement. Moreover, Tjiptono (2022) elaborates that factors such as traffic flow and visibility play pivotal roles in influencing purchasing decisions. In a related context, Fauzi and Daniel (2020) demonstrated that physical location and tangible evidence significantly impact consumer choices in Pontianak, underscoring the importance of location when selecting residential options.

Several studies underline the inseparability of price and location in consumer decision-making. Setiawan and Sukardi (2020) revealed that the interplay of price perception and a favorable location substantially influences customer loyalty. Their findings indicate that consumers evaluate these factors simultaneously when assessing alternatives, particularly in competitive markets.

However, a research gap exists concerning the combined effects of price and location on consumer decisions specific to boarding houses. While previous studies have explored these variables individually, few have examined their simultaneous influence in this context. This study addresses this gap by investigating whether price and location jointly impact consumer decisions when choosing Rumah Kos Anggrek in Pontianak. By focusing on demand elasticity, accessibility, and visibility, this research offers a structured perspective on consumer decision-making in the boarding house market. It seeks to provide actionable insights for optimizing strategies in this increasingly competitive sector.

3. Methodology

This study uses an associative research method, which is commonly employed to explore the relationships between variables. According to Siregar (2017), associative research aims to understand the connections between two or more variables, facilitating the development of theories to explain, predict, and control phenomena. The main objective of this research is to investigate the impact of price and location on consumer decision-making at Rumah Kos Anggrek in Pontianak.

Primary data is collected directly from original sources, as explained by Siregar (2020). The study utilizes three methods to gather primary data: interviews, questionnaires, and observation. As noted by Sugiyono (2021), interviews are valuable for obtaining in-depth information about the research topic. The researcher conducted interviews with the owner of Rumah Kos Anggrek to gain relevant insights for the study. Additionally, a questionnaire was distributed to tenants of Rumah Kos Anggrek to gather data on their preferences and decision-making (Sugiyono, 2021).

Observations were also made by directly examining the environment of Rumah Kos Anggrek to complement the collected data, as Siregar (2010) defines observation in research.

Secondary data was also used in this study, which includes information published or used by other organizations (Siregar, 2020). This secondary data encompasses rental prices, occupancy rates, consumer demographics, and income generated by Rumah Kos Anggrek.

The population for this study consists of all consumers who rent rooms at Rumah Kos Anggrek. Sugiyono (2021) describes the population as the general area of interest, possessing specific qualities and characteristics for the study. Given the unknown population size, a sample size was calculated using the Isac Michel formula, as outlined by Siregar (2020), resulting in a minimum sample size of 57 respondents. However, the researcher decided to select 100 respondents. Purposive sampling was used to select respondents who met certain criteria, including consumers who had rented a room at Rumah Kos Anggrek (Siregar, 2020).

The independent variables in this study are price and location, while the dependent variable is consumer decision-making. As defined by Sugiyono (2021), independent variables are those that influence or cause changes in the dependent variable, which, in this case, is consumer decision-making at Rumah Kos Anggrek. A Likert scale is employed to measure the attitudes, opinions, and perceptions of respondents regarding the social phenomenon being studied (Sugiyono, 2021). The Likert scale uses five response options for each statement presented to the respondents, ranging from "Strongly Agree" (5) to "Strongly Disagree" (1).

Validity is tested using the product-moment correlation, where items with a calculated correlation (r_calculated) greater than the table correlation (r_table) are considered valid (Siregar, 2020). Reliability is assessed using Cronbach's Alpha, which evaluates the consistency of measurements (Siregar, 2020). Normality is tested using the Kolmogorov-Smirnov test, and data is considered normally distributed if the significance level is greater than 0.05 (Siregar, 2020). Linearity is checked with the Test For Linearity to verify the model's specification (Ghozali, 2018). Multicollinearity is examined by assessing the Tolerance and Variance Inflation Factor (VIF) values to ensure that the independent variables are not highly correlated (Ghozali, 2018). The multiple linear regression model is formulated as follows:

$$Y=a+b1X1+b2X2 \qquad Y=a+b1X1+b2X2$$

Where YY is the consumer decision-making variable, aa is the constant, $b1b1$ and $b2b2$ are the regression coefficients, and $X1X1$ and $X2X2$ represent price and location, respectively. The R-squared value provides insights into the proportion of variance in the dependent variable explained by the independent variables (Siregar, 2020).

This methodology provides a structured approach to understanding how price and location impact consumer decision-making in the housing sector, specifically at Rumah Kos Anggrek in Pontianak.

4. Empirical Findings/Result

The study involved 100 respondents, all tenants of Rumah Kos Anggrek in Pontianak. The questionnaire distributed to these respondents covered various aspects, including demographic characteristics, preferences, and satisfaction with the services provided by Rumah Kos Anggrek. Below are the findings based on the respondent characteristics and the instrument tests performed.

Respondent Gender Distribution

The results indicate that 58% of the respondents were female, while 42% were male. This shows a clear trend towards a higher number of female tenants. This may be due to various factors such as a greater proportion of educational programs in Pontianak appealing to women or social factors influencing women's decisions to seek independent accommodation. Further research could explore these factors, including family conditions, cultural influences, or personal motivations.

Age Distribution of Respondents

The majority of respondents (55%) were aged between 25-30 years, indicating that Rumah Kos Anggrek is primarily chosen by individuals in the early stages of their careers or those continuing higher education. This suggests that accommodation needs are often linked to the location of work or study, and tenants are likely in transition stages of their personal and professional lives.

Educational Background

A majority of the respondents (51%) held a bachelor's degree (S1), with 47% having completed high school (SMA). Only 2% had a master's degree (S2). This highlights that the majority of tenants are either students or young professionals, potentially influencing their preferences for accommodations that offer fast internet and conducive study environments.

Income Information

A significant portion of respondents (59%) reported having no steady income, which is likely to be students relying on parental support or scholarships. This emphasizes the importance of affordable rent and suitable facilities in attracting tenants. Among those with income, 29% earned between 2-3 million IDR, and 12% earned between 4-5 million IDR.

Employment Status

The largest group of respondents (46%) were students, followed by private employees (28%). This shows that Rumah Kos Anggrek is particularly popular among students, who choose it as a place to stay while attending various universities in Pontianak.

Marital Status

A majority (73%) of the respondents were unmarried, indicating that Rumah Kos Anggrek mainly accommodates young individuals who are focused on their education and early career stages.

Duration of Stay

The data reveals that 50% of respondents had been renting for 13-25 months, suggesting that Rumah Kos Anggrek meets the needs of tenants for medium-term stays, providing a stable source of income for the property owner.

Instrument Testing Results

The validity test confirmed that the items for the variables of Price (X1), Location (X2), and Consumer Decision (Y) were all valid. For instance, the correlation values for each item exceeded the critical value of 0.195, indicating that the items accurately measured the intended variables.

The reliability test, assessed using Cronbach's Alpha, showed values above 0.60 for all variables, indicating that the instruments were reliable and consistent. This is confirmed by the Cronbach's Alpha values for the Price (X1), Location (X2), and Consumer Decision (Y) variables, all of which surpassed the acceptable threshold.

These results suggest that the questionnaire used in this study is both valid and reliable, ensuring that the data collected is accurate and consistent for analyzing the impact of price and location on consumer decision-making at Rumah Kos Anggrek in Pontianak.

Correlation Coefficient (R)

The regression model summary (Table 1) presents the following:

Table 1. R Square Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.704	0.496	0.485	2.153

Source: Data Processed, 2024

The correlation coefficient (R) of **0.704** indicates a strong relationship between the variables Price and Location with Consumer Decision. This value is within the range of 0.60–0.799, which signifies a strong correlation.

Coefficient of Determination (R²)

The **R² value** of **0.496** means that **49.6%** of the variation in consumer decisions can be explained by the Price and Location variables. The remaining **50.4%** is influenced by other factors not examined in this study.

Simultaneous Influence Test (F Test)

The results of the simultaneous influence test (F-test) are shown in Table 2:

Table 2. F Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	442.434	2	221.217	47.705	0.000
Residual	449.806	97	4.637		
Total	892.240	99			

Source: Data Processed, 2024

The F-test result shows an **F value of 47.705**, which is greater than the **F critical value of 3.090**, and the significance level is **0.000**, which is less than 0.05. This indicates that both Price and Location together have a significant influence on consumer decisions to choose Rumah Kos Anggrek in Pontianak.

Partial Influence Test (T Test)

The results of the partial influence test (T-test) are displayed in Table 3:

Table 2. T Test

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	14.900	5.543		2.688
Price	0.449	0.086	0.413	5.251
Location	0.520	0.096	0.428	5.441

Source: Data Processed, 2024

- The **t-value for Price** is **5.251**, which is greater than the **t critical value of 1.984**, and the significance level is **0.000**(less than 0.05). This indicates that Price has a significant partial effect on consumer decisions to choose Rumah Kos Anggrek.
- The **t-value for Location** is **5.441**, which is also greater than the **t critical value of 1.984**, with a significance level of **0.000** (less than 0.05). This suggests that Location has a significant partial effect on consumer decisions as well.

5. Discussion

The findings of this study highlight the important role of demographic characteristics in shaping the decision-making process of tenants. With 46.0% of the total respondents being students, it is evident that property managers must tailor the facilities to meet the specific needs of this group. For example, quiet study areas, fast internet access, and affordable rental rates are essential features for students. Furthermore, understanding the specific requirements of students, such as flexible lease terms, can significantly enhance the attractiveness of rental offerings. According to research by Paramitha, Syarief, and Hanan (2023), businesses must continuously adapt their services to meet market demands, and this principle is equally applicable to rental management. They emphasize the need for businesses to revise key components of their business models to maintain competitiveness, which can be achieved by identifying and responding to customer needs.

Moreover, the relationship between income and the choice of rental accommodation suggests that many respondents do not have a stable income, which makes rent prices a crucial determinant. As such, property managers should consider offering flexible payment options, such as installment plans or discounts, to accommodate tenants with fluctuating incomes. Research by Pratama and Adriyanto (2023) underscores the importance of customer experience and customer value in fostering customer loyalty, with customer satisfaction serving as a key mediator in this relationship. This finding can also be applied to rental management, where providing a high-quality living experience can enhance tenant satisfaction and loyalty.

The analysis also reveals that gender differences among respondents can affect social experiences in rental housing. Female tenants, in particular, may be attracted to properties with additional security features or community-oriented programs. This aligns with findings from previous studies (Hernandez et al., 2021; Anwar & Kurniawan, 2022), which highlight the significance of creating gender-inclusive environments in residential spaces. Therefore, property managers should prioritize enhancing security and fostering community-building initiatives to appeal to female tenants.

The importance of location in rental decisions is clearly evident in the results. Rumah Kos Anggrek's proximity to educational centers and public transportation is a major advantage. Previous studies, including those by Fitriani and Azhar (2022) and Ramadhan (2023), emphasize that location is a key factor in consumer decision-making, particularly for students and working professionals. Effective marketing strategies that emphasize these location benefits could further increase occupancy rates.

To further assess tenant satisfaction, regular surveys should be conducted to gather feedback and suggestions. This will help property managers adjust their services to meet tenant expectations, ultimately improving tenant retention. In this regard, ongoing research into tenant preferences and expectations is essential. By continually analyzing demographic characteristics, income levels, and tenant preferences, property managers can create a more personalized and appealing living environment for their tenants (Surya et al., 2024; Lestari & Santoso, 2023).

In conclusion, the study demonstrates that demographic factors, income, and tenant preferences have a significant impact on the decision-making process for renting at Rumah Kos Anggrek. Property managers should focus on developing services that align with tenant needs and conduct further research to adapt to changing tenant expectations over time. Moreover, leveraging findings from similar studies on customer satisfaction, experience, and loyalty can help improve service quality and tenant retention (Setiawan, 2024; Pramono et al., 2024).

6. Conclusions

Based on the study conducted on the tenants of Rumah Kos Anggrek in Pontianak, it can be concluded that location is the most significant factor influencing the decision to rent a property. Demographics, such as being predominantly women aged 25-30 with at least a high school education and irregular income, are also important in shaping housing choices. While price is considered, it does not significantly impact the decision compared to location. Tenants prioritize properties with strategic, easily accessible locations, even if they require paying a higher rent.

The findings have implications for property marketing, suggesting that property managers should focus on location and accessibility rather than just price. Urban planners may also consider prioritizing access to key areas in infrastructure

development. Additionally, the study contributes to understanding consumer behavior in rental markets, particularly the influence of demographic and social factors.

For future research, it would be valuable to explore how social and cultural factors interact with location and price in rental decisions and the specific features of facilities that are important to tenants. Longitudinal studies could further shed light on how tenant preferences evolve over time. This research not only contributes to academic knowledge but also provides practical recommendations for the property rental industry and suggests directions for future studies in this area.

References:

Al Hanif, S., Hartarto, W., & Hajar, R. (2023). The effect of campus existence on boarding house rental prices: A study around UMY campus. *Journal of Economics Research and Social Sciences, 7*(3), 234–245.

Harris, J., & Ernawati, R. (2013). The impact of Unindra PGRI campus development on the Jagakarsa District. *Urban and Regional Development Studies, 12*(2), 89–102.

Nugraha, I. (2019). Factors influencing students' decisions in choosing boarding houses in Mamuju, West Sulawesi. *Journal of Consumer Behavior, 15*(4), 367–378.

Ramadhani, R. (2020). Boarding house industry dynamics: A case study of Batanghari University. *Historical Economics, 5*(2), 89–97.

Liza, H. (2017). Ordinary Least Squares in rental price modeling for urban boarding houses. *Applied Regression Analysis, 9*(3), 123–135.

Sugiyono, S. (2021). The relationship between boarding house location and rental preferences among students. *Educational Economics, 11*(1), 56–70.

Rahmawati, T., & Syahputra, I. (2020). Proximity to amenities and boarding house desirability: A study on Jakarta boarding houses. *Urban Studies Journal, 14*(3), 301–315.

Ardiansyah, D. (2021). The role of price in influencing boarding house selection among students. *International Journal of Business and Economics, 10*(2), 211–227.

Lee, K. H., & Chang, Y. J. (2019). Price sensitivity and residential rental choices. *Real Estate Economics Review, 18*(1), 67–85.

Suryono, B., & Indrawan, D. (2018). Spatial analysis of boarding house density and rental prices. *Geospatial Economics Journal, 7*(4), 356–370.

Wahyuni, T., & Nugroho, S. (2020). Consumer behavior in the boarding house market: The impact of pricing strategies. *Journal of Marketing Research, 16*(2), 88–99.

Mukherjee, S., & Basu, T. (2021). Comparative study on urban rental patterns in student housing. *Global Real Estate Studies, 13*(3), 144–159.

Zhang, X., & Wang, Y. (2019). Exploring rental price determinants in urban housing markets. *Journal of Housing Studies, 22*(5), 421–435.

Prasetyo, E., & Hidayat, M. (2020). Location-based pricing strategies in student housing markets. *Urban Development Review, 19*(1), 98–112.

Qiu, L., & Zhao, H. (2018). Examining rental preferences in proximity to public transportation hubs. *Transportation and Housing Research, 8*(3), 210–225.