



Price, Quality of Service and Promotion Toward Multifilament Terepe Purchase Decisions At PT United Rope

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ABSTRACT

This research was conducted at PT United Rope. The purpose of this study was to examine and analyze the effect of Price, Service Quality and Promotion on Purchasing Decisions of Multifilament Terepe at PT United Rope. There is a decrease in purchasing decisions caused by Price, Service Quality and Promotion. This research approach is based on a quantitative approach. The population in this study amounted to 214 customers and the number of samples in the study were 139 customers. The sampling technique used was random sampling. The results of the calculation of the partial hypothesis testing showed that the price had a positive and significant effect on the purchasing decision of the multifilament terepe at PT United Rope. The results of the calculation of the partial hypothesis testing obtained that service quality has a positive and significant effect on the multifilament terepe purchasing decision at PT United Rope. The results of the calculation of the partial hypothesis testing obtained that promotion has a positive and significant effect on the purchasing decision of the multifilament terepe at PT United Rope. The results of the calculation of hypothesis testing simultaneously obtained that price, service quality and promotion have a positive and significant effect on multifilament terepe purchasing decisions at PT United Rope. The coefficient of determination test results obtained an Adjusted R Square value of 0.381, this means 38.1% of the variation in the dependent variable, namely the purchase decision which can be explained by the variation of the independent variable while the rest is 61.9% (100% - 38).

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1. Introduction

Along with the development of the era which is supported by the development of increasingly sophisticated technology which has an impact on increasingly fierce business competition, both between domestic and foreign companies. Therefore, to address this matter, business actors must be able to take the right policies to create a strong product position in the minds of their customers or consumers by developing market share (market share).

Multifilament terepe is a trawl string net. The consumer's buying decision is directly related to the company's profitability. PT United Rope is a company engaged in the production and sale of various types of ropes and nets. There was a decrease in purchasing satisfaction at this company against the multifilament terepe. This decline is indicated by not achieving sales targets.

Price is thought to influence consumer decisions to buy. The price of the multifilament terepe sold by the company is higher than the price offered by competitors to buyers. This ineffective pricing is supported by a payment strategy that is too fast which is only 3 weeks from receipt of receipt by the customer. This is also one of the problems that customers complain about.

The number of complaints is caused by the lack of reliability in providing services in the form of less timely delivery, less alert and less fast service provided, such as when handling complaints submitted by the customer and delivery times which sometimes do not match the information given to customers, resulting in disappointment.

Promotion carried out by the company aims to persuade customers who are not interested in buying to become interested in making a purchase. The type of promotion carried out by the company is sales promotion by giving discounts to customers, sales who make visits to ask for irregular orders to visit customers so that



customers do not order from the company and do not make good use of advertising media such as using social media in the form of Instagram in marketing products and can reach all more customers.

2. Research methods

This research will be conducted at PT United Rope Medan, located at Jalan Yos Sudarso KM 9.5. The research time is planned from March 2019 to August 2019. The research approach used in this research is a quantitative approach. This type of research is a type of quantitative descriptive research. This research is explanatory research. In explanatory research, the researcher tries to explain or prove the relationship or influence between variables. The population in this study amounted to 214 customers in 2019. The sampling technique used was simple random sampling. Simple random sampling is taking members of the sample from the population at random without paying attention to the strata in the population. The number of samples in this study using the Slovin technique in finding the number of samples obtained as many as 139 subscribers of 30 customers for validity and reliability testing. The research data collection techniques are carried out by:

- a) Interview: asking customers questions related to the variables to be studied as a respondent.
- b) Questionnaire: In this case the questionnaire will be distributed to customers as respondents.
- c) Documentation study: Documentation studies used such as company profiles, journals and books related to research variables, financial reports, company data and organizational structure.

2.1. Identification and Operational Definition of Research Variables

The operational definitions for each of the dependent and independent variables are as follows:

Table 1.
Identification & Operational Definition of Research Variables

| Research variable | Definition | Indicator | Measurement Scale |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Price (X1) | A monetary unit or other measure (including other goods and services) that are exchanged in order to obtain ownership rights or use of a good or service Source: Tjiptono (2015: 151) | 1. Base price and discount 2. Terms of payment 3. Credit terms Source: Hasan (2014: 72) | Likert |
| Service quality (X2) | The overall characteristics and characteristics of a good or service that affect its ability to satisfy expressed or implied needs. Source: Abdullah and Tantri (2014: 44) | 1. Reliability. 2. Service readiness and speed. 3. Service certainty 4. Convenience. Source: Sunyoto (2013: 145) | |
| Promotion (X2) | promotion is a marketing function that focuses on communicating marketing programs persuasively to target customers or potential customers to encourage the creation of transactions between companies and customers. Source: Hasan (2014: 603) | 1. Advertising 2. Direct marketing 3. Selling 4. Face to face sales 5. Sales promotion Source: Hasan (2014: 72) | Likert |
| Buying decision (Y) | An integration process that combines knowledge to evaluate two or more alternative behaviors, and selects one of them Source: Setiadi (2013: 415) | 1. Decisions about product types. 2. Decisions about the seller 3. Decisions about brands 4. Decisions about the number of products Source: Sunyoto (2013: 85) | Likert |

2.2. Test the Validity and Reliability of Variable Instruments

According to Torang (2014: 289), the validity test is intended to measure whether a questionnaire is valid or not. If $r_{count} \geq r_{table}$ and each question item is positive, the question item is said to be valid. If $r_{count} < r_{table}$ and each question item is positive then the question item is said to be invalid.

According to Torang (2014: 291), the reliability test is intended to measure the questionnaire which is an indicator of the variable. Cronbach Alpha a construct or variable is said to be reliable if it gives a Cronbach alpha value > 0.60 .

3. Results of Research Data Analysis

3.1. Research Model

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



Table 1.
Results of Multiple Linear Regression Analysis
Coefficientsa

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-------|-----------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .940 | 2,304 | | .408 | .684 | | |
| | Price | .375 | .092 | .298 | 4,080 | .000 | .841 | 1,190 |
| | Service quality | .281 | .069 | .299 | 4,085 | .000 | .840 | 1,191 |
| | Promotion | .308 | .090 | .249 | 3,415 | .001 | .841 | 1,189 |

a. Dependent Variable: Purchasing decision

Source: Research Results, 2020 (Data processed)

$$Y = 0.940 + 0.375 X_1 + 0.281 X_2 + 0.308 X_3 + e$$

The explanation of the multiple linear regression above is:

- A constant of 0.940 states that if the independent variable does not exist or is constant, the dependent variable is the purchase decision at 0.940 units.
- The independent variable regression coefficient in the form of a price is 0.375 and has a positive value, this means that if each increase in the independent variable the price of 1 unit will increase the dependent variable of the purchase decision by 0.375 units assuming the other variables are constant.
- The regression coefficient of the independent variable in the form of service quality is 0.281 and has a positive value, this means that if each increase in the independent variable of 1 unit of service quality will increase the dependent variable of the purchase decision by 0.281 units, assuming the other variables are constant.
- The regression coefficient for the independent variable in the form of promotion is 0.308 and has a positive value, this means that if each increase in the free variable of promotion 1 unit will increase the dependent variable of the purchase decision by 0.308 units assuming the other variables are constant.

3.2. Hypothesis Determination Coefficient

Following are the results of the coefficient of determination, namely:

Table 2.
Determination Coefficient Test
Model Summary b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .628a | .395 | .381 | 8,27848 |

a. Predictors: (Constant), Promotion, Price, Quality of service

b. Dependent Variable: Purchasing decision

Source: Research Results, 2020 (Data processed)

The coefficient of determination test results obtained Adjusted R Square value of 0.381, this means 38.1% of the variation in the dependent variable, namely the purchase decision which can be explained by the variation of the independent variable while the remaining 61.9% (100% - 38.1%) is explained by other variables not examined in this study, such as products, marketing strategies, brand awareness and so on.

3.3. Simultaneous Hypothesis Testing (Test F)

The F statistical test basically shows whether all the independent variables included in the model have a simultaneous influence on the dependent variable.

Table 3.
Simultaneous Test (Test F)
ANOVA b

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------|
| 1 | Regression | 6033,154 | 3 | 2011,051 | 29,344 | .000a |
| | Residual | 9251,997 | 135 | 68,533 | | |
| | Total | 15285,151 | 138 | | | |

a. Predictors: (Constant), Promotion, Price, Quality of service

b. Dependent Variable: Purchasing decision

Source: Research Results, 2019 (Data processed)

Degree of freedom 1 (df1) = k - 1 = 4-1 = 3, and degrees of freedom 2 (df2) = nk = 139-4 = 135, where n = number of samples, k = number of variables, then the value of F table at the level confidence significance 0.05 is 2.67. The test results obtained by the value of F count (29.344) > F table (2.67) and a significance probability of 0.000 < 0.05, meaning that Ha is accepted and Ho is rejected, i.e. simultaneously price, service

quality and promotion have a positive and significant effect on purchasing decisions. multifilament tate on PT United Rope.

3.4. Partial Hypothesis Testing (t test)

The t test is used to determine whether there is a significant (significant) relationship or influence between the independent variables partially on the dependent variable.

Table 4.
Partial Test (t test)
Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-----------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 (Constant) | .940 | 2,304 | | .408 | .684 | | |
| Price | .375 | .092 | .298 | 4,080 | .000 | .841 | 1,190 |
| Service quality | .281 | .069 | .299 | 4,085 | .000 | .840 | 1,191 |
| Promotion | .308 | .090 | .249 | 3,415 | .001 | .841 | 1,189 |

a. Dependent Variable: Purchasing decision

Source: Research Results, 2020 (Data processed)

The t-table value for the 0.05 probability in degrees of freedom (df) = 139-4 = 135 is 1.978. Thus the results of partial hypothesis testing can be explained as follows:

- a) The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $4.080 > 1.978$ and the significant obtained was $0.000 < 0.05$, means that H_a is accepted and H_o is rejected, namely partially the price has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.
- b) The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $4.085 > 1.978$ and the significant obtained was $0.000 < 0.05$, means that H_a is accepted and H_o is rejected, namely partially service quality has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.
- c) The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3,415 > 1.978$ and the significant obtained was $0.001 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially promotion has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.

3.5. Discussion

A. Effect of Price on Purchasing Decisions

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $4.080 > 1.978$ and significant obtained $0.000 < 0.05$, meaning that H_a is accepted and H_o is rejected, namely partially the price has a positive and significant effect on the multifilament tate purchasing decision at PT United Rope. According to Nisusatsro (2016: 199), price is a sacrifice of energy and a sacrifice of feelings which is used to obtain information about the necessary goods and or services up to the purchase decision. Price is thought to influence consumer decisions to buy. The price of the multifilament tate sold by the company is higher than the price offered by competitors to buyers. This ineffective pricing is supported by a payment strategy that is too fast which is only 3 weeks from receipt of receipt by the customer. This is also one of the problems that customers complain about.

B. Effect of Service Quality to the Purchase Decision

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $4.085 > 1.978$ and the significant obtained was $0.000 < 0.05$, means that H_a is accepted and H_o is rejected, namely partially service quality has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope. According to Surjaweni (2015: 144), service in this case is defined as services or services delivered by service owners in the form of ease, speed, relationship, ability and hospitality addressed through attitudes and characteristics in providing services for purchase decisions. The number of complaints is caused by the lack of reliability in providing services in the form of less timely delivery, less alert and less fast service provided, such as when handling complaints submitted by the customer and delivery times which sometimes do not match the information given to customers, resulting in disappointment .

C. Promotion Effect to the Purchase Decision

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3,415 > 1.978$ and the significant obtained was $0.001 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially promotion has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope. Manullang (2013: 208), Promotion and advertising are companies' efforts to convince consumers to buy their products. Promotion carried out by the company aims to persuade customers who are not interested in buying



to become interested in making a purchase. The types of promotions carried out by the company are sales promotions by giving discounts to customers, sales who make visits to ask for orders that do not regularly visit customers so that customers do not order from the company. Brochures printed by the company are given to customers but brochures are not distributed to consumers.

4. Conclusion

The conclusions from the results of this study are as follows:

- a. The results of the calculation of hypothesis testing are partially obtained price has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.
- b. The results of the calculation of hypothesis testing are partially obtained Service quality has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.
- c. The results of the calculation of hypothesis testing are partially obtained promotion has a positive and significant effect on purchasing decisions multifilament tate on PT United Rope.
- d. Result the simultaneous calculation of hypothesis testing is obtained Simultaneously price, service quality and promotion have a positive and significant effect on purchasing decisions multifilament tate on PT United Rope. The coefficient of determination test results obtained an Adjusted R Square value of 0.381, this means 38.1% of the variation in the dependent variable, namely the purchase decision which can be explained by the variation of the independent variable while the remaining 61.9% (100% - 38.1%) is explained by other variables not examined in this study, such as products, marketing strategies, brand awareness and so on

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