



Effect of Promotion, Price and Product Quality Toward Buying Decision

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ABSTRACT

This study examines and analyzes the effect of promotion, price and product quality on buying decisions in PT. Bintang Agung Sukses, a company engaged in the distribution of consumer goods. This research uses the explanatory research method. The number of customer populations is 167 stores and individuals, with the calculation of the Slovin formula, a sample of 118 respondents was determined. The instrument used to conduct this research is a questionnaire which will first be tested for validity and reliability and then will test the quantitative sample data first using multiple regression. The results of processing simultaneously and partial promotion, price and product quality affect the buying decision at PT. Bintang Agung Sukses with the amount of variation that can be explained is 36.1% and the remaining 63.9% is explained by other factors

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1. Introduction

Along with the increasingly fierce business competition, companies are required to be able to make changes and development efforts to increase their revenue. The company's revenue can increase if many consumers decide to buy at the company. PT. Bintang Agung Sukses is a trading company that sells consumer goods such as tissue with the Nice brand, Paseo, dish soap under the Bio Wash brand, massage oil under the GPU brand, and other products. Most of the products sold are new products (new brands) that are less well known to consumers and are less supported by attractive promotions, the prices offered are less competitive with other companies that offer similar products and there is less control over product quality. PT. Bintang Agung Sukses is also paying less attention to promotional needs so as not to set aside promotional costs to increase customer interest. Promotions that are held are only in the form of sales offers to customers verbally by showing product samples, but do not provide samples. This of course can affect the customer's decision to buy products at the company.

The purchase decision is a process of making a purchase decision that will determine whether the purchase will be purchased, which begins with the awareness of fulfillment or desire. At PT, Bintang Agung Sukses is currently facing a decline in purchasing decisions that tend to decline every month, which results in not achieving the target set by the company. This is because promotions are less attractive, the prices offered are less competitive with other companies that offer similar products and there is less control over product quality.

The promotion attempts to notify or offer a product or service to consumers with the aim of attracting potential consumers to buy or consume the product. In order for consumers to be willing to subscribe, they first try or research the goods sold by the company, but they will not do this if they are not sure about the goods. This is where it is necessary to hold a targeted promotion, because it is expected to have a positive influence on increasing sales. PT. Bintang Agung Sukses does not pay attention to promotional needs so as not to set aside promotional costs to increase customer interest. Promotions that are held are only in the form of sales offers to customers verbally by showing product samples, but not providing samples.

Apart from the promotion, the obstacle faced by the company is the issue of price. Price is the value that is exchanged by consumers for the benefits of owning and using a product in accordance with the wants and needs of consumers. At PT, Bintang Agung Sukses, Customers feel that the price offered is still less competitive with other companies where other companies offer various prices with different advantages, for example giving discounts if buying in larger quantities and providing a longer credit period. Can influence customer decisions to buy products in the company.

Product quality is a customer expectation that exceeds the product's performance. Good product quality is easier to compete among similar products. Because the products sold by PT. Bintang Agung Sukses, the



company must pay attention to the quality of its products in terms of product validity and the goodness of product packaging expected by customers. However, in practice, the company has a weakness in the lack of supervision of food products so that the expiration time of the food product is nearing its expiration date. The lack of procurement for quality control on the products sold so that some product packaging is crushed, dented and damaged.

2. Literature Review

2.1 Promotion Theory of Purchasing Decisions

According to Kurniawan (2014: 57)[1], the purpose of promotion is that consumers are interested in the product, because of this interest, consumers want to buy the product.

According to Hasan (2016: 603)[2], promotion is a marketing function that focuses on communicating marketing programs persuasively to target consumers to encourage the creation of transactions or exchanges between companies and consumers.

According to Suryadana and Octavia (2015: 14)[3] promotion is a variation of short-term incentives to stimulate the purchase or sale of a product or service. The media include giving gifts, samples, giving coupons, discounting prices and others.

From the theory above, it can be concluded that the promotion attempts to notify or offer a product or service to potential consumers to buy or consume it.

Price Theory of Purchasing Decisions

According to Tjiptono and Chandra (2012: 315)[4], the price can be interpreted as "the amount of money (monetary unit) and / or other (non-monetary) aspects that contain certain utilities / uses needed to get a product".

According to Hasan (2013: 521), prices are all forms of monetary costs sacrificed by consumers to obtain, own, take advantage of a number of combinations of goods and services from a product.

According to Kurniawan (2014: 33), price is an exchange rate issued by a buyer to obtain goods or services that have useful values and services.

From the theory above, it can be concluded that the purchase decision is the action of the consumer to want to buy or not "to" an available product which is influenced by several factors, including quality, price, location, promotion, convenience, service and others.

2.2 Product Quality Theory in Purchasing Decisions

According to Sunyoto (2013: p.9) [5] product quality is a number of attributes or properties described in the product, having the right design specifications used as well as possible according to the specifications.

According to Andriani, et al (2017: 156)[6], product quality is one of the factors that influence consumer perceptions. Consumers prefer products with good quality so that improving the quality of certain products is crucial.

According to Mursidi, et al. (2020: 31) [7] Product quality is anything that has value in the target market where its ability to provide benefits and satisfaction, including things, services, organizations, places, people and ideas.

From the theory above, it can be concluded that product quality is a form of assessment of the product to be purchased by the customer, whether it meets customer expectations. If the quality of the product meets customer expectations, the customer will decide to buy.

2.3 conceptual framework

Based on the opinion of experts who show how promotion, price and product quality influence purchasing decisions, the conceptual framework in this study can be described as follows:

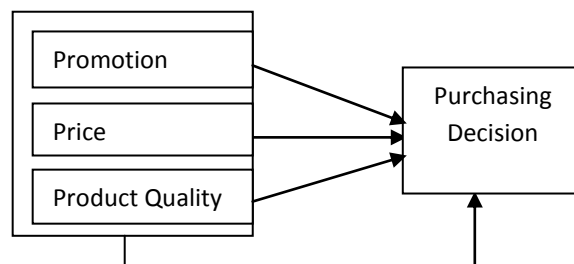


Fig 1.Conseptual Framework

Hypothesis

The hypotheses proposed in this study are



- H1: Promotion affects purchasing decisions at PT. Bintang Agung Success
 H2: Price affects the buying decision at PT. Bintang Agung Success
 H3: Product quality affects the buying decision at PT. Bintang Agung Success
 H4: Promotion, price and product quality affect the buying decision at PT. Bintang Agung Success

3. Methods

This research will be conducted at PT. Bintang Agung Sukses located at Jalan Sindoro No. 5 Medan (telephone 061- fax 061- email: pt.bintangagungs Success@gmail.com. This research starts from October 2020 to April 2021.

The research approach uses quantitative research, and descriptive research type. According to Sanusi (2016: 13)[8], descriptive research is a research design that is structured to provide a systematic description of scientific information originating from the subject / object of research. While this research uses explanatory research methods because in finding how the influence of each variable depends on it, it is done by looking for problems that arise in the company that will then formulate a hypothesis which will be answered at the end of the study.

The number of customer population at PT. Bintang Agung Sukses are 167 stores taken from customer data in January - December 2019. The sample technique used is simple random sampling. Meanwhile, to determine the number of samples used the Slovin formula, namely:

$$n = \frac{N}{1 + N \cdot a^2}$$

Where:

- n : sample
 N : population
 a : standard error (5%)

$$\frac{167}{1 + 167^2} = \frac{167}{1,4175} = 117,81 = 118$$

Based on the Solvin formula, the number of samples in this study was 118 customers and 30 other customers were used for validity testing.

3.1 Data collection techniques used

a. Interview

Data collection techniques that use questions orally to the research subject.

b. List of questions (questionnaire)

By making a list of questions in the form of a questionnaire addressed to the respondents.

c. Documentation

Usually done to collect secondary data from various sources, both personally and institutionally.

The type of data in this research is quantitative research, namely the answers to questionnaires are quantified and processed by SPSS. These data are divided into 2, namely:

a. Primary Data

These data come from interviews with customers and distribution of questionnaires to respondents as a test tool.

b. Secondary Data

These data are sourced from management books and marketing journals, as well as documents from PT. Bintang Agung Success.

Definitions, indicators and measuring instruments for the independent and dependent variables used, namely:

Table 1.
Operational Definition and Variable Measurement

Variable	Definition	Indicator
Promotion (X ₁)	The promotion is a variation of short-term incentives to stimulate the purchase or sale of a product or service. The media include giving gifts, samples, giving coupons, discounting prices and others. Source : Suryadana dan Octavia (2015:14)	1. Advertising 2. Direct Marketing 3. <i>Selling</i> . Source : Hasan (2014: 72)
Price (X ₂)	Price is all forms of monetary costs sacrificed by consumers to obtain, own, take advantage	1. Price is a statement of the value of a product.

Variable	Definition	Indicator
	of a number of combinations of goods and services from a product. Source : Hasan (2013:521)	2. Price is an aspect that is obvious to buyers. 3. Price is the main determinant of demand. 4. Price is directly related to income and profit. 5. Prices are flexible. 6. Price influences image and strategy. 7. Price are the number 1 problem managers face. Source : Tjiptono dan Chandra (2012 : 317)
Product Quality (X ₃)	Product quality is defined as a customer's overall evaluation of the good performance of the goods or services. The main issue in the product performance appraisal is what dimensions consumers use to evaluate them. Source : Sangadji dan Sopiah (2013:188)[9]	1. <i>Design quality</i> . 2. <i>Performance quality</i> 3. <i>Conformance quality</i> Source : Sunyoto (2013:123)
Buying Decision (Y)	Decision as a selection of action from two or more alternative options. In other words, the person making the decision must have one choice from several available alternatives Source : Sudaryono (2016 : 99)[10]	1. Decisions about the type of product. 2. Decisions about the shape of the product 3. Decisions about branding 4. Decisions about the seller 5. Decisions about the number of products 6. Decisions about when to buy 7. Decisions on how to pay Source : Sudaryono (2016:119-120)

4. Results and Analysis

Hypothesis testing used in this study is to use multiple linear regression analysis. The regression model used is as follows:

Table 2
Multiple Regression Equation
Coefficients^a

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	18,688	3,396
1 Promotion	,561	,174
Price	,247	,094
Product Quality	,464	,205

a. Dependent Variable: Buying Decision

Source: Research Results, 2020 (Data processed)

$$\text{Buying Decision} = 18,688 + 0,561 \text{ Promotion} + 0,247 \text{ Price} + 0,464 \text{ Product Quality}$$

- The meaning of the multiple linear regression equation above is
- A constant of 18.688 states that if the promotion, price and product quality are constant or 0, the decision to buy is 18.688 units.
- The promotion regression coefficient is 0.561 and is positive, which means that every 1 unit increase in promotion will increase purchasing decisions by 0.561 units.
- The price regression coefficient is 0.247 and is positive, which means that every 1 unit price increase will increase buying decisions by 0.247 units.
- The product quality regression coefficient is 0.464 and is positive, which means that every 1 unit increase in product quality will increase purchasing decisions by 0.464 units.

4.1 Coefficient of Determination(R²)



The coefficient of determination is intended to determine how much the ability of the model to explain the dependent variable. If the coefficient of determination (R²) is greater or closer to 1, it can be said that the ability of the independent variable (X) is large for the dependent variable (Y).

Table 3
Determination Coefficient Test

Model Summary			
Model	R	R Square	Adjusted R Square
1	,615 ^a	,378	,361

a. Predictors: (Constant), Product Quality, Price, Promotion

Source: *Research Results, 2020 (Data processed)*

The results of the determination coefficient test obtained an Adjusted R square value of 0.361, this means that 36.1% of the variation in the dependent variable of buying decisions can be explained by the independent variable promotion, price and product quality, while the remaining 63.9% explained by other variables that were not used in this study.

4.2 Simultaneous Hypothesis Testing

The F test is used to show whether all independent variables of promotion, price and product quality that are included in the model have a joint influence on the dependent variable of purchasing decisions. The simultaneous hypothesis test results are as follows:

Table 4
F Test

ANOVA ^a				
Model		df	F	Sig.
1	Regression	3	23,064	,000 ^b
	Residual	114		
	Total	117		

a. Dependent Variable: Buying Decision

b. Predictors: (Constant), Product Quality, Price, Promotion

Source: *Research Results, 2020 (Data processed)*

At degrees of freedom 1 (df1) = 3, and degrees of freedom 2 (df2) = 114, then the magnitude of the F table value at the 0.05 significance level of confidence is 2.68.

From the results of the SPSS calculation, it is obtained that the value of F count = 23.064 > F table = 2.68 with a significance level of 0.000 because F count = 23.064 > F table = 2.68 and the probability of significance is 0.000 < 0.05, then H_a is accepted, which means promotion, price and Product quality simultaneously has a significant positive effect on purchasing decisions at PT. Bintang Agung Success.

4.3 Partial Hypothesis Testing

The t-test is used to show how far the influence of one independent variable is on the dependent variable.

Table 5
t - Test

Coefficients ^a			
Model		t	Sig.
1	(Constant)	5,503	,000
	Promotion	3,218	,002
	Price	2,610	,010
	Product Quality	2,266	,025

a. Dependent Variable: Buying Decision

Source: *Research Results, 2020 (Data processed)*

The t table value for probability 0.05 at degrees of freedom n-k = 114 is 1.98099. Thus, results of the t test can be explained as follows:

- In the promotion variable, the value of t count > t table or 3.218 > 1.98099 and significant 0.002 < 0.05 then H_a is accepted, meaning that partial promotion has a significant effect on buying decisions on PT. Bintang Agung Success.

- b. In the price variable, the value of $t_{count} > t_{table}$ or $2.610 > 1.98099$ is obtained and significant $0.010 < 0.05$, then H_a is accepted, meaning that partially the price has a significant effect on buying decisions on PT. Bintang Agung Sukses.
- c. In the product quality variable, the value of $t_{count} > t_{table}$ or $2.266 > 1.98099$ is obtained and significant $0.025 < 0.05$, then H_a is accepted, meaning that partial the product quality has a significant effect on purchasing decisions on PT. Bintang Agung Sukses.

4.4 Discussion of Research Results

a. The Effect of Promotion on Buying Decisions

The results of the analysis show that the promotion has a negative and significant effect on buying decisions at PT. Bintang Agung Sukses with a value of $t_{count} > t_{table}$ or $3.218 > 1.98099$ and a significant value of $0.002 < 0.05$.

The results of this study are the same as the results of Bairizki's (2017) [11] research, namely that the promotion has a significant effect on the decision to buy various cakes at UD. Ratna cake and cookies.

The results of this test indicate that the promotion held by the company is proven to be effective in increasing buying decisions at PT. Bintang Agung Sukses, namely the provision of free samples to customers to try (test) products that are not yet known by the public. This can be useful as a reference for customers to consumers.

b. The Effect of Price on Purchasing Decisions

The results of the analysis show that the price has a positive and significant effect on buying decisions at PT. Bintang Agung Sukses with a value of $t_{count} > t_{table}$ or $2.610 > 1.98099$ and a significant value of $0.010 < 0.05$.

The results of this study are the same as those of Saebani's (2016) [12] research, namely that price has a significant effect on purchasing decisions at PT. Danar Hardi Batik Surakarta.

The results of this test indicate that an increase in price can increase the buying decision at PT. Bintang Agung Sukses, followed by good product quality. If a company sells a product that is cheap in price, but the quality of the product is not good, the customer will not buy either.

c. Effect of Product Quality on Purchasing Decisions

The results of the analysis show that product quality has a positive and significant effect on buying decisions at PT. Bintang Agung Sukses with $t_{count} > t_{table}$ or $2.266 > 1.98099$ and a significant value of $0.025 < 0.05$.

The results of this study are the same as those of Sari, et al. (2018) [13], namely the quality of the product has a significant effect on the purchase decision of the Bagus brand of camphor.

Good product quality is an added value for product marketing, because good product quality is a product that consumers want.

5. Conclusion

Partially, promotion, price and product quality have a positive and significant effect on buying decisions. Simultaneously promotion, price, and product quality have a significant effect on buying decisions at PT. Bintang Agung Sukses and the test results of the coefficient of determination show 36.1% of the variation in the dependent variable of buying decisions, which can be explained by the independent variables of promotion, price, and product quality, while remaining 63.9% can be explained by other variables not used in this study..

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