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# Determinants Of Income Of Grocery Stores In Deli Tua Sub-District Deli Serdang District North Sumatera

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## Abstract

The background of this research problem is the income of grocery stores in the Deli Tua sub-district. It is known that managing grocery stores is one of the main livelihoods of the local community. The obstacle experienced by grocery stores is the development that is increasingly rapid but not matched by their ability to compete with other grocery stores. However, it is not matched by its ability to compete with other businesses. Therefore, to maintain the existence of its business continuity, grocery stores should have innovations in increasing revenue. The population in this study were grocery store owners in the old Deli sub-district of Deli Serdang Regency. The number of samples in this study were 76 respondents with sampling techniques using purposive sampling. Data collection using a questionnaire given directly to grocery store owners. The results of this study indicate that product variety, product selling price, and business location simultaneously have a significant effect on saving money. Simultaneously have a significant effect on grocery store income. Partially, product variations have a significant effect to grocery store income, product selling prices have an effect and are significant to grocery stores but business location has no effect and is not significant to grocery store income.

**Keywords:** Grocery Store Income; Product Variations; Product Selling Prices; Business Location

## 1. Introduction

Economic growth is the development of activities in the economy that cause goods and services produced in society to increase so that it will increase the prosperity of society. According to Schumpeter, economic growth is not a harmonious or gradual process, but is a spontaneous and discontinuous change [1]. Economic development is caused by changes mainly in industry and trade. According to Todaro (2000) that development is a multidimensional process that includes various fundamental changes in social structure, community attitudes, and national institutions, income inequality and poverty alleviation [2]. Regional development is expected to have a positive impact on economic growth.

Micro, Small and Medium Enterprises (MSMEs) are said to be the spearhead of economic development because MSMEs can absorb a large enough workforce and play a role in the distribution of development results, besides that MSMEs have also been recognized as one of the most important players in the economy regardless of the size of the economy [3]. North Sumatra Province is one of the provinces in Indonesia that has advantages in the agriculture, forestry and trade sectors. One of the districts in North Sumatra Province that is intensifying MSMEs is Deli Serdang Regency. Micro, Small and Medium Enterprises (MSMEs) in Deli Serdang Regency follow programs organized by the local government such as SME Assistance (Data Collection and Legality Facilitation). Commodities/products/business types (KPJU) leading MSMEs in Deli Serdang Regency are divided into several business sectors, namely industry, trade, agriculture, livestock, fisheries and services. In the trade sector, namely: restaurants and eateries, minimarkets and traditional stalls.

This is reinforced by the fact that the majority of the main livelihoods of the residents of the old deli sub-district to fulfill their needs are by opening traditional stalls or grocery stores. According to Kottler, a grocery store is a store that is generally relatively small in size and located in residential areas, with long opening hours, and sells a product line of daily necessities such as groceries, soap, and various instant foods and drinks. [4].

Table 1. Total stalls / grocery stores in Deli Tua sub-district in 2019

| Urban Village  | Grocery Store |
|----------------|---------------|
| Deli Tua Barat | 20            |
| Deli Tua Timur | 51            |
| Deli Tua       | 180           |
| Mekar Sari     | 14            |
| Kedai Durian   | 35            |
| Suka Makmur    | 17            |
| Total          | 317           |

Source: Kecamatan Delitua Dalam Angka 2020

Based on Table 1 the number of grocery stores in Delitua District as many as 317 stores. Where the grocery store is a business that is privately owned and managed and is the main source of income for the community. managed privately and used as the main source of income for the Delitua in their needs. Grocery stores have the potential to generate profits directly and can be a potential income for unemployed people who want to try to start a business. The obstacle experienced by grocery stores is the development that is increasingly rapid but not matched by its ability to compete with other businesses. Therefore, to maintain the existence of its business continuity, grocery stores should have innovations in increasing revenue. The thing that can be used as a strength is having a variety of products sold. Product variety has several indicators, namely the availability of products in various real and measurable sizes, the appearance of product attractiveness and the large variety of goods available in a business so that consumers are interested in buying.

Next is the selling price, where the selling price is the price determined for a product or service will affect the revenue of a business and ultimately its profits. The selling price is closely related to income, because the selling price set for the product or service being sold will provide income or profit. the last is the selection of business locations that need to be considered in trading. Strategic location is one of the important factors and determines the success of a business. As for the purpose of this study, namely to determine and analyze the effect of product variations on grocery store revenues in Delitua District. To determine and analyze the effect of product selling prices on grocery store revenue in Delitua District. To determine and analyze the effect of business location on grocery store revenue in Delitua District. To determine and analyze the effect of product variety, product selling price, business location simultaneously on the income of grocery store traders in Delitua District.

## 2. Literature Review

### 2.1. Micro, Small and Medium Enterprises (MSEs)

Based on Government Regulation No. 7 of 2021 concerning the ease, protection, and empowerment of cooperatives and micro, small and medium enterprises, namely:

1. Micro business is a productive business owned by an individual or business entity that complies with micro business regulations. complete the micro business rules.
2. Small Business is a productive business carried out by a person or business entity that is not a member of a corporation. business entity that is not a member of a corporation that is controlled either directly or indirectly by a large or medium business. directly or indirectly by a large business or a medium-sized business that is guided by the small business regulations. which is guided by the small business regulations.
3. Medium-sized business is a form of independent business that is productive and run by a person or business entity that is not affiliated with a corporation that is directly or indirectly managed by a large company. managed directly or indirectly by large and small enterprises with a net worth of the amount of net worth in accordance with the laws and regulations.
4. Large business is a form of productive independent business run by a business entity with a total net worth greater than that of a medium-sized business consisting of national businesses owned by the private sector or the state, and foreign businesses.

### 2.2. Income

Income can be defined as the total revenue earned in a certain period". Thus, it can be concluded that income is the amount of income received by members of the community for a certain period of time in return for services or factors that have been contributed from outside the main activity or main job [5].

### 2.3. Product Variations

According to Kotler and Keller, the variety of products produced by the company has a certain width, length, depth and consistency [6]. He gave an overview as follows:

1. Width, refers to how many different types of products the company has.

2. Depth, refers to the total number of items in the mix.
3. Breadth, refers to the number of items offered in each product.
4. Consistency of the product mix, referring to how closely related the different types of products in end use, production terms, distribution channels, etc.

#### 2.4. Product Selling Prices

According to Supriyono [7], Determining the selling price is related to:

1. Pricing policies

The selling price determination policy is a statement of management's attitude towards determining the selling price of a product or service. The policy does not determine the selling price, but sets the factors that need to be considered and the basic rules that need to be followed in determining the selling price.

2. Selling price decision (pricing decision)

The selling price decision is the determination of the selling price of an organization's products or services, which is generally made in the short term. This decision is influenced by the selling price policy, capacity utilization, and organizational goals.

#### 2.5. Business Location

There are 5 factors in determining the right location and also good, namely:

1. Ease of reaching consumers.
2. Business Environment Conditions
3. Availability of Resources
4. Entrepreneurial Personal Choice
5. Availability of Location and cost

### 3. Research Methods

In this study the authors used quantitative research. Quantitative research is research that use numeric / number data analysis. Basically, this approach describes data through numbers. The purpose of this quantitative research is to develop and use mathematical models, theories and hypotheses related to the phenomena investigated by researchers [8] (Sugiyono 2019).

The population in this study were 317 grocery store owners, with a sample of 76 respondents. This study uses primary data and primary data collection techniques by giving questionnaires directly to respondents. Then processed or analyzed using mathematical or statistical calculation techniques such as multiple linear regression analysis tests, such as the F test, T test, Coefficient of Statistical Analysis, and other statistical tests. Such as the F test, T test, Determinant Coefficient, and classical assumption test such as Normality Test, Multicollinearity Test, and Heteroscedasticity Test.

To Analyze the effect of Product Variety, Product Selling Price, and Business Location on grocery store revenue, multiple linear regression analysis is used with the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where

$Y$  = Grocery Store Income

$A$  = Constanta

$\beta_1, \beta_3$  = Magnitude of the Regression coefficient of each variable

$X_1$  = Product Variety

$X_2$  = Product Selling Price

$X_3$  = Business Location

### 4. Results and Discussion

The results of the study by giving questionnaires directly to respondents with a total of 76 grocery store owners in Deli Tua District. Then the research results were analyzed using multiple linear regression analysis, this regression analysis is used to calculate the effect of the independent variable on the dependent variable. independent variable on the dependent variable. This regression analysis is used to calculate the magnitude of the influence between independent variable on the dependent variable. dependent variable. This study consists of one dependent variable, This study consists of one dependent variable, namely grocery store revenue and three independent variables, namely Product Variety, Product Selling Price and business location. The following are the results of multiple linear regression data processing by using the SPSS application:

Based on Table 2, it can be seen that the constant value is 11.120 while the regression coefficient value of the product variety variable is 0.226, the product selling price variable is 0.169, and the business location variable is 0.142.

Table 2. Multiple Linear Regression Analysis Results

| Variable                                | B      | T Statistic | Sig.  |
|---|--------|-------------|-------|
| (Constanta)                             | 11.120 | 4.550       | 0.000 |
| Product Variety (X <sub>1</sub> )       | 0.226  | 3.730       | 0.000 |
| Product Selling Price (X <sub>2</sub> ) | 0.169  | 3.114       | 0.003 |
| Business Location (X <sub>3</sub> )     | 0.142  | 1.798       | 0.076 |

Source: Researcher Processed Data

The following is the interpretation of the multiple linear regression equation:

1. The constant value ( $\alpha$ ) is 11.120 if the product variety, selling price and business location variables are considered constant. Products and Business Location are considered fixed / constant, then the income of the grocery store in grocery store in Deli Tua Subdistrict is worth 11.120, meaning that it has increased.
2. The regression coefficient value of X<sub>1</sub> (product variety) is 0.226 which is positive, meaning that it has a unidirectional relationship with variable Y (income). positive, meaning that it has a unidirectional relationship with variable Y (income) and each increase of one unit of X<sub>1</sub> (product variation) will increase the variable Y (income) by 0.226. The t value of the product variety variable count is 3.730 with a t table of 1.993 and the significance of the product variety variable on grocery store revenue is 0.000 or smaller than the  $\alpha$  value of 0.05. In conclusion, the value of t count > t table and significance 0.000 < 0.05, so that the product variation variable has a statistically significant effect on grocery store income statistically.
3. The regression coefficient value of X<sub>2</sub> (product selling price) is 0.169 which is positive, meaning that it has a unidirectional relationship with variable Y (income). positive, meaning that it has a unidirectional relationship with variable Y (income) and each increase of one unit of X<sub>2</sub> (product selling price) will increase variable Y (income) by 0.169. The t value of the product selling price variable is 3.114 with a t table of 1.993 and the significance of the product selling price variable on grocery store revenue is 0.003 or smaller than the  $\alpha$  value of 0.05. In conclusion, the value of t count > t table and significance of 0.003 < 0.05 so that the product selling price variable has a statistically significant effect on grocery store income statistically.
4. The regression coefficient value of X<sub>3</sub> (business location) is 0.142 which is positive, meaning that it has a unidirectional relationship with variable Y (income) and each increase of one unit of X<sub>3</sub> (product variation) will increase variable Y (income) by 0.142. The t value of the business location variable is 1.798 with a t table of 1.993 and the significance of the product variety variable on grocery store revenue is 0.076 or greater than the  $\alpha$  value of 0.05. The conclusion is that t count < t table and significance 0.076 > 0.05 means that the business location variable has no effect and is insignificant on grocery store income statistically

## 5. Conclusions

Based on the results of research on the Determinants of Grocery Store Income in Deli Tua District, Deli Serdang Regency, North Sumatra. It can be concluded that Product Variations have an effect and are significant to the income of grocery stores in Deli Tua Subdistrict, Product Selling Prices have an effect and are significant to the income of grocery stores in Deli Tua Subdistrict but Business Location has no effect and is not significant to the income of grocery stores in Deli Tua Subdistrict, and product variations, product selling prices, and business locations simultaneously have a significant effect on the income of grocery stores in Deli Tua sub-district, Deli Serdang district, North Sumatra

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