

THE EFFECT OF PRICE AND PROMOTION ON PURCHASE DECISION AT BAKPIA KURNIA SARI

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Abstract

This study aims to examine the effect of price and promotion on purchase decision at Bakpia Kurnia Sari. The respondents in this study were consumers in Yogyakarta. The number of respondents in this study were 100 respondents. Sampling was done by purposive sampling technique. This study uses multiple linear regression analysis technique with SPSS as an analytical tool. The results of the multiple linear regression test show that: 1) Price partially has a significant effect on purchase decision at Bakpia Kurnia Sari. 2) Promotion partially has a significant effect on purchase decision at Bakpia Kurnia Sari.

Keywords: Price, Promotion, Purchase Decision.

INTRODUCTION

The rapid development of business along with the increase in human civilization causes increasingly fierce competition. The existence of competition encourages every company to create an advantage. The condition that must be met by a company in order to succeed in competition is to strive to achieve the goal of creating and retaining customers. To achieve this goal, every company must strive to produce and provide goods and services that consumers want at reasonable prices. Thus, every company must be able to understand consumer behavior in its target market, because the survival of the company as an organization that seeks to meet consumer needs and desires is highly dependent on consumer behavior. If the company has determined its marketing strategy, especially in the price policy, then consumers will learn, try, and accept the product.

The process of consumer acceptance of a product will be realized in the form of purchase decision. People are now starting to think selectively and cleverly in choosing a product, so that they will get the benefits or benefits they are looking for from a product. Sometimes they even don't hesitate to dig deeper to get a quality product. The tight competition will position marketers to always develop and seize market share. This is because conceptually, one way to achieve company goals is to know what the needs and wants of consumers or target markets are and provide the desired satisfaction more effectively and efficiently than competitors (Kotler and Keller, 2012).

Strategies to attract consumers can be done through attractive pricing strategies and promotions. The price of the product is expected to encourage consumers' desire to use a product, and can lure consumers to leave the product. Price is an attribute among several other attributes in consumer decision making. In addition, promotion will help companies to attract as many consumers as possible to buy the products or services offered. This will result in competition from various products available in the market, so that sensitive consumers will switch to other products that are cheaper and have more attractive promotions.

LITERATURE REVIEW

Price

Price is the amount of money charged for an item or service or the amount of the value of money exchanged by consumers for the benefits of having or using the product or service (Kotler and Armstrong, 2013). Price plays an important role in consumer purchase decision, because pricing has a major impact on consumers, especially for consumers who are price sensitive. In addition, pricing will also have a major impact on revenue and business continuity.

Promotion

Promotion is one of the important marketing activities for companies that aim to maintain the survival of the company and improve the quality of sales, so as to increase the company's marketing activities in terms of marketing their goods or services. Regardless of the quality of the product, if consumers have never heard of it and are not sure if the product is useful for them, they will never buy it. According to Simamora (2003) promotion is all forms of communication used to inform, persuade, or remind people about the products produced by organizations, individuals, or households.

Purchase Decision

Purchase decision are actions from consumers to want to buy or not to the product (Kotler & Keller, 2012). Consumers are often faced with several choices when going to use a product or service (Indratno, et al, 2022). This makes consumers have to consider carefully before making a purchase decision in order to get the product in accordance with what they want (Rokhmawati, et al, 2022). Indecisive consumers will look to compare and consider various alternative choices before making a purchase decision (Helmi, et al, 2022). When consumers are sure and steady about a product, consumers will immediately make a purchase decision (Supardin, 2022). The purchase decision is a final decision from consumers to use a product or service (Supardin, et al, 2018).

HYPOTHESIS DEVELOPMENT

The Effect of Price on Purchase Decision

Pandey, et al (2022) found that price has a significant effect on purchase decision. In addition, research findings from Hanaysha, et al (2022) show that price influences consumer purchase decision for a product. The results of the research by Chaerudin, et al (2022) also found that price is the main consideration for consumers before making a purchase decision. Findings from the research of Arti, et al (2022) also show that before consumers make purchase decision, consumers first compare several alternative choices. This is also in line with the research findings of Zhu et al (2022) who found that price has a positive effect on consumer purchase decision. Several other studies have determined that prices have a positive effect on consumer purchase decision, including: Henao, et al (2022); Pradana, et al (2022).

H₁: Price has a positive effect on purchase decision.

The Effect of Promotion on Purchase Decision

The results of research conducted by Thomas, et al (2022) show that promotion is able to stimulate consumers in making product purchase decision. This is also in line with the research findings of Sandria, et al (2022) who found that sales promotions can improve consumer purchase decision. as for other research conducted by Rahayu, et al (2022) showed that consumers are more interested in trying products that offer promotions. Another finding by Sugiono et al (2022) also shows that consumers are looking for promotional products to buy these products. Furthermore, the findings of Hartono, et al (2022) found that promotion has a positive effect on consumer purchase

decision. Several other studies have found that promotion has a positive effect on consumer purchase decision, including: Tege, et all (2022); Putranto, et all (2022); Mubarokah et all (2022); Prasetyono, et all (2022); Dwitama, et all (2022); Sungkar, et all (2022).

H₂: Promotion has a positive effect on purchase decision.

RESEARCH MODEL

The model in this study is used to describe the relationship between the research variables. The model in this study is as shown in Figure 1 below.

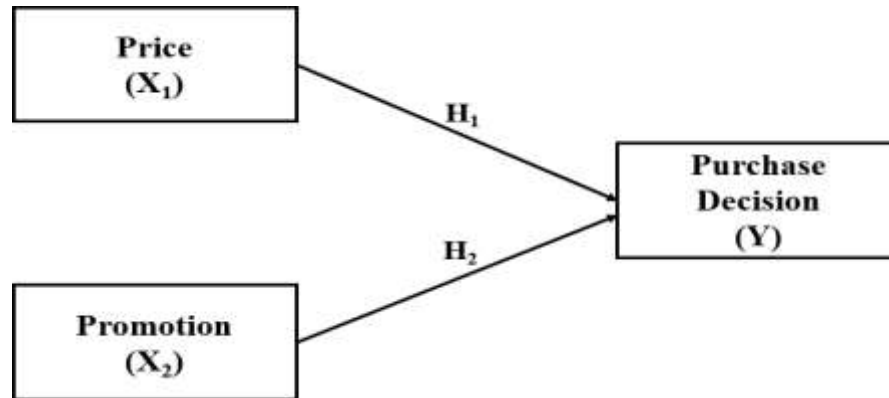


Figure 1. Research Model

IMPLEMENTATION METHOD

The sample in this study were consumers in Yogyakarta. The process of collecting data using a questionnaire. The sampling technique used was purposive sampling. Furthermore, in data analysis using multiple linear regression using SPSS 26.

RESULTS AND DISCUSSION

Respondent Profile

The research respondents' profiles in this study were grouped by gender, age, and income. The following are the results of grouping the profiles of research respondents.

Table 1. Profile of Research Respondents

Respondent Profile	Category	Frequency	Percentage
Gender	Man	34	34%
	Woman	66	66%
Age	< 18 Years	6	6%
	18 – 25 Years	35	35%
	26 – 30 Years	25	25%
	31 – 36 Years	27	27%
	> 36 Years	7	7%
Income	< IDR 1.000.0000	10	10%
	IDR 1.000.000 – 3.000.000	72	72%
	IDR 3.100.000 – 6.000.000	11	11%
	> IDR 6.000.000	7	7%

Source: Data Processed, 2022.

Based on table 1, it can be seen that the respondents based on gender, dominated by female respondents. Respondents based on age, dominated by respondents 18-25 years. Respondents based on income, dominated by income of IDR 1,000,000 – 3,000,000.

Validity Test Results

Validity test is used to determine the level of validity of the research questionnaire. Valid or not can be known by looking at the level of significance (Ghozali, 2018). The level of significance used is $\leq 0,05$ (5%).

Table 2. Validity Test Results

Variable	Question Items	Value of Sig.			Explanation
		1	2	3	
Price (X ₁)	1	0,000			Valid
	2	0,000			Valid
	3	0,000			Valid
	4	0,000			Valid
Promotion (X ₂)	1		0,000		Valid
	2		0,000		Valid
	3		0,000		Valid
	4		0,000		Valid
Purchase Decision (Y)	1			0,000	Valid
	2			0,000	Valid
	3			0,000	Valid
	4			0,000	Valid

Source: Primary data processed (2022)

Based on table 2. above, it can be seen that all the questions on each research variable, namely: price (X₁), promotion (X₂) and purchase decision (Y) are in valid acceptance based on a significance value of 0.000 or less than a significance level of 0.05 (5%).

Reliability Test Results

Reliability test is used to measure the reliability or reliability of a questionnaire. The reliability of a questionnaire can be determined by looking at the Cronbach Alpha value (Ghozali, 2018). The specified Cronbach Alpha value is 0.6 (60%).

Table 3. Reliability Test Results

Variable	<i>Cronbach Alpha</i>			Explanation
	1	2	3	
Price (X ₁)	0,809			Reliable
Promotion (X ₂)		0,693		Reliable
Purchase Decision (Y)			0,797	Reliable

Source: Primary Data Pocessed (2022)

Based on table 3, it can be seen that all research variables, namely: price (X₁), promotion (X₂) and purchase decisions (Y) are in reliable acceptance, because it is greater than the specified Cronbach Alpha value, namely 0.6 (60%) .

Hypothesis Test Results

t statistical test (partial test)

The t-statistical test shows how much influence between variables in the study partially (Ghozali, 2018). The level of significance used is 0.05 (5%).

Table 4. Results of t-test (Partial Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.435	1.572		2.821	.006
Price (X ₁)	.445	.079	.441	5.632	.000
Promotion (X ₂)	.286	.093	.240	3.072	.003

a. Dependent Variable: Purchase Decision (Y)

Source: Primary Data Pocessed (2022)

Based on table 4, it shows that price (X₁) has a significant effect on purchase decision (Y) with a significant level of 0.000 which is smaller than 0.05 (5%). Promotion (X₂) has a significant effect on purchase decision (Y) with a significant level of 0.000 which is smaller than 0.05 (5%).

R Square Test Results (Coefficient of Determination)

Table 5. R Square Test Results (Coefficient of Determination)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576 ^a	.332	.321	1.900

a. Predictors: (Constant), Price (X₁), Promotion (X₂)

Source: Data processed, 2022.

Based on table 6, shows the ability of the model in the study of 0.332. This shows that the ability of the price (X₁) and promotion (X₂) variables on purchase decision (Y) can be explained by 33.2%. While the remaining 66.8% is explained by variables outside this study.

Discussion

Based on the results of hypothesis testing that have been described in tables 4 and 5 above, the discussion is as follows:

1. Price partially has a significant effect on purchase decision

The findings of this study are in line with the theoretical and empirical studies that have been carried out. Price is the amount of money charged for an item or service or the amount of the value of money exchanged by consumers for the benefits of having or using the product or service (Kotler and Armstrong, 2013). Price plays an important role in consumer purchase decision, because pricing has a major impact on consumers, especially for consumers who are price sensitive. In addition, pricing will also have a major impact on revenue and business continuity. The findings of this study are reinforced by the results of research conducted by Pandey, et al (2022) who found that price has a significant effect on purchase decision. In addition, research findings from Hanaysha, et al (2022) show that price influences consumer purchase decision for a product. The results of the research by Chaerudin, et al (2022) also found that price is the main consideration for consumers before making a purchase decision. Findings from the research of Arti, et al (2022) also show that before consumers make purchase decision, consumers first compare several alternative choices. This is also in line with

the research findings of Zhu et al (2022) who found that price has a positive effect on consumer purchase decision. Several other studies have determined that prices have a positive effect on consumer purchase decision, including: Henao, et al (2022); Pradana, et al (2022).

2. Promotion partially has a significant effect on purchase decision

The findings of this study are in line with the theoretical and empirical studies that have been carried out. Promotion is one of the important marketing activities for companies that aim to maintain the survival of the company and improve the quality of sales, so as to increase the company's marketing activities in terms of marketing their goods or services. Regardless of the quality of the product, if consumers have never heard of it and are not sure if the product is useful for them, they will never buy it. According to Simamora (2003) promotion is all forms of communication used to inform, persuade, or remind people about the products produced by organizations, individuals, or households. The findings of this study are reinforced by the results of research conducted by Thomas, et al (2022) showing that promotion is able to stimulate consumers in making product purchase decision. This is also in line with the research findings of Sandria, et al (2022) who found that sales promotions can improve consumer purchase decision. as for other research conducted by Rahayu, et al (2022) showed that consumers are more interested in trying products that offer promotions. Another finding by Sugiono et al (2022) also shows that consumers are looking for promotional products to buy these products. Furthermore, the findings of Hartono, et al (2022) found that promotion has a positive effect on consumer purchase decision. Several other studies have found that promotion has a positive effect on consumer purchase decision, including: Tege, et al (2022); Putranto, et al (2022); Mubarokah et al (2022); Prasetyono, et al (2022); Dwitama, et al (2022); Sungkar, et al (2022).

CONCLUSION

Based on the results of the research and discussion described above, it can be concluded that: First, the price partially has a significant effect on purchase decision at Bakpia Kurnia Sari. Second, promotion partially has a significant effect on purchase decision at Bakpia Kurnia Sari.

SUGGESTION

Based on the results of the research and discussion described above, the suggestions in this study are as follows: **First**, future research is expected to expand the research area so that it is more comprehensive in explaining the research phenomenon. **Second**, business people should pay attention to pricing and promotion factors in improving consumer purchase decision and at the same time increasing the sales volume of their products.

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