

The Effect of Pricing on Consumer Purchase Decisions

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Abstract

For the last few years, the company's sales are known to continue to decline. This decline is also assessed because consumer purchasing decisions at the company continue to decline so that it does not confuse the company the longer it looks like the consumers who make purchases are increasingly quiet. Pricing for the products and services offered by the company is perceived to be higher than that of other companies. This makes consumers feel a bit at a loss because if consumers switch to other companies, consumers can also save the costs they have to spend to obtain these products such as the difference in costs incurred to buy products at the company compared to if they make purchases at other companies.

The purpose of this study was to determine the effect of pricing on purchasing decisions at PT. Dodorindo Jaya Abadi Tanjung Morawa.

The method used in this research is descriptive method, this type of research is quantitative data, primary data obtained through questionnaires. The research population that will be used in the study are all consumers who make purchases at the company during the 2021 period as many as 212 consumers. Because the population used is 212 consumers, the population will be reduced by using the Slovin sampling technique with a 95% confidence level and an error rate of 5%, where 139 samples are obtained. The analytical technique used is multiple linear analysis and statistical tests, namely t-test (partial) and F-test (simultaneous) using SPSS (statistical package for the social sciences) software.

The test results show that partially the pricing variable has a positive and significant effect on purchasing decisions where the influence given is 21.1%.

The conclusion of this study is that partially, the pricing variable has a positive and significant effect on purchasing decisions at PT. Dodorindo Jaya Abadi Tanjung Morawa.

Keywords

Pricing, Purchase Decision

1. Introduction

Every company must have a clear vision and mission to achieve its goals and objectives. Vision is a description of the goals and ideals in the future that must be owned by the company before a plan is drawn up on how to achieve it so that it can be said that the company's vision is a statement that describes the condition of the

company in the future. The company's goal is to make a profit, produce products to meet consumer needs, maintain the viability of the company and provide various jobs for the community. In achieving one of the company's main goals, namely getting the maximum profit, the company must make sales. Companies that are in this global era are advancing rapidly, encouraging a company to increase sales activities.

To increase sales, it is appropriate for companies to pay attention to consumer purchasing decisions because these consumer purchasing decisions are what drive sales and make the company get a return on the sales it generates. According to Firmansyah (2018: 27), purchasing decisions are problem solving activities carried out by individuals in selecting appropriate behavioral alternatives from two or more behavioral alternatives and is considered the most appropriate action in buying by first going through the stages of the decision-making process.

PT. Dodorindo Jaya Abadi is a company that has been accredited and established since 1997 by providing a variety of baby products branded Dodo which is ISO 9002 certified so that it has products of international quality. Even though PT. Dodorindo Jaya Abadi has expanded to almost all regions in Indonesia, but for a company headquartered in Tanjung Morawa – Medan, North Sumatra. When the company first offered its products to consumers, the company received a positive response from consumers because the products it offered were considered very useful for consumers, but for the last few years, the company's sales are known to continue to decline. This decline is also assessed because consumer purchasing decisions at the company continue to decline so that it does not confuse the company the longer it looks like the consumers who make purchases are increasingly quiet. The number of alternative choices of places to make purchases on similar products makes the company unable to maintain its sales position and continues to decline so that if left unchecked it can have a very bad impact on its development.

Factors that are suspected and indicated to have an influence on the decline in purchasing decisions are price fixing where price fixing is an important decision in calculating costs directly related to the product or service being marketed because through pricing it will show the position of the product's feasibility from its economic value. Good pricing also helps the company earn a profit from its sales and helps achieve the specified target because the set price is cheaper than competitors can make consumers feel satisfied with the company. Pricing for the products and services offered by the company is perceived to be higher than that of other companies. This makes consumers feel a bit at a loss because if consumers switch to other companies, consumers can also save the costs they have to spend to obtain these products such as the difference in costs incurred to buy products at the company compared to if they make purchases at other companies. What's more, the prices set for the products offered are also deemed not in accordance with the purchasing power of consumers who need them, so many consumers are looking for companies that can provide lower prices.

So based on the background of the problems described above, researchers are interested in conducting research with the title "The Effect of Pricing on Consumer Purchase Decisions on PT. Dodorindo Jaya Abadi Tanjung Morawa."

2. Literature Review

According to Tjiptono and Diana (2020: 256), price is an element of the marketing mix that is flexible, meaning that it can be changed quickly.

According to Firmansyah (2019: 184), price is an element of the marketing mix that can generate wealth from the exchange of goods or services.

Price indicators are as follows:

1. Price Affordability
2. Price Match with Product Quality
3. Price Competitiveness
4. Price Match with Product Use

According to Firmansyah (2018: 27), Purchasing Decisions are problem solving activities carried out by individuals in selecting appropriate behavioral alternatives from two or more behavioral alternatives and is considered the most appropriate action in buying by first going through the stages of the decision-making process.

According to Sunyoto (2015:88), decision making is a cognitive process that unites memory, thinking, information processing and evaluative judgments.

Thus a consumer in making a buying decision there are several indicators, namely:

1. Problem Recognition (Problem Recognition)
The consumer buying process begins when the buyer recognizes a need or problem. These needs can be generated by internal or external stimuli.

2. Information Search (Information Search)

After consumers are aroused their needs, consumers will be encouraged to seek more information. People are more sensitive to product information. Information search can be active or passive, internal or external, active information search can be in the form of visits to several stores to make comparisons, while passive search is only reading advertisements in magazines or newspapers without having a purpose about the desired product description.

3. Alternative Evaluation

After searching for as much information as possible about many things, consumers must then make an assessment of several available alternatives and determine their next steps.

4. Purchase Decision (Purchase Decision)

After the stages are done, it is time for the buyer to make a decision whether to buy or not.

5. Post-Purchase Behavior

Marketers must pay attention to consumers after making a product purchase. After purchasing a product, consumers will experience some level of satisfaction or no satisfaction. It is possible that buyers have dissatisfaction after buying.

3. Methods

The research design in this study is a quantitative descriptive study. In conducting research, especially for quantitative research, one of the important steps is to make a research design. Research design is a strategy to achieve predetermined research objectives and acts as a guide or guide for researchers during the research process.

Research design is like a road map for researchers who guide and determine the direction of the research process correctly and precisely in accordance with the goals that have been set, without the right design a researcher will not be able to conduct research properly because the person concerned does not have clear direction guidelines. Descriptive research is conducted with the aim of describing or describing facts about the population systematically and accurately. In descriptive research, the facts of the research results are presented as they are.

This study also uses causal associative where causal associative research is research that aims to determine the relationship between two or more variables. With this research will be able to build a theory that serves to explain, predict and control a symptom.

4. Data Collection

Data collection through questionnaires is done by asking questions to the parties related to the problem. To assess respondents' responses, the author uses a Likert scale that uses several question items to measure individual behavior by responding to 5 choice points on the question.

5. Results and Discussion

5.1 Numerical Results

The results of the Kolmogorov-Smirnov One Sample statistical test can be seen in the table below:

Table. 1. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		139
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.80041838
Most Extreme Differences	Absolute	.065
	Positive	.046
	Negative	-.065
Kolmogorov-Smirnov Z		.761
Asymp. Sig. (2-tailed)		.608

a. Test distribution is Normal.

b. Calculated from data.

In the table above, it can be seen that the results of the Kolmogorov-Smirnov normality test prove that the resulting significant level value is greater than 0.05, so it can be concluded that the statistical test for normality is classified as normally distributed.

The test results of simple linear regression analysis can be seen in the following table:

Table. 2 Analisis Regresi Linear Sederhana

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	52.282	2.697	
Penetapan Harga	-.548	.089	-.466

Dependent Variabel : Keputusan Pembelian

Constant (α) = 23,700 indicates a constant value, if the value of the independent variable (X) namely pricing is 0, then the purchase decision is fixed at 23,700. The coefficient X(b) = 0.523 indicates that the pricing variable (X) has a positive effect on purchasing decisions of 0.523. This means that every increase in pricing (X) by 1 unit, the purchase decision will increase by 0.523.

The following are the results of hypothesis testing using the t-test can be seen in the table below:

Table. 3. Pengujian Parsial

Model		
	t	Sig.
1 (Constant)	19.384	.000
Penetapan harga	-6.159	.000

Dependent Variabel : Keputusan Pembelian

Based on the table above, it can be seen that the value of hypothesis testing using t-test obtained a significance value that is smaller than 0.05. In addition, the value of tcount also has a value greater than ttable (1,977) so it can be concluded that pricing has a significant effect on customer purchasing decisions.

Hasil pengujian koefisien determinasi dapat dilihat pada tabel di bawah ini sebagai berikut:

Tabel 4. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.466 ^a	.217	.211	3.814

a. Predictors: (Constant), Penetapan Harga

b. Dependent Variable: Keputusan Pembelian

Based on the table of determinant coefficient test results above, it can be seen that the value of R Square (R²) or the coefficient of determination obtained is 0.217, meaning that the purchasing decision variable can be explained by the pricing variable of 21.7% while the remaining 78.3% is influenced by other factors. from outside this research model such as location, service, product quality, price discounts, and various other variables.

6. Conclusion

After discussing the problem of the influence between pricing and purchasing decisions at PT. Dodorindo Jaya Abadi, it can be concluded that:

- 1) The value of hypothesis testing using the t-test obtained a significance value smaller than 0.05. In addition, the value of tcount (6,159) also has a value greater than ttable (1,977) so that it can be concluded that pricing has a significant influence on customer purchasing decisions.
- 2) The value of simple linear regression analysis shows that the pricing variable (X) has a positive effect on purchasing decisions of 0.523. This means that every increase in pricing (X) by 1 unit, the purchase decision will increase by 0.523.
- 3) The value of R Square (R²) or the value of the coefficient of determination obtained is 0.217, meaning that the purchasing decision variable can be explained by the pricing variable of 21.7% while the remaining 78.3% is influenced by other factors originating from outside the research model. These include location, service, product quality, discounted prices, and various other variables.

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