

THE EFFECT OF PRICES AND PROMOTIONS ON PURCHASING DECISIONS AT PT PUTRA USAHA MANDIRI

Hendri Herman¹, Joko Suprayetno², Heryani Witiyastuty³
Universitas Ibnu Sina, Batam

*Email : hendrihermanbatam@gmail.com, jokosuprayetno56@gmail.com,
heryaniwitiyastuty@gmail.com*

Abstract: This study was conducted with the aim of seeing the influence of prices and promotions on consumers' purchasing decisions. The object of the study is PT Putra Usaha Mandiri. Respondents in this study were corporate consumers. The samples in this study were calculated using the slovin formula. So that the number of samples was obtained as many as 92 respondents. Data collection was carried out by distributing questionnaires to respondents. The results of this study are that price has a significant effect on consumers' purchasing decisions, promotion has a significant effect on consumers' purchasing decisions, and prices and promotions simultaneously have a significant effect on consumers' purchasing decisions. The value of R Square is 0.840 or 84%. This means that prices and promotions are able to explain consumers' purchasing decisions by 84%, while the remaining 16% is explained by other factors that are not included in this research model.

Keywords: *Price, Promotion, Purchase Decision*

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1. Introduction

In this day and age, the business world is increasingly advanced and growing rapidly. This has resulted in more intense competition. This makes business people have to do and implement the right strategy in this business competition. Moreover, many similar companies produce the same product.

To attract consumers to buy products produced by the company, the company must first survey the needs of the market / consumers so that the products produced can sell well in the market. Companies must pay close attention to consumer behavior and factors that can influence consumer decisions in purchasing a product. The company must understand consumer needs, wants and demands of consumers.

Some factors that can influence consumers' decisions in purchasing a product are price and promotion. Companies should pay attention to many aspects in considering pricing. People want quality products but at affordable prices. Therefore, the company must be able to fulfill the wishes of these consumers while still generating profits for the company.

In marketing, price is the most important unit. This is because price is an exchange rate of a product or service expressed in monetary units. In addition, price is one of the determinants of the company's success in running its business. A successful company is judged by how big the company can benefit from the amount of price it determines in selling its products or services.

A quality product at a competitive price is the main key in winning the competition, which will ultimately be able to provide a high satisfaction value to customers. Customers now have a much greater and diverse value guide because customers are faced with various choices in the form of goods and services they buy.

So it is with promotion. Promotion is a medium or means that can be used by companies in introducing their products to the public. With the recognition of the product, there will be a possibility that the product will sell well. Promotion is an activity carried out in order to increase the development of a product. The promotion certainly has the purpose of providing information related to a product or service and also encouraging potential consumers to have the desire to purchase products or services offered by the company.

There are many ways for companies to promote so that products can be known by the public. The easiest promotional activities to do are advertising, sales promotion, and personal selling. Promotion can be done through advertisements using celebrity endorsers. Where by using the services of individuals known by the public for their achievements other than the products they support (Kertamukti, 2015).

2. Literature Review

Price

Price is an important element for a company because it is a measure of knowing how much the value of an item or product is, in other words, the price of a good and service money is a determinant for market permits. Price is an amount of money paid to acquire goods or services, an amount of value that consumers exchange to benefit from a product or service owned or used (Kotler & Keller, 2016)

According to Tan (2011:26) in (Herman, 2021), price is the amount of money that a customer must pay to obtain a product or service. Price is the only element of the marketing mix that generates sales revenue because the other element is to incur costs.

According to Hasan (2008:298) in (Kodu, 2013) states that price is any form of monetary costs sacrificed by consumers to obtain, own, utilize a number of combinations of goods and services of a product. The company must set a selling price for the first time, especially at the time of developing a new product. Selling price determination has the potential to be a problem because the decision to set the selling price is quite complex and must pay attention to various aspects that affect it.

Indicators in selling price fixing are:

1. Affordability
2. Price suitability
3. Price competitiveness

Promotion

Promotion is a unidirectional flow of information or persuasion created to deploy a person or organization to actions that create exchange in marketing. Promotion is essentially a form of intimate communication aimed at driving demand (Swasta, 2022) in (Susilo et al., 2018)

Promosi merupakan suatu komunikasi dari penjual dan pembeli yang berasal dari informasi yang tepat yang bertujuan untuk merubah sikap dan tingkah laku pembeli, yang tadinya tidak mengenal menjadi mengenal sehingga menjadi pembeli dan tetap mengingat produk tersebut (Laksana, 2019)

The purpose of the promotion is as follows:

1. Provide information about a product broadly to potential consumers
2. Gaining and also reaching new consumers and maintaining the level of loyalty of these consumers
3. Help increase sales and also company profits'
4. Increase excellence and also distinguish a product from other products from competitors
5. Build branding and product image on a brand in the eyes of consumers
6. Influencing consumer assumptions and behavior on a product

Purchasing Decision

Purchasing decision according to (Buchari, 2013) is a consumer decision that can be influenced by financial economics, technology, politics, culture, products, prices, locations, promotions, physical evidence, people, and processes, so as to form an attitude to consumers to process all information and draw conclusions in the form of responses that arise regarding what products to buy.

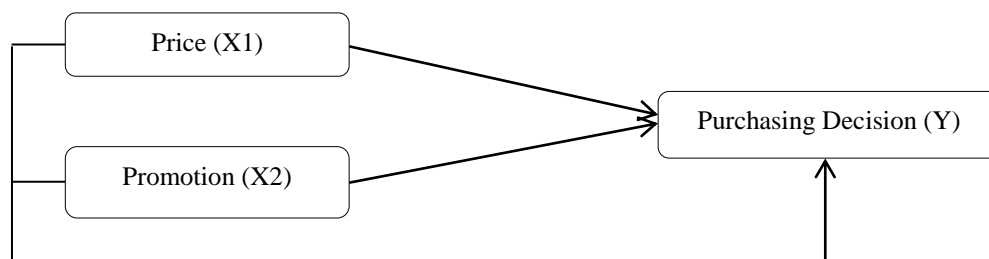
Consumer decisions in purchasing will greatly affect the company's success in carrying out its marketing so that there are several indicators that cause consumer purchase decisions. The purchase decision made by the customer will be able to occur from an objective assessment of the customer himself or because of an emotional impulse from the consumer who will make a purchase of goods or products.

According to (Kotler & Keller, 2016) there are several stages of the purchase decision-making process, as follows:

1. Identification of needs.
The first stage of the purchase decision process where consumers recognize the problem / need for the price of the product needed
2. Information search
At this stage, consumers will look for information related to the product or service to be purchased
3. Alternative evaluation
A stage of the purchase decision process where consumers use information to evaluate various alternative prices in a series of options before finally deciding to buy
4. Purchase decision
The stage of the decision process where consumers actually make product purchases based on the set price
5. Post-purchase behavior

Theoretical Framework

The frame of mind in this study is as follows:



Picture 1. Theoretical Framework

Hypothesis

From the above frame of mind, the hypothesis of this study is as follows:

1. Price has a significant effect on purchasing decisions
2. Promotions have a significant effect on purchasing decisions
3. Price and promotion simultaneously have a significant effect on purchasing decisions

3. Research Method

The data used in this study are prime data and secondary data, data collection methods were carried out by interviews, observations, and library research. The population in the study were consumers who made purchases of the company's products. As for the population of 120 consumers. The samples in this study were calculated using the slovin formula, so that a total of 92 samples were obtained. How to take samples using simple random sampling. To obtain research data, the researcher will distribute a questionnaire to the respondents.

4. Research Result and Discussion

4.1 Research Result

Data Quality Test

Validity Test

The price variable validity test can be seen in the following table

Table 1. Price Validity Test Results

No	Item	R Count	R Table	Conclusion
1	X1.1	0,650	0,2050	Valid
2	X1.2	0,653	0,2050	Valid
3	X1.3	0,845	0,2050	Valid

The promotion validity test can be seen in the following table:

Table 2. Promotion Validity Test Results

No	Item	R Count	R Table	Conclusion
1	X2.1	0,862	0,2050	Valid
2	X2.2	0,890	0,2050	Valid
3	X2.3	0,710	0,2050	Valid
4	X2.4	0,805	0,2050	Valid
5	X2.5	0,745	0,2050	Valid

The test of the validity of the purchase decision can be seen in the following table:

Table 3. The Results of the Purchase Decision Validity Test

No	Item	R Count	R Table	Conclusion
1	Y.1	0,825	0,2050	Valid
2	Y.2	0,877	0,2050	Valid
3	Y.3	0,705	0,2050	Valid
4	Y.4	0,789	0,2050	Valid
5	Y.5	0,773	0,2050	Valid

Reliability Test

The results of the reliability test can be seen in the following table:

Table 4. Reliability Test Results

No	Variabel	Alpha Cronbach	Parameter Reliabel	Kesimpulan
1	Price (X1)	0,884	0,6	Reliable
2	Promotion (X2)	0,829	0,6	Reliable
3	Purchasing Decision (X3)	0,862	0,6	Reliable

Normality Test

The results of the normality test can be seen in the following table:

Table 5. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		92
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.822414
Most Extreme Differences	Absolute	.056
	Positive	.059
	Negative	-.056
Kolmogorov-Smirnov Z		.870
Asymp. Sig. (2-tailed)		.150

a. Test distribution is Normal.

b. Calculated from data.

From the table above, it can be seen that the distribution of data in this study has been distributed normally. This can be seen from the signification value of 0.150. The value of this significance is greater than 0.05

Multiple Liner Regression Analysis

The results of the multiple linear regression analysis test in this study can be seen in the following table:

Table 6. Multiple Linear Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.785	1.122		.319	.751
	Price	.380	.092	.017	3.248	.000
	Promotion	.480	.069	.480	5.653	.000

a. Dependent Variable: Purchasing Decision

From the table above, the regression equation is obtained as follows:

$$y = 0,785 + 0,380 + 0,480 + e$$

Information:

1. The constant has a value of 0.785. If the price and promotion variables are fixed in value, then the purchase decision has a value of 0.785
2. The price regression coefficient has a value of 0.380. This means that every price increase of 1 unit assuming other variables remain, the purchase decision increases by 0.380
3. The promotion regression coefficient has a value of 0.480. This means that every increase in promotion by 1 unit assuming other variables remain, the purchase decision increases by 0.480

Hypothesis Test

Partial Test (t Test)

Table 7. Partial Test Results (t Test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.785	1.122		.319	.751
	Price	.380	.092	.017	3.248	.000
	Promotion	.480	.069	.480	5.653	.000

a. Dependent Variable: Purchasing Decision

From the table above, then hypothesis testing as follows:

1. Price affects purchasing decisions
From the table above, it can be seen that the price variable has a significance value of 0.000. This significant value is less than 0.05. So it can be concluded that price has a significant effect on purchasing decisions
2. Promotions affect purchasing decisions
From the table above, it can be seen that the promotion variable has a significance value of 0.000. This significant value is less than 0.05. So it can be concluded that promotion has a significant effect on purchasing decisions

Simultaneous Test (F Test)

The results of the simultaneous hypothesis test can be seen in the following table:

Table 8. Simultaneous Test Results (F Test)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	508.587	2	86.904	39.092	.000 ^b
	Residual	109.005	79	1.486		
	Total	159.533	91			

a. Dependent Variable: Purchasing Decision

b. Predictors: (Constant), Price, Promotion

Price and Promotion simultaneously against purchasing decisions.

From the table above, it can be seen that, the significance value of the simultaneous test is 0.000. The value of this significance is less than 0.05. So it can be concluded that price and promotion simultaneously have a significant effect on purchasing decisions

Coefficient of Determination Analysis

Table 9. Coefficient of Determination Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782 ^a	.840	.795	1.698

a. Predictors: (Constant), Price, Promotion

b. Dependent Variable: Purchasing Decision

The value of R Square is 0.840 or 84%. This means that prices and promotions are able to explain consumers' purchasing decisions by 84%, while the remaining 16% is explained by other factors that are not included in this research model.

4.2 Discussion

1. Price has a significant effect on purchasing decisions

From the results of the study it is known that price has a significant influence on purchasing decisions. Therefore, of course this is a concern for companies in determining the selling price of products/services. Because the price set by the company will affect consumers' interest in buying company products.

The pricing of products / services must be really considered properly so that the company can sell products in accordance with the ability of the community while the company still makes a profit. The results of this study support the results of previously conducted by (Aisyah et al., 2020), and the results of this study do not support the previous research conducted by (Nasution et al., 2019)

2. Promotions have a significant effect on purchasing decisions

From the results of the study it is known that promotion has a significant influence on purchasing decisions. Therefore, of course companies can consistently promote products so that products can be better known by the wider community. This allows products to be sold in larger quantities.

The company must also be precise in determining the media or promotional tools that will be used to introduce products to the public so that people are interested in buying products. The results of this study are in line with the previous research conducted by (Njoto & Sienatra, 2018), and the results of this study do not support the results of the previously conducted by (Nasution et al., 2019)

5. Conclusion

From the results of this study, it can be concluded:

1. Price has a significant effect on consumers' decisions in purchasing products
2. Promotion has a significant effect on consumer decisions in purchasing products
3. Price and promotion simultaneously have a significant effect on consumers' decisions in purchasing products

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