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The Impact of Price and Promotion on The Consumer's Buying Behavior in The Metropolitan Region of Bandung

Abstract:

The present research endeavors to examine the impact of price and promotion on the consumer's buying behavior in the metropolitan region of Bandung. The study employs path analysis to establish that consumer choices are significantly influenced by both price and promotion. The study's sample comprises 81 customers, which accounts for 7% of the total transactions that occurred in 2019. The influence of price on consumer purchase decisions is positively correlated, whereas promotion has both a direct and indirect positive impact. The present findings are consistent with prior research, emphasizing the crucial significance of price and promotion in influencing consumer behavior. The findings have led to the formulation of suggestions for enterprises that are functioning in the region of Bandung. It is recommended to perform a thorough examination of diverse pricing benchmarks in order to evaluate competitiveness and the consumer's value proposition. It is advisable to allocate resources towards efficacious promotional strategies in order to augment consumer awareness and stimulate interest in products. The implementation of successful promotional strategies has the potential to exert a favorable impact on the purchasing behavior of consumers. Additional research could delve into alternative factors that may influence consumer decision-making, thereby augmenting comprehension of consumer behavior through the inclusion of supplementary variables. The research acknowledges a number of constraints. The study exclusively centers on the influence of price and promotion in relation to purchase behavior, disregarding other variables such as product excellence, brand image, and customer support. Subsequent studies may consider incorporating these variables to conduct a more thorough analysis. Notwithstanding the aforementioned constraints, this research offers significant perspectives for enterprises in Bandung to guide their pricing and promotional approaches.

Keywords: price, promotion, purchase behavior.

Introduction

The contemporary market scenario, both at the domestic and international levels, has significantly shifted towards hyper-competition. This situation has necessitated companies to adapt and sustain themselves by offering their customers superior value, quality, availability, and service. (Aditia et al., 2021) The crux of the matter pertains to the sustenance of marketing performance that is environmentally, socially, and economically sustainable. The contemporary epoch of globalization has witnessed numerous transformations and progressions in contemporary commerce. Societal attitudes, technological progress, and lifestyle have influenced companies' visibility. The emergence of various products or goods indicates the impact of changing times. Producers offer

various products to consumers, providing them with options to select based on their preferences and requirements, ultimately increasing their satisfaction level.

The modern fashion industry has undergone significant growth, as demonstrated by the proliferation of retailers offering a diverse range of fashion brands, including but not limited to Bosnia, Espada, Guess, Executive, Next, and Calvin Klein. Fashion has evolved into a lifestyle and a crucial aspect of society, including in Indonesia, emphasizing its significance as a necessity. Indonesia's fashion industry is experiencing significant growth in response to the effects of modernization. This phenomenon renders society more discerning in its lifestyle choices. Dressing in fashionable attire can augment one's physical appeal and position them as a trendsetter within their social circle. The Indonesian fashion industry has experienced significant growth over time, leading to heightened competition among fashion brands due to the emergence of numerous players in the market. This competition necessitates entrepreneurs and producers to opt for innovative concepts in developing appealing and captivating novel consumer models.

The subject of investigation pertains to a sartorial enterprise specializing in designing and manufacturing knitted sweaters for men, with its origins tracing back to the city of Bandung. Knitted sweaters have gained popularity in Indonesia, with various styles, including O-Neck, V-Neck, Turtleneck, Cardigan, and other variations. The research objective is to establish a brand of men's knitted sweaters that can provide advantages in the Indonesian market. The company's objective is to penetrate the fashion market by producing knitted sweaters that cater to the preferences of the youth demographic and individuals with a youthful disposition. The brand aims to offer fashionable, comfortable, intelligent, and unique clothing options.

The enterprise selling knitted sweaters has encountered numerous challenges during its operational trajectory, such as intense competition, insufficient public awareness, and consumer resistance to pricing. The issues above and impediments have impeded the attainment of the company's yearly sales objectives for knitted sweater merchandise. The inability to attain sales objectives can be attributed to many factors, including poor consumer purchasing decisions, prices that must align with consumer expectations and inadequate promotional endeavors.

The analysis of secondary data of the study object reveals that the sales of the product in the year 2019 fell short of the company's predetermined targets, thereby indicating that they could have been more optimal. The company's sales have been suboptimal as they have not met the monthly targets and have fluctuated over several months. The sales indicate that the products that failed to achieve the targeted sales were observed in June (66%), July (92%), September (89%), October (90%), November (87%), December (84%), March (94%), and April (91%). Notably, June had the lowest percentage of sales at 66%. This sale represents one of the challenges encountered.

The author posits that sales underperformance in meeting the target may be attributed to decreased consumer purchasing decisions towards the products. Consumer choices are founded on purchasing decisions intended to benefit the parties involved mutually. The assertion mentioned above (Kotler et al., 2021) posits that procurement decisions entail assessing and choosing diverse

options predicated on particular preferences, culminating in selecting the most beneficial alternative. Therefore, augmenting sales in the forthcoming period is plausible by scrutinizing consumer assessments and making optimal selections. (Morgan et al., 2019)

The preliminary survey findings indicate that in Bandung City, determinants of product procurement choices are influenced by concerns surrounding the affordability of prices that consumers have yet to deem satisfactory. The initial pre-survey, which involved 30 participants, indicated that many respondents expressed moderate agreement (CS) and disagreement (TS) regarding the prices offered, citing that they were not in line with their expectations and preferences. This result suggests that the current pricing needs to be more appealing to the consumer demographic. Likewise, the dissemination of promotions is predominantly restricted to online users, as most promotional activities are conducted via social media and the internet. (Xiao et al., 2019) This result indicates that there still needs to be more awareness regarding promotions among the populace of Bandung.

The predetermined prices can impact the consumer's decision-making process and ultimately sway them towards purchasing a particular product. Kotler and Armstrong (2010) assert that profit and sales are the primary pricing objectives and that appropriate pricing strategies can lead to increased profitability for a company. Consequently, a thorough analysis of the pricing factor is imperative to attain sales objectives and ultimately enhance the organization's profitability. Apart from the less-than-ideal pricing, another determinant impacts consumer buying behavior: promotional activities, which can potentially augment organizational revenues. Promotions are anticipated to increase consumer or prospective customer awareness of the merchandise offered, potentially influencing or piquing their interest in procuring the advertised products. The assertion, as mentioned earlier by (Gedenk, 2022; Heydari et al., 2020), posits that promotion can be defined as a form of communication between the seller and buyer to alter the attitudes and behaviors of buyers, thereby transitioning them from a state of unawareness to awareness and ultimately resulting in purchases and product recall.

The present study aims to investigate the impact of price and promotion on consumer behavior regarding product purchasing decisions, drawing on existing theoretical literature and identifying issues in the field.

Method

The present investigation employed a quantitative research methodology, utilizing descriptive and verification techniques. The present study's population is defined as the aggregate of transactions or product purchases in 2019. The sample size comprises 7% of the total transactions, corresponding to 81 customers residing in Bandung. This study is focused on the examination of three variables. The variables under consideration in this study are price (X1), which refers to the monetary value assigned to a product or service in exchange for the benefits it provides to consumers, promotion (X2), which encompasses the various methods employed to inform, persuade, and remind consumers about the products and brands being offered, and purchasing decisions (Y), which involves the cognitive process of evaluating multiple options based on attitudes and knowledge, ultimately leading to the selection of a preferred behavior.

The present investigation incorporates the price variable (X1) as a metric, encompassing various dimensions such as affordability, congruence with product quality, congruence with benefits, and competitiveness. The measurement of the promotion variable (X2) is based on various dimensions, including advertising, sales promotion, and direct marketing. Product selection, brand preference, distribution channel preference, and timing of purchase are just a few of the various dimensions used to evaluate the variable of purchasing decisions denoted by Y.

The questionnaire, as a measurement instrument, plays a crucial role in determining the validity of research findings. The questionnaire is a method of gathering data that entails posing queries or presenting statements to participants in order to facilitate the research process. In order to assess the soundness of a measure, it is necessary to conduct two distinct evaluations: a validity test and a reliability test. The present study employs verifiable analysis as a means to evaluate hypotheses through statistical computations. In the context of verification analysis, the statistical methodology utilized is inferential statistics. Inferential statistics is a statistical methodology that involves the analysis of sample data and the application of the findings to the population. The experimental methodology employed to evaluate the conjectured hypotheses entails the utilization of path analysis.

Result and Discussion

Drawing from the outcomes of the distributed questionnaire, an overview of the participants can be delineated with respect to their age, gender, highest level of education, occupation, and income. In terms of consumer demographics, individuals below the age of 17 constitute no percentage, while those aged between 18 and 30 years account for 58.8%. Additionally, individuals aged between 31 and 40 years account for 37.0%, those aged between 41 and 50 years account for 6.2%, and those above the age of 50 account for no percentage. The data indicates that the age group with the highest representation among the respondents is the 18–30 demographic, comprising 58.8% of the sample. In Bandung, the gender distribution of consumers indicates that males

constitute a majority of 74.1%, while females constitute a minority of 25.9%. Thus, it can be inferred that the male gender is the predominant group among the participants, comprising 74.1% of the total sample.

The educational attainment of consumers in Bandung is distributed as follows: 0% have received no formal education; 0% have completed junior high school; 72.8% have completed high school or vocational school; 9.9% have obtained a diploma; 17.3% have earned a bachelor's degree (S1); and 0% have attained a master's or doctoral degree (S2/S3). The data indicates that the majority of respondents possess a high school or vocational school education, comprising 72.8% of the sample. With regards to employment, civil servants constitute 6.2%, private sector workers constitute 48.1%, students constitute 24.7%, military and police personnel constitute 0%, and self-employed individuals constitute 21.0%. Thus, it can be inferred that private sector employees constitute the majority of the participants, with a percentage of 48.1%.

As shown in Table 1, it is critical to evaluate the accuracy and dependability of the data before proceeding with additional analysis.

Table 1. Result of validity and reliability test

No Items	Score		
	X ₁	X ₂	Y
1	.553	.416	.316
2	.649	.437	.438
3	.356	.534	.318
4	.511	.531	.303
5	.573	.565	.325
6	.524	.511	.417
7	.482	.462	.580
8	.450	.529	.398
9	.433	.576	.327
10	.378	.429	.354
11	.419	.457	.399
12	.703	.375	.333
13	.661	.424	.336
14	.600	.307	.362
15	.478	.463	.325
Variables	Cronbach alpha		
Price	0.872		
Promotion	0.840		
Decision	0.765		

Table 1 shows that there are a total of 15 statement items in the instrument for the three variables—price, promotion, and purchase decision. The relevant variables have met the requirements, which call for a minimum value of 0.300. The aforementioned statement items, which are numbered 1 through 15, can therefore be deduced to be true and correct representations of the three variables. The results for dependability indicate that all variables are reliable because their scores are greater than 0.600. The research tool used in the study to measure each variable can be regarded as trustworthy and consistent in its measurement. Given that the test results remain constant after multiple administrations, this suggests that the instrument has a high level of dependability.

The observation that the significance level of 0.000 is less than the predetermined alpha level of 0.01 establishes the statistical significance of the correlation between X1 and X2. The aforementioned assertion can be construed in the following manner: in the event of a one-unit escalation in price, there will ensue a corresponding upsurge of 0.467 units in promotion, with the path coefficient of price being 0.613 and that of promotion being 0.460. The aforementioned computations are illustrated in the pathway equation, as exemplified in Figure 1.

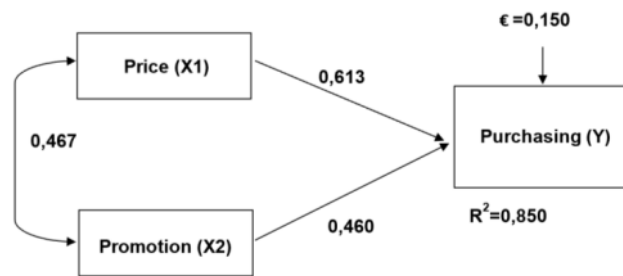


Figure 1. The result of path analysis

The analysis of Figure 1 reveals that the variables of price (X1) and promotion (X2) collectively account for 85% of the influence on the purchase decision (Y). The residual 15% is attributed to other variables that have not been examined, as evidenced by the value of 0.150, or 15%.

According to the results of the path analysis, price (X1) has a direct influence on purchase choice (Y) of 0.375, or 37.5%, and an indirect influence of 0.132, or 13.2%. The cumulative impact therefore equals 0.507, or 50.7%. The results imply that the price element has a positive influence on the choice to buy. The empirical data shows that in the city of Bandung, consumers' purchasing decisions are influenced by price when it comes to goods. The above findings are in line with the theory advanced by (Rohiman et al., 2022), who contends that given its significant influence on consumer purchasing behavior, price is a crucial determinant of consumer decision-making. Therefore, it is essential for businesses to take into account several price benchmarks when setting a price for a good that is considered to be of considerable value in terms of sales. Consumers in Bandung are heavily influenced by product pricing when making purchases. Therefore, it is

essential to take the price variable into account and expand the range of price dimensions in order to improve the way that Bandung consumers decide what products to buy. The aforementioned statement implies that, provided the quality and benefits of the product are commensurate with the price, the likelihood of a buyer making a purchase is positively connected with the extent to which the suggested price coincides with their anticipated price range.

The results show that promotion (X2) has a 0.212, or 21.2%, direct impact on purchase choice (Y) and a 0.132, or 13.2%, indirect impact. As a result, the total impact equals 0.343, or 34.3%, of the original value. The results imply that the promotion element influences purchases in a beneficial way. The empirical data shows that the promotion factor has an impact on how consumers in Bandung behave while making purchases of goods. When it comes to making decisions on what things to buy, consumers in the city of Bandung are significantly influenced by promotional activities. Therefore, it is essential to give the advertising variable the attention it deserves and to increase its dimensions in order to improve Bandung consumers' product purchasing choices. This shows a relationship between a company's degree and intensity of promotional efforts and the possibility that a customer will make a purchase. Products must be promoted in order to be introduced and for sales to increase. The research results presented here support by (Adi Wibowo et al., 2022), according to which promotion is intended to influence consumers in order to increase their awareness and interest in the products being offered, which will ultimately lead to a purchase.

According to the results of the data processing, the combined influence of pricing (X1), promotion (X2), and purchase decision (Y) is equal to a total influence of 0.850, or 85%. Through the variable promotion, the variable X1, which stands for price, has a direct effect of 0.375, or 37.5%, and an indirect effect of 0.132, or 13.2%. The promotion variable (X2) has a direct effect of 21.2% and an indirect effect of 13.2% via the pricing variable on the purchase decision (Y). The residual proportion, which is 0.150, or 15%, indicates that there are still other factors that need to be looked at. The findings of the current study support earlier studies by (Aditia et al., 2021) and (Sopiani et al., 2022), showing that pricing and promotional strategies have a considerable influence on customers' purchasing decisions. The study's overall findings support the previously proposed theoretical frameworks, which highlight the importance of price and promotion elements in influencing customer purchase behavior, according to preceding research and debate. For a substantial portion of low-income Indonesian consumers, price plays the most important role in their decision-making process when choosing a product or service. The adoption of effective promotional methods, which establish a strong relationship with consumers and exert a substantial influence on consumer behavior during the process of making purchase decisions, is a crucial component in the competitive landscape of enterprises.

Conclusions

The findings derived from the path analysis demonstrate that in the urban area of Bandung, both price and promotion exert a noteworthy impact on the purchasing decisions made by consumers. The impact of price on purchase choices is positively direct, whereas promotion has both a positively direct and indirectly positive impact. The present findings are consistent with prior research and corroborate the idea that price and promotion play a pivotal role in shaping consumer behavior.

The research findings suggest that businesses operating in Bandung should give careful consideration to their pricing strategies, and accordingly, several recommendations can be made. It is recommended that a thorough analysis of various price references be conducted to ascertain the competitiveness of the pricing of products and the value proposition they offer to consumers. It is recommended that companies allocate resources towards implementing efficacious promotional strategies in order to augment consumer awareness and stimulate interest in their merchandise. Effective promotional strategies can have a favorable impact on consumer purchasing behavior. Additional investigation could be undertaken to examine alternative factors that could potentially impact consumer buying choices. Incorporating supplementary variables can yield a more all-encompassing comprehension of consumer conduct.

This study has several limitations that warrant consideration. Specifically, the research solely concentrated on examining the impact of price and promotion on consumers' purchase decisions. Additional variables, such as the quality of the product, the reputation of the brand, and the level of customer service, were not subjected to analysis. Subsequent research endeavors may consider integrating these variables to conduct a more exhaustive examination.

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