

## THE EFFECT OF PRICES AND PROMOTIONS ON LUTI DRUM BUYING DECISION IN TANJUNG PINANG

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### Abstract

*This study aims to test the effect of price and promotion on the purchasing decision of Luti Gendang in Tanjung Pinang. The respondents in this study are consumers in Tanjung Pinang. The number of respondents in this study was 100 respondents. Sampling is carried out by purposive sampling technique. This study used multiple linear regression analysis techniques with SPSS as an analysis tool. The results of multiple linear regression tests showed that: 1) The price partially had a significant effect on the purchasing decision of Luti Gendang in Tanjung Pinang. 2) Promotion partially affects the purchase decision of Luti Gendang in Tanjung Pinang.*

**Keywords:** *Price, Promotion, Purchase Decision.*

### 1. INTRODUCTION

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

The process of consumer acceptance of a product will be realized in the form of a 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. In fact, sometimes they do not hesitate to spend more to get quality products. The intense competition will position marketers to always grow and seize market share. This is because conceptually, one way to achieve company goals is to know what the needs and desires 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. Product prices are expected to encourage consumers' desire to use a product, and can lure consumers to abandon the product. Price is an attribute among several other attributes in consumer decision making. In addition, promotions will help the company to attract as many consumers as possible to buy the products or services offered. This will result in competition from various

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products available in the market, so sensitive consumers will turn to other products that are cheaper and the promotions are more attractive.

### 2. THEORETICAL STUDIES

#### 2.1 Price

Price is the amount of money charged for a good or service or the amount of money that consumers exchange for benefits for owning or using the product or service (Kotler and Armstrong, 2013). Price plays an important role in consumers' purchasing decisions, as pricing has a big impact on consumers, especially on price-sensitive consumers. In addition, pricing will also have a major impact on revenue and business continuity.

#### 2.2 Promotion

Promotion is one of the important marketing activities for companies aimed at maintaining the viability of the company and improving the quality of sales, so as to improve 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 whether the product is useful to them, they will never buy it. According to Simamora (2003) promotion is any form of communication that is used to *inform*, persuade (*to persuade*), or remind people about the products produced by organizations, individuals, or households.

#### 2.3 Purchasing Decisions

A purchasing decision is a thought by which an individual finds a variety of options and decides on a product just out of many options. According to Kotler & Armstrong (2013), purchasing decisions are stages in the buyer's decision-making process where consumers actually buy. A purchasing decision can also be said to be the choice of two or more alternative options or is a process by which consumers recognize a problem, seek information about a particular product or brand and specifically, each alternative can solve the problem, then lead to a purchase decision.

### 2.4 HYPOTHESIS DEVELOPMENT

#### 2.41 The Effect of Price on Purchasing Decisions.

Pandey, *et all* (2022) found that price has a significant effect on purchasing decisions. In addition, findings from Hanaysha's research, *et all* (2022) show that price influences consumers' purchasing decisions on a product. The results of research by Chaerudin, *et all* (2022) also found that price is the main consideration for consumers before making a purchase decision. Findings from Arti, *et all* (2022) research also show that before consumers make a purchase decision, consumers first compare from several alternative choices. This is also in line with the findings of Zhu, *et all's* research (2022) which states that price has a positive effect on consumers' purchasing decisions. Several other studies that indicate that price has a positive effect on consumers' purchasing decisions include: Henao, *et all* (2022); Pradana, *et all* (2022).

**H<sub>1</sub>:** Price has a positive effect on purchasing decisions.

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**2.4.2 The Effect of Promotions on Purchasing Decisions.**

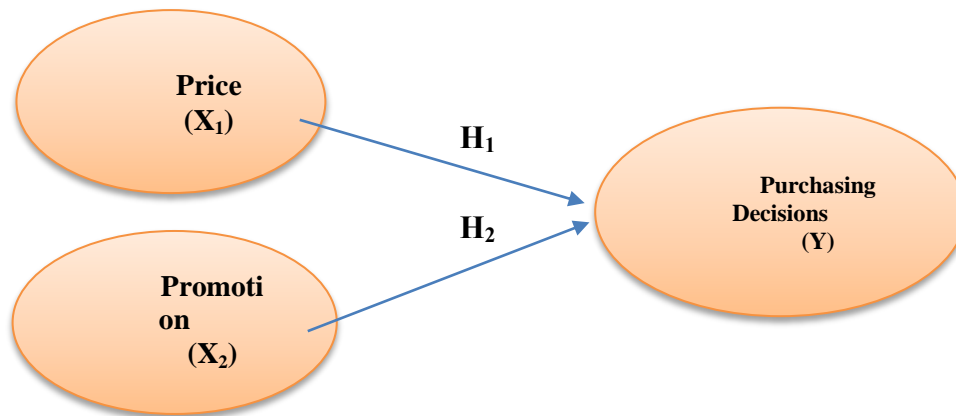
The results of research conducted by Thomas, *et all* (2022) show that promotion is able to stimulate consumers in making product purchase decisions. This is also in line with the findings of Sandria's research, *et all* (2022) which found that sales promi can improve consumers' purchasing decisions. As for other research conducted by Rahayu, *et all* (2022) shows that consumers are more interested in trying products that offer promotions. Other findings made by Sugiono, *et all* (2022) also show that consumers are looking for products that promote to buy these products. Furthermore, findings from Hartono, *et all* (2022) found that promotions have a positive effect on consumers' purchasing decisions. Several other studies that suggest promotions have a positive effect on consumers' purchasing decisions include: Tege, *et all* (2022); Putranto, *et all* (2022); Mubarokah *et all* (2022); Prasetyono, *et all* (2022); Dwitama, *et all* (2022); Sungkar, *et all* (2022).

**H<sub>2</sub>**: Promotions positively affect purchasing decisions.

**2.5 Implementation Method**

**2.5.1 Research Model**

The model in this study was used to describe the relationship among the research variables. The model in this study is as shown in figure 1 below.



**Figure 1. Research Models**

**3. RESEARCH METHODS**

The sample in this study was consumers in Tanjung Pinang. The data collection process uses questionnaires. The sampling technique uses *purposive sampling*. Furthermore, data analysis uses multiple linear regression using SPSS 26.

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### 4. RESULTS AND DISCUSSION

#### 4.1 Respondent profile

The profiles of study respondents 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**

Profil Responden	Kategori	Frekuensi	Persentase (%)
Gender	Man	34	34%
	Woman	66	66%
Age	< 18 Tahun	6	6%
	18 – 25 Tahun	35	35%
	26 – 30 Tahun	25	25%
	31 – 36 Tahun	27	27%
	> 36 Tahun	7	7%
Income	< Rp 1.000.0000	10	10%
	Rp 1.000.000 – 3.000.000	72	72%
	Rp 3.100.000 – 6.000.000	11	11%
	> Rp 6.000.000	7	7%

Source: Data processed, 2022.

Based on table 1, it can be seen that 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.

#### 4.2 Validity Test Results

The validity test is used to determine the degree of validity of the research questionnaire. Whether it is valid or not can be known by looking at the degree of significance. The level of significance used is  $\leq 0.05$  (5%).

**Tabel 2. Result Uji Validity**

Variabel	Question Item	Value Sig.	Cut Of Value	Information
Price (X1)	1	0,000	$\leq 0,05$	Valid
	2	0,000	$\leq 0,05$	Valid
	3	0,000	$\leq 0,05$	Valid
	4	0,000	$\leq 0,05$	Valid
Promotion (X2)	1	0,000	$\leq 0,05$	Valid
	2	0,000	$\leq 0,05$	Valid
	3	0,000	$\leq 0,05$	Valid
	4	0,000	$\leq 0,05$	Valid
Purchasing Decisions(Y)	1	0,000	$\leq 0,05$	Valid
	2	0,000	$\leq 0,05$	Valid

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	3	0,000	$\leq 0,05$	Valid
	4	0,000	$\leq 0,05$	Valid

Source: Data processed, 2022.

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

### 4.3 Reliability Test Results

Uji reliability is used to measure the reliability or reliability of a questionnaire. Whether a questionnaire is reliable or not can be known by looking at the value of *Cronbach Alpha*. The set *Cronbach Alpha* is  $\geq 0.6$  (60%).

**Tabel 3. Uji Reliability Results**

Variabel	<i>Cronbach Alpha</i>	<i>Cut Of Value</i>	Information
Price(X1)	0,809	$\geq 0,60$	Reliabel
Promotion (X2)	0,693	$\geq 0,60$	Reliabel
Purchasing Decisions(Y)	0,797	$\geq 0,60$	Reliabel

Source: Data processed, 2022.

Based on table 3, it can be seen that all research variables, namely: price (X1), promotion (X2) and purchase decision (Y) are on reliable acceptance, because they are greater than the *specified Cronbach Alpha*  $\geq 0.6$  (60%).

### 4.4 Hypothesis Test Results

#### 4.4.1 Statistical test t (partial test)

The statistical test t shows how much influence between variables in the study partially. The level of significance used is  $\leq 0.05$  (5%).

**Tabel 4. Uji t (Partial Test) Results**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	4.435	1.572		2.821	.006
Harga (X1)	.445	.079	.441	5.632	.000
Promosi (X2)	.286	.093	.240	3.072	.003

a. Dependent Variable: Keputusan Pembelian (Y)

Source: Data processed, 2022.

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Based on table 4, it shows that the price (X1) has a significant effect on the purchase decision (Y) with a significant degree of 0.000 less than 0.05 (5%). Promotion (X2) has a significant effect on purchasing decisions (Y) with a significant degree of 0.000 less than 0.05 (5%).

### 4.4.2 R Square Test Results (Coefficient of Determination)

**Tabel 6. Uji results R Square (Koefisien Determinasi)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576 <sup>a</sup>	.332	.321	1.900

Predictors: (Constant), Promosi (X2), Harga (X1)

Source: Data processed, 2022.

Based on table 6, Shows the model's ability in the study of 0.332. this shows that the variable capability of price (X1) and promotion (X2) to purchasing decisions (Y) can be described at 33.2%. While the remaining 66.8% is explained by variables outside this study.

## 5. RESULTS AND DISCUSSION

### 5.1 Price partially affects purchasing decisions

The findings from the results 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 a good or service or the amount of money that consumers exchange for benefits for owning or using the product or service (Kotler and Armstrong, 2013). Price plays an important role in consumers' purchasing decisions, as pricing has a big impact on consumers, especially on price-sensitive consumers. In addition, pricing will also have a major impact on revenue and business continuity. The findings of this study are strengthened by the results of research conducted by Pandey, *et al* (2022) found that price has a significant effect on purchasing decisions. In addition, findings from Hanaysha's research, *et al* (2022) show that price influences consumers' purchasing decisions on a product. The results of research by Chaerudin, *et al* (2022) also found that price is the main consideration for consumers before making a purchase decision. Findings from Arti, *et al* (2022) research also show that before consumers make a purchase decision, consumers first compare from several alternative choices. This is also in line with the findings of Zhu, *et al*'s research (2022) which states that price has a positive effect on consumers' purchasing decisions. Several other studies that indicate that price has a positive effect on consumers' purchasing decisions include: Henao, *et al* (2022); Pradana, *et al* (2022).

### 5.2 Promotion partially affects purchasing decisions

The findings from the results 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 aimed at maintaining the viability of the company and improving the quality of sales, so as to improve 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 whether the product is useful to them, they will never buy it. According to Simamora

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(2003) promotion is any form of communication that is used to *inform*, persuade (*to persuade*), or remind people about the products produced by organizations, individuals, or households.

The findings of this study are strengthened by the results of research conducted by Thomas, *et all* (2022) showing that promotion is able to stimulate consumers in making product purchase decisions. This is also in line with the findings of Sandria's research, *et all* (2022) which found that sales promi can improve consumers' purchasing decisions. As for other research conducted by Rahayu, *et all* (2022) shows that consumers are more interested in trying products that offer promotions. Other findings made by Sugiono, *et all* (2022) also show that consumers are looking for products that promote to buy these products. Furthermore, findings from Hartono, *et all* (2022) found that promotions have a positive effect on consumers' purchasing decisions. Several other studies that suggest promotions have a positive effect on consumers' purchasing decisions include: Tege, *et all* (2022); Putranto, *et all* (2022); Mubarokah *et all* (2022); Prasetyono, *et all* (2022); Dwitama, *et all* (2022); Sungkar, *et all* (2022).

## 6. CONCLUSION

Based on the results of the research and discussion that have been described above, it can be concluded that:

- a. The price partially has a significant effect on the purchase decision of Luti Gendang in Tanjung Pinang.
- b. Partial promotion has a significant effect on the purchasing decision of Luti Gendang in Tanjung Pinang.

## 6. SUGGESTION

Based on the results of the research and discussion described above, the suggestions in this study are as follows:

- a. Future research is expected to expand the research method to be more comprehensive in explaining research phenomena.
- b. Business people should pay attention to pricing and promotional factors in increasing consumer purchasing decisions and at the same time increasing the sales volume of their products.

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