

The Influence of Price, Promotion, and Product Quality on Purchasing Decisions for Batam Batik Products at Dekranasda Batam

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Abstract: This study aims to determine how the price, promotion, and quality of a product can influence consumers in determining and deciding to purchase Batam batik products at Dekranasda. The target population in this study are consumers who have purchased Batam batik products at the Dekranasda Batam in the past year. The total respondents were 100 respondents. A quantitative approach is used in collecting data from surveys which use google forms as a medium for filling out questionnaires. This study uses the classical assumption test consisting of a normality test, multicollinearity test, heteroscedasticity test, multiple linear regression test, t-test, and f-test. Based on this research, it is known that price has no significant effect on product purchasing decisions and is inversely proportional to the promotion and product quality which has a significant effect on product purchasing decisions.

Keywords: Price, Promotion, and Product Quality

1 Introduction

Advances in technology make the business world change faster. Consumers require products that are suitable for their needs, preferences, and purchasing ability. It is crucial for a business to comprehend changes in purchasing patterns and consumer traits that can influence the decisions to buy a product, in addition to changes in consumer desires, and demands which enhance competition for businesses, particularly those in the industrial sector.

According to survey data from Kemenperin's official website, Batik production is one of the units that the Ministry of Industry gives special attention to. This is understandable given that it has the potential and capability to help improve the national economy. This may be shown by looking at the income generated by this sector which reached 21.54 million in the period from January to July 2020, or an increase compared to the income in the first semester of 2019. Until now, the batik industry has recorded 47 thousand business units with 101 central units which have also provided jobs for more than 200 thousand employees and one of them is Dekranasda Batam.

Batik is one of the most valuable cultural heritages belonging to the Indonesian nation. Batik products have aesthetic culture and qualities that have been embraced by society at large, as seen by the rising use of batik products and the strong demand from consumers. At the same time, the growing popularity of batik products business potential with promising profits. Therefore, the government through the relevant organizations continues to make efforts to grow the batik industry in Indonesia. It is hoped that continuing to introduce and promote batik handcraft products made by Small and Medium Industries will be one of the efforts made with the goal of developing this industry.

When setting a product's pricing in business, considerations including market conditions, product quality, and market demand must be taken into account. Dekranasda prices for Batam batik products are competitive and can even differ substantially depending on the product's quality, level of customer satisfaction, and recall value. A business must adopt promotion if it wants to make marketing easier. Businesses can advertise through advertising media, personal sales, and public introduction.

Batik Batam at Dekranasda offers discounts, sponsors certain events, awards bonuses to customers who transact in large amounts, hangs banners, and puts on stunning displays in showrooms and at major events in order to draw customers and influence their purchase decisions. Exhibitions and bazaars are also held to promote products. Product quality is the main priority for Dekranasda, which makes batik handcraft items. These products are smooth but sturdy, with vibrant color combinations, a variety of motifs, firm, neat, and smooth threads, and comfortable to wear on the body.

Because the characteristics of the products and services are featured to satisfy implicit demands, the consumer will decide to buy if the product has a pleasant and soft fabric texture [1]. Marlin batik, which is distinguished by the Marlin fish motif, is one type of Batam batik product. According to a study [2], customers' shopping decisions are not quality influenced and are instead affected by price and promotions.

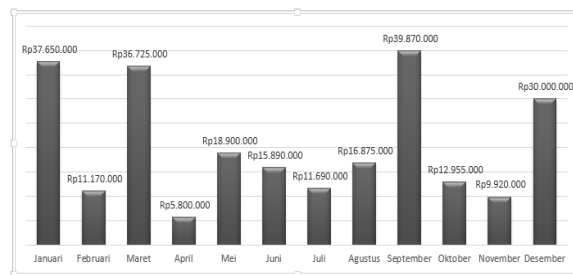


Fig 1. Batik Batam Sales in 2021
(Source: Internal Data, 2021)

According to the 2021 batik sales chart, September has the most sales and April has the lowest sales. However, following a drop in sales in October, batik Batam increase sales after batik Batam began to be known.

2 Literature Review

2.1 Price

Based on what has been resolved [3] the price is the nominal or the amount of money for a product or service. In general, the price is something that is given by the customer with the aim of having or using the goods, namely products or services. This has a significant impact on how consumers choose the benefits and values of their purchasing power by evaluating the most significant qualities in price decision-making [4].

Based on some of the theories above, price is the value of a product or service in a monetary form that consumers provide with the aim of receiving goods and prices are able to generate income from producers or traders. Prices, according to [3], can be explained by four factors, which are listed below:

- a. Reasonable costs.
- b. Competitive prices that are reasonable.
- c. The pricing can be altered by product quality.
- d. A benefit that affects the price.

2.2 Promotion

It states that the first marketing mix component is promotion, with the goal of informing and branding the product in consumers' minds [5]. According to [6] this is an activity that aims to make consumers affected and familiar with the product and then make consumers become interested in the product. Promotion is one-way persuasion that is used to persuade people or groups to engage in marketing activities [7]. An effort to combine promotional instruments with communication is known as a combination promotion. [3] list various aspects of promotion, including:

- a. Advertising refers to promotional activities.
- b. Sales promotion refers to conducting campaigns with the intention of generating sales.
- c. Establishing relationships with the public through public relations and publicity
- d. Personal selling is often known as direct sales.
- e. Direct marketing entails offering a product directly to a market.

2.3 Product Quality

Price, color, reputation, point of sale, manufacturing, and retail services as well as services that consumers might use to suit their needs, are all examples of a product's tangible and intangible qualities [8]. Customers will research products before making a purchase. One of the elements that buyers can consider when making a purchase of a product or service is quality [2]. Product's quality to satisfy customers can be defined and measured by how well the customer reacts physically and psychologically to the outcomes of the traits or characteristics in the product or item [3].

A variety of uses and functions can be used to judge quality, as well as durability, reliance on supporting components, exclusivity in comfort, and external factors including shape, color, and design [9]. Because customers can afford to spend more money on more quality products, reliable quality products are able to more easily impress consumers in their minds. A product's

fit for the function it serves is what [6] defines as a sign of quality in a product. The compatibility of the price and the purchased products determines the quality of the product or products. Here are the eight factors that determine an item's quality. Garvin claims the following [10]:

- a. Performance refers to a product's capacity.
- b. Durability is also known as product resistance.
- c. Conformance to specifications, which refers to the product's requirements.
- d. Feature refers to the quantity of pertinent and practical features.
- e. Reliability refers to a product's dependability.
- f. Aesthetics refers to the item and its worth.
- g. Perceived quality refers to both the product and the perception of the quality.
- h. Serviceability is often known as the product's capacity for service.

2.4 Purchasing Decision

The decision to purchase a product has an impact on consumer behavior [11]. Companies might benefit from increasing sales by studying and comprehending consumer behavior or purchasing trends [7]. The choice to buy refers to the integration stage, which seeks to combine knowledge to compare and contrast more than two different behaviors before selecting one [3]. Regarding what to buy, how to make judgments, and what decisions drive previous attitudes are all included in buying decisions [12]. According [3] in detail the stages of the dimensions above can be described, which are listed below:

- a. Recognizing the need,
- b. Knowing the information,
- c. Consider other options.
- d. Final decision.
- e. Attitude after making a purchase.

Through some of the descriptions that have been mentioned, the researcher concludes several hypotheses which include:

H1: Price has a significant influence on the decision to buy Batam batik products at Dekranasda Batam.

H2: Promotion has a significant influence on the decision to buy Batam batik products at Dekranasda, Batam.

H3: Product quality has a significant influence on the decision to buy Batam batik products at Dekranasda, Batam,

H4: Price, promotion, and product quality can have an influence on the decision to buy Batam batik products at Dekranasda Batam.

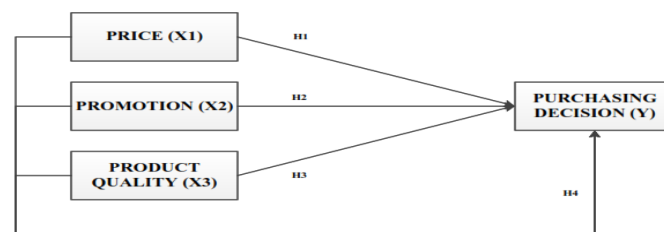


Fig 2. Study Framework

3 Method

Price, promotion, and product quality are included as independent factors in this study's quantitative analysis with multiple linear regression, and purchase decisions are used as the dependent variable. The major data source, also known as primary and backup data, as well as a survey or questionnaires, are used by the author. The participants in this study are those who purchased Batam batik from Dekranasda Batam. The Purposive sampling technique is a technique with the purpose to find out the researcher's sample using the Lemeshow formula and 100 respondents who meet specific criteria, such as those who have purchased Batam batik products, the purposeful sampling strategy seeks to identify the sample of researchers.

4 Result

Only 100 of the 110 participants in this study had their eligibility for the study's eligibility requirements determined by the author. The authors only consider 100 responses as study data in light of these findings. The following is a description of the characteristics of the respondents:

Table 1. Respondents Characteristic

No	Criteria	Total	%
1	Gender:		
	Men	37	37 %
	Women	63	63 %
	Total	100	
2	Age:		
	17 s/d 20 Years Old	6	6 %
	21 s/d 24 Years Old	51	51 %
	25 s/d 28 Years Old	24	24 %
	29 s/d 32 Years Old	5	5 %
	Total	100	
3	Based on how long have known batik Batam:		
	< 1 Year	55	55 %
	1-2 Years	29	29 %
	> 2 Years	26	26 %
	Total	100	
4	Based on how many purchases have been made:		
	1-3 Times	98	98 %
	4-6 Times	12	12 %
	>6 Times	3	3 %
	Total	100	

(Source: Processed Data, 2022)

Table 1 indicates that the majority of responders are women and are generally between the ages of 21 and 24 also the majority of responders have already known the product for less than a year and bought it 1-3 times.

4.1 Data Instrument Test

a. Validity Test

The results of data processing show that the variables of price (X1), promotion (X2), product quality (X3), and purchasing decisions (Y) on the questionnaire are valid because each question's results are greater than the r table that has been set, which is 0.1666 and is positive. It can be concluded that all questions and statements are valid and can be used as a condition for measuring research tools.

b. Reliability Test

The results of the reliability test show that all the questions are correct in number. The basis for this assessment uses Cronbach's Alpha and each variable is ≥ 0.60 so that the variables have adequate reliability.

4.2 Descriptive Statistical Variable Scale Category

Based on descriptive statistics that have been analyzed, it is known that the mean for the variables of price, promotion, and product quality is sought for the average value (mean) and the assessment is carried out as follows:

$$\text{Scale Range} = \frac{4-1}{4} = 0.75 \tag{1}$$

Then the category of the mean variable description can be reviewed in the following table.

Table 2. Interval and Category

Interval	Category
1,00 - 1,75	Very Low
1,76 - 2,50	Low
2,51 - 3,25	High
3,26 - 4,00	Very High

(Source: Umar, 2011) [13]

Table 3. Descriptive Statistics Analysis Result

Question Item	Total	Mean	Category
Price			
Price	324	3,24	High
Promotion	335	3,35	Very High
Product Quality	335	3,35	Very High
Purchasing Decision	331	3,31	High
Total Mean		3,12	High

(Source: Result from Excel Processed Data, 2022)

Based on the results of respondents' responses in table 3, there are mean results obtained on different questions. The results obtained depend on a condition for respondents who may be able to see the perception of each other's thoughts. The results show that the mean price variable is 3.24 categorized as "high", the mean promotion variable is 3.35 is categorized as "very high", the mean product quality variable is 3.35 is categorized as "very high", and the mean purchasing decision variable is 3.31 categorized "Very high".

4.3 Classic Assumption Test

a. Normality Test

Table 4. Normality Test Result
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,28076900
Most Extreme Differences	Absolute	,074
	Positive	,068
	Negative	-,074
Test Statistic		,074
Asymp. Sig. (2-tailed)		,196 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

(Source: Processed Data, 2022)

Table 4 shows where the division occurs normally and is significant at 0.196 0.05.

b. Multicollinearity Test

Table 5. Multicollinearity Test Result

Variable	Tolerance	VIF
Price (X1)	0,470	2,127
Promotion (X2)	0,450	2,222
Product Quality (X3)	0,394	2,536

(Source: Processed Data, 2022)

Based on the results of table 5, it is found that there is no multicollinearity symptom for all independent variables because the VIF for each unit variable is < 10.00 and the Tolerance value is > 0.100.

c. Heteroscedasticity Test

Table 6. Heteroscedasticity Test Result

Variable	Significant	Significant Level	Description
Price	0,700		There is no heteroscedasticity
Promotion	0,042	≥ 0,05	There is no heteroscedasticity
Product Quality	0,164		There is no heteroscedasticity

(Source: Processed Data, 2022)

The glejser test is applied in the given heteroscedasticity data set. Because all of the independent variables in the study had a significant value which is 0.05, heteroscedasticity does not apply per variable in such cases, as shown in Table 6.

4.4 Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis Result

Coefficients *					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig
	B	Std. Error			
(Constant)	1,981	1,387		1,428	,156
1 Price	,093	,118	,079	,787	,433
Promotion	,456	,110	,427	4,143	,000
Product Quality	,157	,057	,303	2,755	,007

*Significant < 0,01

**Significant < 0,05

a. Dependent Variable: Purchasing Decision

(Source: Processed Data, 2022)

Based on the table above, it is known that the regression formula is as follows:

$$\text{NUM} = 1.981 + 0.093 (H) + 0.456 (P) + 0.157 (KP) \quad (2)$$

4.5 Test of Coefficient of Determination R²

Table 8. Coefficient of Determination R2 Test Result

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,736 ^a	,542	,527	1,301

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

b. Dependent Variable: Purchasing Decision

(Source: Processed Data, 2022)

As seen in the above table, the modified R2 value is 0.527, or 52.7 percent. explains that the continuous effect of the variables Price, Promotion, and Product Quality is 52.7 percent. The remaining 47.3 percent (100 percent - 52.7 percent) is the result of the influence of unexplained factors.

4.6 Hypothesis Test

a. Partial Significant Test (T)

Table 9. Partial (t) Test Result

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,981	1,387		1,428	,156
	Price	,093	,118	,079	,787	,433
	Promotion	,456	,110	,427	4,143	,000
	Product Quality	,157	,057	,303	2,755	,007

a. Dependent Variable: Purchasing Decision

(Source: Processed Data, 2022)

The price variable showed significant influence with a value of 0.433 > 0.05, which implies that this variable has no effect on the decision to purchase Batam batik products at Dekranasda Batam, according to the table above, which summarizes the findings of the first hypothesis. Testing the second hypothesis reveals a level of promotion that is significantly correlated with the decision to purchase Batam batik products at Dekranasda Batam, with a value of 0.000 < 0.05. The third hypothesis was tested, and the results were significant for the product quality variable with a value of 0.007 < 0.05, which indicated that the variable significantly influenced the decision to purchase Batam batik products at Dekranasda Batam.

b. Simultaneous Significant Test (F)

Table 10. Simultaneous Test Result

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	191,963	3	63,988	37,826	,000 ^b
	Residual	162,397	96	1,692		
	Total	354,360	99			

a. Dependent Variable: Purchasing Decision

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

(Source: Processed Data, 2022)

According to table 10, it is known that H0 is rejected and H1 is accepted. The results of significance are known to be $0.000 < 0.05$ where which explains how it is known that all independent variables affect the dependent variable simultaneously.

5 Discussion

Based on statistical tests conducted by researchers, the results of hypothesis testing are summarized as follows:

5.1 Influence of price on purchase decision

In table 9 it can be explained that the price has no effect on the decision to purchase the product and from the analysis, results obtained positive results of $0.787 < 1.985$ and not significant at $0.433 > 0.05$. According to the researcher, there are several reasons to explain the results obtained. Most of the respondents stated that they agree and strongly agree that buying Batam batik products because the price offered is in accordance with the quality shown on the type and material of the batik which is sourced from the question price X1.3 which shows the highest mean value of 3.30, which it can be concluded that respondents still prioritize prices that match the quality of the product compared to discounts and affordable prices. Based on previous research [8] showed results that were in accordance with this study.

5.2 Influence of promotion on purchase decision

In table 9 it can be explained where the promotion has an effect on the decision to buy the product and seen from the analysis results obtained positive results of $4.143 > 1.985$ and a significant of $0.000 < 0.05$. According to the researcher, there are several reasons to explain the results obtained. Namely, the more known Batam batik products are with marketing efforts such as exhibitions, advertising, and customer relations with sellers so that the more these products will be remembered by buyers and have the intention to repurchase Batam batik products at Dekranasda Batam. Based on previous research [9] showed results that were in accordance with this study.

5.3 Influence of product quality on purchase decision

In table 9 it is known that the product quality of goods or products has an influence on purchasing decisions which can be seen from the analysis results obtained by positive results of $2.755 > 1.985$ and significant at $0.007 < 0.05$. According to the researcher, there are several reasons to explain the results obtained, including the quality and unfashionable which is similar to other products, making it easy for consumers to distinguish Batam batik products from other batik products because, in terms of motifs and meanings, they are also different, namely they have a characteristic of Marlin fish patterned batik. Results from previous research [1] supported this research outcome.

6 Conclusion

In this research, it can be concluded as follows:

- a. The results of this study prove that the price variable (X1) partially has no significant influence on purchasing decisions for Batam batik products at the Dekranasda Batam.
- b. The results of this study prove that the Promotion variable (X2) partially has a positive and significant influence on purchasing decisions for Batam batik products at the Dekranasda Batam.
- c. The results of this study prove that the product quality variable (X3) partially has a positive and significant influence on purchasing decisions for Batam batik products at the Dekranasda Batam.
- d. The results of this study prove that the variables of price, promotion, and product quality simultaneously have a positive and significant influence on purchasing decisions for Batam batik products at Dekranasda Batam.

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