

## BUILDING A CIRCULAR ECONOMY MODEL THROUGH PRODUCT INFORMATION AND PURCHASING DECISIONS: A STUDY ON CREATIVE SMEs IN RURAL AREAS

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### Abstract

This study aims to examine the influence of product information on purchasing decisions among the Diecaster consumer community in Purwokerto and to explore its relevance to the growth of creative SMEs and the development of a circular economy in rural areas. A total of 250 respondents were selected using purposive sampling. Data were analyzed using simple linear regression. The results show that product information has a significant positive effect on purchasing decisions. These findings suggest that when consumers are provided with complete, clear, and reliable product information, they are more likely to make confident purchase decisions. For creative SMEs operating in niche markets, such as Diecaster collectibles, strategic delivery of product information can increase consumer trust and stimulate sustainable purchasing behavior, thereby supporting the advancement of local circular economic practices.

**Keywords:** Product Information, Purchasing Decisions, Creative SMEs, Circular Economy, Rural Innovation

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### INTRODUCTION

The transition from a linear to a circular economy has emerged as a global strategy to promote sustainable development by reducing waste, extending product lifecycles, and maximizing resource efficiency. In rural areas, this transition presents both a challenge and an opportunity. Rural-based creative Micro, Small, and Medium Enterprises (SMEs) play a crucial role in driving innovation and inclusive economic growth by producing locally inspired products and engaging niche consumer communities. SMEs play an important role in the Indonesian economy (Suliyanto, Novandari, W. Suwaryo (2019). The influence of market orientation on marketing performances in micro small and medium-sized (MSMEs) coconut sugar enterprises: the role of innovation. *Calitatea*, 20(172), 143-147; Curatman, A., & Suroso, A. (2022). Loyalty program and communication effectiveness as drivers of store loyalty. *Measuring Business Excellence*, 26(4), 417-432). One such example is the Diecaster community in Purwokerto, where collectible miniature products are not only commercial items but also cultural expressions that foster local economic resilience.

Within this creative ecosystem, consumers' purchasing decisions are influenced by various factors, among which product information stands out as a key determinant. Product information includes attributes such as quality details, price transparency, product availability, and safety assurances. These elements are essential in building consumer trust, especially in markets where transactions are often based on personal networks and shared enthusiasm for niche products. When product information is communicated clearly and accurately, it helps consumers make more confident and informed purchasing decisions. Previous studies have shown that product-related cues significantly influence consumers' perceptions, attitudes, and buying behavior (Moreau et al 2001; Nazar, 2021). However, there is a lack of focused research exploring this relationship in the context of rural creative SMEs operating within the framework of circular economy goals. This study seeks to address this gap by examining how product information affects purchasing decisions among

Diecaster consumers in a rural Indonesian setting.

Theoretically, this research contributes to the literature on consumer behavior by reaffirming the role of informational transparency in influencing buying decisions. Practically, it provides insight for local entrepreneurs and SME actors to improve their product communication strategies, thereby increasing consumer trust and driving repeat purchases. The objective of this study is to analyze the influence of product information on purchasing decisions. The findings are expected to support the development of effective marketing communication strategies that align with the principles of a circular economy and promote the sustainability of rural creative industries.

## LITERATURE REVIEW AND HYPOTHESIS FORMULATION

### Product Information

Product information is a fundamental element in consumer decision-making, representing the set of facts and descriptions that help consumers evaluate a product before making a purchase. Theoretically, this variable is grounded in the Information Integration Theory (Anderson, 1981), which posits that individuals form attitudes and decisions by integrating new information with existing cognitive structures. In marketing contexts, product information acts as the basis for comparison, evaluation, and final decision-making.

Majeed, M. A., Saleem, P., & Naef, U. (2024). Information Search as Mediating Role in Relationship Hedonic Value, Utilitarian Value and Purchase Intention of Food Panda Customers in Pakistan. *International Journal of Trends and Innovations in Business & Social Sciences*, 2(3), 410-422. Information search plays a mediating role in the relationship between hedonic/utilitarian values and purchase intention, indicating its critical importance in the buying process. Li, Z., Liao, L., & Chua, T. S. (2024). Learning to Ask Critical Questions for Assisting Product Search. arXiv preprint arXiv:2403.02754). This is particularly relevant in the rural creative economy, where the tangibility of information replaces direct experience in many online or community-based purchases.

Moreau et al. (2001) assert that consumers perceive greater product value when complete and comprehensible information is presented. This is echoed by G. Jiang (2021), who highlights the role of product transparency in fostering consumer trust in online or informal markets. Meanwhile, Nazar (2021) identifies four essential indicators of product information: quality, availability, price, and safety. In summary, product information is not only instrumental in enhancing consumer knowledge but also serves as a strategic communication tool for SMEs in establishing brand credibility and increasing buyer confidence.

### Purchasing Decisions

Purchasing decisions reflect the final stage of the consumer decision-making process, where an individual selects a product based on evaluation of available alternatives. This variable is theoretically rooted in the Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1975), which argues that behavior is the result of behavioral intention, itself influenced by attitudes and perceived norms. When consumers have favorable evaluations of a product and feel confident based on provided information, they are more likely to proceed with the purchase.

Additionally, the Consumer Decision Process Model (Kotler & Keller, 2016) outlines five key stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. Product information primarily influences the second and third stages, but its ripple effect extends to the final decision. Empirically, Schiffman and Kanuk (2012) have shown that consumers who perceive product offerings as relevant, reliable, and aligned with their needs are more inclined to complete a purchase. In creative industries like collectibles, the purchasing process is further influenced by the perceived authenticity and detail of product presentation, which elevates the importance of clear product information. Thus, purchasing decisions are not only a result of personal preferences but are also significantly shaped by the informational environment provided by the seller, particularly in the context of SMEs relying on niche and emotionally driven

markets.

Consumer behavior theories have long emphasized the central role of information in shaping perceptions, attitudes, and purchase intentions. When consumers are exposed to accurate and comprehensive product information, their cognitive evaluation becomes more structured, reducing uncertainty and increasing their confidence in making purchase decisions. This is particularly important in niche or enthusiast-driven markets such as the Diecaster community, where purchase decisions often involve personal passion, perceived value, and product rarity.

According to Moreau et al. (2001), consumers use product information to assess the quality and functionality of goods. Well-presented information not only enhances comprehension but also establishes a sense of transparency and professionalism from the seller, which are crucial trust-building factors in small-scale, creative SME environments. Nazar (2021) further reinforces that the availability of clear and reliable information such as product condition, price accuracy, and guarantee details is positively associated with the likelihood of a purchase.

In the context of creative SMEs that operate within a circular economy framework, effective product information also supports sustainability objectives. When consumers are informed about the durability, reuse value, or materials involved in production, they are more likely to engage in intentional, responsible consumption. Therefore, the strategic delivery of product information is not merely a sales tool, but an integral part of reinforcing ethical, sustainable, and long-term consumer relationships. Empirical findings from previous studies (e.g., Liu et al., 2020; Zhao, 2021) consistently show a positive correlation between informational clarity and consumer decision-making outcomes. These results suggest that product information is a critical variable in influencing consumer trust and stimulating purchasing behavior—both of which are essential for the survival and growth of creative SMEs in rural markets. Based on this theoretical foundation and empirical support, the following hypothesis is formulated:

**H1: Product information has a positive and significant effect on purchasing decisions.**

## RESEARCH METHODS

This study adopts a quantitative research approach with a causal associative design to investigate the influence of product information on purchasing decisions. The research was conducted among members of the Diecaster community in Purwokerto who have interacted with creative SMEs through the purchase of collectible miniature products. Respondents were selected using purposive sampling with specific criteria: individuals aged 17 years or older, residing in or around Purwokerto, and having purchased Diecast products at least twice. A total of 250 valid responses were collected through an online questionnaire.

The questionnaire utilized a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Product information, as the independent variable, was measured using four indicators: the quality of product descriptions, the availability of the product, price transparency, and safety or guarantee information. These indicators were adapted from previous studies by Moreau et al. (2001) and Nazar (2021). Meanwhile, the dependent variable, purchasing decisions, was measured through indicators including consumer confidence in buying the product, brand preference, influence from recommendations, and personal purchase desire, based on the framework developed by Schiffman and Kanuk (2012).

Data were analyzed using simple linear regression to test the effect of product information on purchasing decisions. Prior to the regression analysis, classical assumption tests were performed to validate the model. The Kolmogorov–Smirnov test indicated that the data were normally distributed, while the Glejser test showed no signs of heteroscedasticity, as all significance values exceeded 0.05. Since only one independent variable was involved, multicollinearity was not a concern in this study. These results confirmed that the data met the statistical assumptions required for a valid regression model. The analytical model used in this research is presented in the following equation:

$$\text{Purchasing Decision} = a + \beta_1 \text{Product Information}_1 + \varepsilon$$

Where:

<i>Purchasing Decision</i>	= represents Purchasing Decisions,
$\beta_1 \text{Product Information}_1$	= represents Product Information,
<i>a</i>	= is the constant,
$\beta_1$	= is the regression coefficient, and
$\varepsilon$	= is the error term.

## RESULTS AND DISCUSSION

Prior to conducting hypothesis testing, the measurement instrument underwent validity and reliability assessments to ensure its accuracy in measuring the intended constructs. The validity test, conducted through Pearson correlation, showed that all item statements for both product information and purchasing decisions had correlation coefficients exceeding 0.30 with significance values below 0.05. This indicates that each item is valid and capable of representing its respective variable. The reliability test using Cronbach's Alpha yielded values of 0.758 for the product information variable and 0.731 for the purchasing decisions variable. Both values are above the threshold of 0.70, indicating strong internal consistency and reliability of the instrument.

Following this, classical assumption tests were carried out to ensure that the regression model met the necessary conditions. The normality test using the Kolmogorov–Smirnov method produced a significance value of 0.087, which is greater than 0.05. This result confirms that the data are normally distributed. The heteroskedasticity test was performed using the Glejser method, where the significance values for each residual component exceeded 0.05, indicating the absence of heteroskedasticity. Since this study is based on cross-sectional primary data, autocorrelation testing was not required. After all assumptions were fulfilled, the hypothesis was tested using simple linear regression. The results show that product information has a positive and significant effect on purchasing decisions.

The regression output indicates a t-value of 2.096 with a significance level of 0.038, which is below the threshold of 0.05. The coefficient of determination ( $R^2$ ) is 0.046, meaning that product information explains approximately 4.6% of the variation in purchasing decisions, while the remaining variation is explained by other factors not examined in this study. These findings support the hypothesis that product information significantly influences purchasing decisions among consumers in the Diecaster community, thereby validating the proposed regression model. Based on these results, the regression equation for the model can be written as:

$$\text{Purchasing Decision} = 3,444 + 0,215 \text{Product Information}_1 + \varepsilon$$

These findings support the hypothesis that product information significantly influences purchasing decisions among consumers in the Diecaster community, thereby validating the proposed regression model.

## DISCUSSION

The results of this study confirm that product information has a significant and positive effect on purchasing decisions among consumers in the Diecaster community of Purwokerto. This finding is consistent with the Information Integration Theory (Anderson, 1981), which states that individuals evaluate new inputs, in this case, product information, by integrating them into their existing cognitive frameworks before making decisions. When consumers are provided with relevant, reliable, and clear product details, they are more confident in assessing product value and are more likely to proceed with a purchase.

The regression analysis revealed a beta coefficient of 0.215 with a significance level of 0.038, supporting the hypothesis that enhanced product information positively influences consumer

decisions. This aligns with the study by Nazar (2021), which emphasizes the importance of informational completeness in reducing consumer uncertainty and building trust. In niche markets such as Diecaster collectibles, where consumers often make highly intentional purchases, product information serves as a critical decision-making tool.

Moreover, this finding reinforces Engel, Blackwell, and Miniard's Consumer Decision Model, particularly in the stages of information search and evaluation of alternatives. The availability of structured, honest, and easy-to-understand product information allows consumers to navigate the decision process with reduced risk and greater confidence, especially in informal or peer-to-peer markets typical of rural SMEs.

In the broader context of circular economy adoption, the ability of creative SMEs to provide transparent product information can serve as a foundation for more responsible and sustainable consumption. When consumers understand what they are buying, its quality, durability, or recyclability, they are more likely to value the product beyond short-term use. This supports not only the individual transaction but also the long-term goal of building consumption patterns that align with sustainability values.

These results offer practical insights for SME owners and rural entrepreneurs. By improving how product information is presented, whether through packaging, social media, or community-based selling, creative SMEs can increase their appeal, strengthen brand credibility, and cultivate consumer loyalty. As trust builds, so does the potential for repeated purchases and word-of-mouth promotion, both of which are critical to business sustainability in localized economic systems.

## CONCLUSION

This study was conducted to examine the effect of product information on purchasing decisions within the Diecaster community in Purwokerto, which represents a growing segment of rural creative SMEs in Indonesia. Based on data collected from 250 respondents and analyzed using simple linear regression, the findings show that product information has a significant positive influence on purchasing decisions, with a regression coefficient of 0.215 and a significance level of 0.038.

These results indicate that consumers are more likely to make confident purchasing decisions when provided with clear, complete, and trustworthy information regarding product quality, availability, price, and safety. For creative SMEs operating in niche markets, such as Diecaster collectibles, product information serves not only as a functional element but also as a trust-building mechanism that enhances customer engagement and satisfaction. From a practical standpoint, this study implies that improving the accuracy and presentation of product information can be a low-cost yet high-impact strategy for creative SMEs. Such efforts can lead to increased consumer trust and purchase intent, ultimately contributing to the sustainability and competitiveness of rural businesses within a circular economy framework.

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