



Effect of Price, Promotion, and Brand Image on Purchasing Decision at PT. Agri Tega Abadi

Faisal Ridho^{1*}, Rachmat Gunawan², and Yulianingsih³
Fakultas Ekonomi, Universitas Djuanda

Corresponding Author: Faisal Ridho faisalridho297@gmail.com

ARTICLE INFO

Keywords: Price, Promotion, Brand Image, Purchasing Decision

Received : 25, October

Revised : 23, November

Accepted: 27, December

©2023 Ridho, Gunawan, Yulianingsih : This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

This study aims to analyze and identify the effect of price, promotion and brand image both simultaneously and partially on purchasing decisions at PT Agri Tega Abadi. The questionnaire was distributed to 100 respondents who were taken by proportional stratified random sampling with the population divided into 2 groups, namely 19 corporate consumer respondents and 81 end consumer respondents. The questionnaire was tested with a validity test, reliability test, and also classical assumption test. The results of these tests are valid, reliable, and can be used for regression data. The analysis method used in this research is descriptive and verification method with quantitative approach.

INTRODUCTION

Indonesia is known as an agricultural country with a tropical climate that is rich with abundant agricultural products. Most Indonesian people make this agricultural sector a source of livelihood. The agricultural sector, especially the plantation sector, has an important role in improving the economy and meeting food needs. One of the plantation sectors developed today is coffee.

West Java is one of the provinces in Indonesia that is used as a coffee development area in Indonesia. The areas that have a role as coffee producers from West Java are in the highlands of 900- 1800 meters above sea level, such as the highlands in the Bogor Regency area. Thus, the number of business actors who plunge into cultivating coffee creates very intense competition so that proper handling is needed in developing strategies. Every company must have a reliable strategy in order to increase business growth and win market share in a competition. One the strategies that companies can do, namely increasing competitive advantages to attract attention and influence consumers to make purchasing decisions.

The average achievement of the sales target for Tega Kopi products in 2021 only reached the target of 89%, and did not reach the target set by the company in 2021. Achievement of the revenue target occurred in February because at that time there was a discount applied, then in April there was an event celebrating Earth Day, and in October there were many large orders from agencies. As for the other months, the revenue did not reach the target set by the company.

Based on the results of interviews with the Marketing Manager of PT Agri Tega Abadi conducted on December 10, 2022, that the non-achievement of the revenue target was caused by the decline in purchasing decisions. Purchasing decisions are influenced by two factors, marketing factors such as product, price, place and promotion, factors outside of marketing such as cultural, social and personal factors, while what is suspected of causing the decline in purchasing decisions is from marketing factors, namely price, promotion and brand image which are considered not optimal. The number of companies engaged in the same field, the company must carry out the right strategy to increase purchasing decisions

LITERATURE REVIEW

Marketing Management

Kotler & Keller (2018), marketing management is the art and science of selecting target markets, acquiring, maintaining, and growing consumers by creating, delivering and communicating superior consumer value.

Purchasing Decision

Kotler and Keller (2018) state that purchasing decisions are the study of how consumers form preferences between brands in choosing, buying and using and how these products can satisfy consumer needs and desires.

Price

Tjiptono (2019), states that price is the amount of money and services or goods available exchanged by buyers to get a wide selection of products and services provided by the seller. Price indicators are price affordability, price compatibility with quality, price competitiveness, and price compatibility with benefits.

Promotion

Kotler & Keller (2018), promotion is an activity that communicates product advantages and persuades consumers to buy that product. Promotion indicators are promotional messages, promotional media and promotional time.

Brand Image

Wijaya (2019) brand image is knowledge, opinions from consumers and non-physical characteristics and physical products, images that consumers give to products.

Effect of Price on Purchasing Decision

Based on the research conducted by Silaban et al (2019), it states that the price variable has a positive and significant effect on purchasing decisions. Likewise, research conducted by Fera and Pramuditha (2021), states that the price variable has a positive and significant effect on consumer purchasing decisions.

H1: There is a positive and significant effect of price on purchasing decisions

Effect of Promotion on Purchasing Decision

Based on the results of research conducted by Hidayat (2020: 102), it states that promotional variables have a positive effect on purchasing decisions. Similarly, research conducted by Larika and Ekowati (2020: 135) states that promotional variables have a significant effect on purchasing decisions.

H2: There is a positive and significant effect of promotion on purchasing decisions

Effect of Brand Image on Purchasing Decision

Based on the results of research conducted by Gamas (2021: 14), it states that brand image has a significant effect on purchasing decisions. Likewise, research conducted by Khumairo, et al (2018: 269), states that the brand image variable has a significant effect and has a positive relationship to purchasing decisions.

H3: There is a positive and significant influence of brand image on purchasing decisions.

METHODOLOGY

This research design used a verification research form approach through data collection by observation (questionnaire or questionnaire) at PT Agri Tega Abadi. The form of verification research is used to test the hypothesis using the

help of IBM SPSS 25 software. The types of data commonly used in this study consist of primary data and secondary data.

The population in this study were consumers who had bought coffee at PT Agri Tega Abadi with the sample size of this study set at 100 respondents with the consideration of obtaining more accurate data. The sampling technique using proportional stratified random sampling is a sampling technique in a heterogeneous population so that the population is divided into sub-populations (called strata). Based on this description, the population in this study are company consumers and end consumers who have purchased PT Agri Tega Abadi products.

RESEARCH RESULT

Normality Test

The statistical test that can be used to test residual normality is the Kolmogorov-Smirnov (K-S) non-parametric statistical test at the significance level (α) 0.05. Normality test with Kolmogorov Smirnov statistical approach can be seen in Table

Table 1. Test Results Normality

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.84979438
	Most Extreme Differences	
	Absolute	.074
	Positive	.074
	Negative	-.072
Test Statistic		.074
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed, 2023

Based on Table, it can be seen that the Asymptotic Significance (2-tailed) value is $0.200 > 0.05$, thus based on the test criteria, it can be concluded that the data distribution is normally distributed.

Multicollinearity Test

Multicollinearity is a situation of correlation of independent variables between one another (Rochaety, et al. 2019). It is said that there is no multicollinearity if a count $> a$ and VIF :

The magnitude of the tolerance value (a) = $1 / VIF$

The value of the variance inflation factor (VIF) = $1/a$

By using the amount of tolerance (a) and variance inflation factor (VIF) if using Alpha / tolerance = 10% or 0.1 then VIF = 10

Table 2. Multicollinearity Test Results

Model	Colilnearity Statistic		
	Tolerance	VIF	Keputusan
Price (X_1)	0,351	2,846	Multicollinearity Free
Promotion (X_2)	0,323	3,098	Multicollinearity Free
Brand Image (X_3)	0,291	3,438	Multicollinearity Free

Source: Data processed, 2023

Based on the table, the multicollinearity test results show that the tolerance value for each variable is greater than 0.1 while the variance inflation factor (VIF) value of the price variable is $2.846 < 10$, promotion is $3.098 < 10$ and brand image is $3.438 < 10$ so that the regression model in this study does not contain multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. One way that can be used to determine the presence or absence of symptoms of heteroscedasticity is by looking at the scatterplot graph.

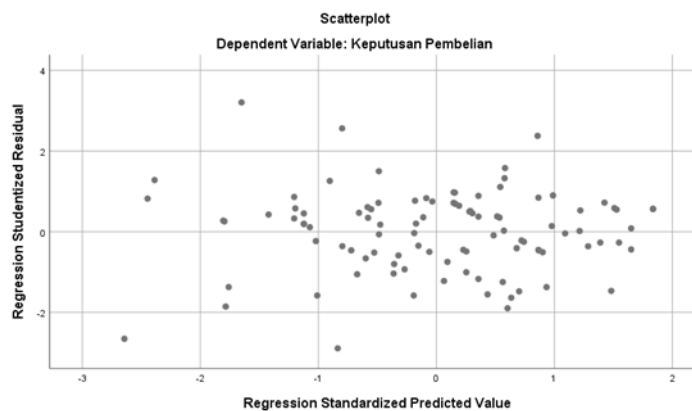


Figure 1. Grafik Scatterplot

Based on the figure, the results of the heteroscedasticity test show that the points of the scatterplot graph spread with an unclear pattern and below 0 at the Y point, so it can be concluded that in this regression model there is no heteroscedasticity, so that the model becomes feasible to use to predict each variable of this study.

Simultaneous Regression Model Testing (F-Test)

H_0 : $\beta_i \leq 0$: Price, promotion and brand image simultaneously have no positive and significant effect on purchasing decisions at PT. Agri Tepa Abadi.

H_a : $\beta_i > 0$: Price, promotion and brand image simultaneously have a positive and significant effect on purchasing decisions at PT Agri Tepa Abadi.

To test the statistical hypothesis, the F test statistic is used which is obtained through the analysis of variance (anova) table as follows:

Table 3. Regression Coefficient Test Results Simultaneously

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3908.119	3	1302.706	85.233	.000 ^b
	Residual	1467.271	96	15.284		
	Total	5375.390	99			
a. <i>Dependent Variable:</i> Keputusan Pembelian						
b. Predictors: (Constant), Citra Merek, Harga, Promosi						

Source: Data processed, 2023

Based on Table 4.30 that Fcount is 85.233 while Ftable needs calculation using a significant level $\alpha = 0.05$ and degrees of freedom (df = n-k) or $100-3 = 97$ by looking at the results of the degrees of freedom, the Ftable value is 2.698 so that $F_{count} > F_{table}$ ($85.233 > 2.698$) and has a significant value of $0.000 < 0.05$, so H_0 is rejected and H_a is accepted, meaning that price (X1), promotion (X2) and brand image (X3) simultaneously have a positive and significant effect on purchasing decisions at PT. Agri Tepa Abadi.

Partial Regression Model testing (T-test)

The t test was conducted to determine how the variable price (X1), promotion (X2) and brand image (X3) partially influenced the purchasing decision variable (Y) at PT. Agri Tepa Abadi, it can be seen from Table 4.31 the tcount value and the significant value of each independent variable. While the ttable value for $\alpha = 0.05$ with n-k-1 degrees of freedom or $100-3-1 = 96$ is 1.661, the following results are obtained:

Tabel 4. T Test Result Table

Coefficients ^a			
Model		t	Sig.
1	(Constant)	610	.543
	Price	1.439	.153
	Promotion	1.739	.037
	Brand Image	6.162	.000

Source: Data processed, 2023

Based on Table 4.32, it can be seen that the two independent variables, namely promotion (X2) and brand image (X3), have a positive and significant partial effect on the dependent variable, namely purchasing decisions (Y), while price (X1) has no positive and insignificant effect on purchasing decisions (Y). According to Maja and Sudibis (2012: 56), it states that to determine the

independent variable that has the dominant effect on the dependent variable, the Standardized Coefficient Beta is used. With this, the brand image variable (X3) is the dominant variable in its influence on purchasing decisions (Y). this can be proven in Table 4.28 through the magnitude of the Standardized Coefficient Beta value for the brand image variable (X3) which is 0.609 where this value is the largest value compared to the Standardized Coefficient Beta value for the price variable (X1) of 0.129 and promotion (X2) of 0.163.

DISCUSSION

1. Consumer responses to price, promotion and brand image on purchasing decisions at PT Agri Tega Abadi can be concluded that:
 - a. The average consumer assessment of price (X1) at PT Agri Tega Abadi is in the appropriate category.
 - b. The average consumer assessment of promotion (X2) at PT. Agri Tega Abadi is in the good category.
 - c. The average brand image assessment (X3) at PT. Agri Tega Abadi is included in the good category.
 - d. The average purchase decision assessment (Y) at PT. Agri Tega Abadi is included in the high category.
2. Price, promotion and brand image simultaneously have a positive and significant effect on purchasing decisions at PT. Agri Tega Abadi.
3. Partially price has no positive and significant effect on purchasing decisions at PT. Agr Tega Abadi.
4. Promotion and brand image partially show a positive and significant influence on purchasing decisions at PT. Agri Tega Abadi

CONCLUSIONS AND RECOMMENDATIONS

1. Based on consumer responses to prices, the statement item with the lowest assessment was found, namely Tega Coffee offers better benefits for each cost incurred. Therefore, PT. Agri Tega Abadi should start evaluating this, by choosing quality and good coffee to be processed to provide better benefits that can make consumers feel satisfied with the benefits of what has been felt after use, with the selection of coffee the company can make products with classes.
2. Based on consumer responses to promotions, the statement items with the lowest ratings were found, namely the promotional messages carried out by PT Agri Tega Abadi were very interesting and the messages provided by PT Agri Tega Abadi were very informative. Therefore, the company should start evaluating this, starting from making observations to consumers about the promotions carried out so far.
3. Based on consumer responses to the brand image, the statement item with the lowest assessment was found, namely the offers provided by Tega Kopi are always unique. Therefore, PT Agri Tega Abadi should start evaluating this, starting from improving the services offered to be unique, such as giving trinkets if you have bought 5 times. With this innovation, Tega Kopi products have a unique impression in the eyes of consumers.

4. Based on consumer responses to purchasing decisions, it was found that the statement item with the lowest assessment was that I bought Tega Coffee on weekdays (weekend). Therefore, PT Agri Tega Abadi should start evaluating this, starting from making promos on weekends.

ADVANCED RESEARCH

For future researchers, this research can be used as a reference. Further researchers are advised to look for other variables that influence the purchasing decisions of PT. Agri Tega Abadi besides price, promotion and brand image in order to obtain more varied results and influence purchasing decisions to get a greater significant value.

ACKNOWLEDGMENT

With praise and gratitude to Allah SWT who has bestowed His grace, taufik and guidance so that in the end the author can complete the completion of this thesis. This thesis is prepared and submitted as one of the requirements for obtaining a Bachelor's degree in management. The completion of this thesis is inseparable from the help of various parties, for that I would like to thank my parents, family, lecturers and all of my friends.

REFERENCES

- DDachi, R. (2021). The Effect of Price, Promotion and Brand Image on Purchasing Decisions of PT Honda Indako Binjai. *Journal of Management and Business*, 21 (2).
- Gamas, J (2021) The Effect of Price, Promotion and Brand Image on Product Purchasing Decisions. *Journal of Management Science and Research*, 10(4).
- Hidayat, T. (2020). The Effect of Product, Pace, Promotion and Location on Purchasing Decisions *Journal of Management Science*, 17(2)
- Kotler, P., & Keller, K. (2018). *Marketing Management*. Index.
- Miati, 1. (2021). The Effect of Brand Image on Purchasing Decisions for Deenay Veils (Study on Gea Fashion Banjar Consumers). *Abiwara Journal*, 1 (2).
- Rifki, M, Gunawan, R., & Y. (2023) The Effect of Price Perception and Brand Image on Purchasing Decisions for Flat Shoes. *Vizionida*, 9(1), 84-95. Sujarweni, W. (2015) *Business & Economic Research Methodology*. New Library.
- Tjiptono. (2019). *Marketing Strategy* Andi
- Widayat, E. (2022) The Influence of Brand Equity, Price and Promotion on Purchasing Decisions for Kenangan Coffee (Case Study of Bogor City People). *GICI Journal of Finance and Business*, 14 (1)
- Wijaya, T. (2019). *Service Quality Management*. PT Indeks

Yulianingsih. (2015). The Relationship Between Product Quality and Brand Image with Purchasing Decisions at PT. Hyundai Mobil Indonesia Serpong-Tangerang Branch. *Visionida*, 4(2), 23-27.