

THE EFFECT OF PRICE AND PROMOTION ON PURCHASING DECISIONS AT CULINARY BUSINESSES IN AMALI DISTRICT, BONE REGENCY

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Abstract

Micro, small, and medium enterprises (MSMEs) have experienced rapid growth in Indonesia, leading to a need for development in various sectors such as culinary businesses. A study was undertaken to investigate the impact of Price and Promotion on Purchasing Decisions in culinary establishments in Amali District, Bone Regency. To investigate this relationship, the researchers utilized a quantitative approach, employing a survey method. The data for the study was collected from 139 culinary consumers through questionnaires. The target population for this study was the buyers at culinary establishments in Amali District, Bone Regency. Data analysis consisted of descriptive data analysis and inferential statistics. The findings of the study were quite intriguing. It was discovered that both Price and Promotion have a positive and significant influence on Purchasing Decisions in culinary businesses in Amali District, Bone Regency. This implies that when consumers perceive a reasonable price for the culinary products or services offered and are exposed to effective promotional strategies, they are more likely to make purchasing decisions in favor of these businesses. These findings have important implications for the culinary business owners in Amali District, Bone Regency. They need to carefully consider their pricing strategies and promotional activities to attract and influence customers. By setting competitive and reasonable prices, businesses can enhance their appeal to consumers. Furthermore, implementing effective promotional techniques such as advertising, discounts, and loyalty programs can significantly impact consumer behavior and increase sales.

Keywords: Price, Promotion, Purchase Decision

1. INTRODUCTION

Micro, Small and Medium Enterprises that continue to experience development are characterized by the increasing number of SMEs that have sprung up by offering diverse and innovative products. SMEs are a vital component of a country's economy, with Indonesia being no exception. The growth of SMEs contributes significantly to boosting economic development and alleviating poverty levels (Pedraza, 2021).

Competition in the business world is fierce, and this holds true for the culinary industry as well. The demand for food and beverages is a fundamental human need, and this has led to the rise of the culinary business as a popular trend among Indonesians. Entrepreneurs have seized this opportunity and entered the culinary business, striving to meet the desires and requirements of consumers with their unique offerings. As a result, the competition in the culinary industry has become even more intense, providing consumers with a wider range of choices. This increased competition has made consumers more discerning in their purchasing decisions, as they seek products that truly satisfy their needs (Putra et al., 2022).

Purchasing decisions are a key aspect of consumer behavior, which involves examining how people, groups, and businesses make decisions on what to purchase, how they use it, and how well it meets their needs and wants (Arfah, 2022). According to a study conducted by Widyarti et al. (2021) on Purchasing Decisions, buying goods or services is seen as a problem-solving process for individuals to fulfill their wants and needs. This process involves recognizing their needs and wants, searching for information, evaluating different options, making the final purchasing decision, and finally, assessing their behavior after the purchase. When it comes to making purchasing decisions, consumers always take various factors into consideration before making a purchase. As a result, entrepreneurs need to be keen observers and understand the factors that attract consumers. One of these crucial factors is the combination of promotion and price, as they greatly influence the final purchasing decision.

Promotion is an effort made by marketers to communicate with potential audiences. Communication is a process of sharing ideas, information, or feelings with an audience". One of the objectives of promotional activities is that information about a product can be received by consumers and can also convince consumers that the products offered have other advantages when compared to other similar products. Thus, when consumers are looking for information about a product to meet their needs, with these promotional activities' consumers can easily get information about the products needed and for the producers themselves, their products will also be easily recognized by consumers. The more often a product is promoted, it is possible that the product will encourage consumers to try to consume it (Yusuf & Sunarsi, 2020).

In addition, an equally important factor is that the price set by the company affects the quantity sold, price is a component that has a direct effect on profit. The price of a product plays a crucial role in the decision-making process of buyers. It is the determining factor that helps consumers determine whether a product is worth purchasing or not. Pricing decisions should always be focused on meeting the needs and preferences of the buyers. When consumers make a purchase, they are essentially exchanging a certain value, which is the price, in order to obtain the value and benefits offered by the product. If the consumer feels that the price exceeds the perceived value of the product, they are less likely to make a repeat purchase. On the other hand, if the consumer believes that the price is lower than the value and benefits they receive, they are more likely to become repeat customers (Aji et al., 2019).

The more competitors in a particular field, the more considerations consumers have to choose from because more and more products are offered. Of course, these consumers will choose goods or services that match their wants and needs. Therefore, companies are required to be more innovative in producing goods and services by what their potential customers want and need to attract consumer attention and face competition from competitors.

The marketing concept emphasizes that in order to reach an organization's objectives, the company must outperform competitors by excelling in providing, delivering, and communicating customer value to specific target markets. Good marketing is not an accident, but the result of careful execution and planning. Marketing practices are continuously improved and updated throughout the industry to increase the chances of success (Prianggoro & Sitio, 2019).

A marketer must be more observant in reading the changes that occur inside and outside the company's environment because it is important to know the advantages, disadvantages, threats from competitors, and trends or fashions that are being adopted at any given time. Thus, the company can make a more effective and efficient strategy in carrying out its business activities and be better prepared to face competition that may occur in the future. Successful marketers understand the importance of staying updated with the ever-changing business landscape. They not only keep a close eye on the company's environment but also strive to acquire specialized knowledge about their target market. These savvy marketers crave valuable insights that can assist them in analyzing past achievements and strategizing for future endeavors. To make informed decisions, marketers require precise, accurate, and actionable information about consumers, competitors, also brands.

2. LITERATURE REVIEW

2.1. Purchasing Decisions

Decision-making is a thought process undertaken by an individual or group to choose one course of action or option from several. This process involves thinking about information, considering risks, setting goals and values, and thinking about the consequences of each choice. Decisions are usually based on logical thinking and available information, but can also be influenced by emotions, previous experiences, and personal preferences (Aji et al., 2019). The journey of making a purchase involves five key stages: recognizing the problem, searching for information, evaluating different options, making the purchase decision, and finally, observing our behavior after the purchase.

2.2. Price

Price is a very important component of a marketing plan because it determines the profit and survival of a company. The existence of a pricing strategy helps companies set the selling price of the products offered. A company negotiates prices with each of its consumers by offering discounts and calculating production costs. Therefore, price can be described as the monetary value or other factors that encompass both tangible and intangible benefits required to acquire a product (Yusuf & Sunarsi, 2020).

2.3. Promotion

Promotion is an activity aimed at informing, influencing, and persuading consumers so that they can recognize and be interested in the products offered by the company. Promotion is a marketing mix tool which is a variety of activities carried out by companies to communicate the advantages of their products and persuade the target market to make purchases (Prianggoro & Sitio, 2019).

3. RESEARCH METHODS

The study took place at a culinary establishment in Amali District, Bone Regency. Quantitative research methods, as defined by Sugiyono (2015), are based on positive

philosophy and involve researching specific populations or samples, collecting data using research instruments, and analyzing quantitative data to test predetermined hypotheses. This research falls under the associative type, aiming to establish a relationship between two variables, as explained by Prianggoro & Sitio (2019). Nonprobability sampling was used for the research sample, with primary and secondary data as sources. Analysis techniques included validity and reliability tests, normality test, multiple linear regression analysis, hypothesis testing, F-test hypothesis, and coefficient of determination analysis.

4. RESULTS AND DISCUSSION

4.1. Research Result

4.1.1. Classical Assumption Test

1) Normality Test

**Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		139
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	3,02039288
Most Extreme Differences	Absolute	,062
	Positive	,039
	Negative	-,062
Test Statistic		,062
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Questionnaire results processed, 2023

The test results based on calculations with SPSS 23 for windows in Table 1, the significance value obtained with the Kolmogorof-Smirnov test is 0.062 and significant at $0.200 > 0.05$ which indicates that the regression model meets the assumption of normality. As a result, the regression of price and promotion on purchasing decisions among consumers of culinary businesses in Amali District, Bone Regency is normally distributed.

2) Heteroscedasticity Test

Table 2. Heteroscedasticity Test Results

Variable	Significant	Description
Price	0,119	No Heteroscedasticity
Promotion	0,734	

Source: Questionnaire results processed, 2023

The data in table 2 indicates that Price (X1) has a significant value of 0.119, which is greater than 0.05, and Promotion (X2) has a significant value of 0.734, also greater than 0.05. Therefore, we can confidently say that there are no issues with heteroscedasticity in the regression model.

4.1.2. Multiple Linear Analysis

Table 3. Multiple Linear Analysis Test Result
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	21,875	3,324	6,581	,000
	X1	,175	,062	2,805	,006
	X2	,497	,043	11,651	,000

Dependent Variable: Y

Source: Questionnaire results processed, 2023

In table 3, there is an α (constant) value of 21.875, the coefficient of the Promotion variable (X1) is 0.175, and the price variable (X2) is 0.497. So, if entered into the regression equation, the equation below is obtained:

$$Y = 21.875 + 0.175 X1 + 0.497 X2 + e$$

Consequently, the above-mentioned formula can be interpreted in the following way:

1. If the promotion and price variables are taken into account α or do not change, there will be a change in purchasing decisions of 21,875, according to the regression equation above.
2. The beta coefficient value of Price is 0.175, a positive number indicates a positive correlation between variables in consumer reviews. The regression coefficient value of 0.175 states that the effect of changes in purchasing decisions can be increased by 0.175 for each additional value of one unit.
3. The beta coefficient of the Promotion variable with a positive value of 0.497 and states that there is a positive relationship between the promotion variable and purchasing decisions is positive. The regression coefficient value of 0.497 indicates that the impact of changes in purchasing decisions can be increased by 0.497 for each additional value of one unit.

4.1.3. Hypothesis Test

1) Partial Test (T-Test)

Table 4. Partial Test Result
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	21,875	3,324		6,581	,000
	X1	,175	,062	,165	2,805	,006
	X2	,497	,043	,687	11,651	,000

Dependent Variable: Y

Source: Questionnaire results processed, 2023

According to the findings of the study, it has been established that both price and promotion play a crucial role in influencing consumer behavior. The research results indicate that the price variable has a t-value of 2.805, which is greater than the critical t-table value of 1.977. Moreover, the significance value of 0.006 is also lower than the accepted threshold of 0.05, further confirming the positive impact of price on consumer behavior. Similarly, the promotion variable exhibits a significant influence with a t-value of 11.651, surpassing the critical t-table value. Additionally, the significance value of 0.000 reinforces the notion that promotions have a significant effect on consumer behavior. These findings highlight the importance of considering both price and promotion strategies when aiming to attract and engage customers.

2) Simultaneous Test (F-Test)

**Table 5. Simultaneous Test Result
ANOVA^a**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1528,683	2	764,342	82,570	,000 ^b
	Residual	1258,943	136	9,257		
	Total	2787,626	138			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: Questionnaire results processed, 2023

In table 5, the Fvalue is 82.570 with a significance value of 0.000. To determine whether to accept Ha or reject H0, we first compare the Fvalue to the Ftable value. With a significance level of 5% and df = n-k, the Ftable value is 3.91. Since the Fvalue exceeds the Ftable value, we reject H0 and accept Ha. This means that both independent variables Price (X1) and Promotion (X2) have a significant impact on Purchasing Decisions (Y) simultaneously.

4.1.4. Determination Test R²

**Table 6. Test Adjusted R Square
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,741 ^a	,548	,542	3,043

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Source: Questionnaire results processed, 2023

In table 6, the correlation coefficient (R) value is 0.741 or 74.1%, meaning that the level of relationship between Price (X1) and Promotion (X2) on Purchasing Decisions (Y) is large. The coefficient of determination R^2 (R Square) 0.548 means that the Purchase Decision (Y) is influenced by Price (X1) and Promotion (X2) on the Purchase Decision (Y) by 0.741 or 74.1%, the remaining 25.9% is influenced by other variables.

Based on the R square value of 0.612. This shows that the price and promotion variables influence 61.2 percent on purchasing decisions, while the remaining 38.8 percent is influenced by variables not included in this study.

4.2. Discussion

In 139 respondents, namely consumers of Culinary Businesses in Amali District, Bone Regency, validity, reliability, classification assumption tests, and hypothesis testing, it is known that price and promotion have a positive and significant effect on purchasing decisions among consumers. In this case, it is stated that the H_a proposal in this study is correct.

Consumer purchasing decisions are important for the progress of the company because the opportunity to get profits and regular customers depends on the greater number of consumers who purchase the products and services of a company. The company's recognition among the public grows as more consumers purchase their products, leading to increased loyalty from consumers. According to a study by Prianggoro & Sitio (2019), buying decisions are swayed by marketing strategies like products, pricing, and promotions.

The choices made by consumers play a crucial role in a company's success. The higher the demand for a company's products or services, the higher the likelihood of increased profits and loyal customers. Decision-making is a thought process carried out by individuals or groups to choose one action or choice from several existing options. This process involves thinking about information, considering risks, setting goals and values, and thinking about the consequences of each choice. Decisions are usually based on logical thinking and available information, but can also be influenced by emotions, previous experiences, and personal preferences.

Daud (2018) emphasize that consumers start making decisions to buy a product after they realise their needs and wants. After realising this, they will continue with the next steps to fulfil it. Meanwhile, according to Ekowati et al. (2020), the purchasing decision-making process involves the steps of recognising a problem, seeking information, evaluating choices, and choosing between available purchase options.

From the above definition, it can be concluded that purchasing decisions are steps taken by consumers to buy goods or services to fulfil their needs or desires. When it comes to purchasing decisions, companies have a golden chance to not only reap the benefits of business terms but also gain recognition from a growing number of consumers. By enticing customers to buy their products, companies can establish a loyal customer base. There are numerous strategies that companies can employ to persuade individuals to choose their products, such as offering top-notch quality.

According to a study conducted by Marlius & Jovanka in 2023, purchasing decisions can be seen as the process of selecting from various options available. This implies that individuals have multiple choices before making a purchase and they must ultimately decide on one. In another research by Ekowati et al. in 2020, it is stated that purchasing decisions are influenced by marketing stimuli such as product, price, distribution, and promotion. Moreover, promotion is a type of marketing communication that aims to disseminate information, influence or persuade, and remind the target market about the company and its products. The ultimate goal is to encourage customers to accept, purchase, and remain loyal to the products offered by the company in question.

5. CONCLUSION

Through the examination of price and promotion, this research delves into their impact on consumer purchasing decisions. The findings reveal that price plays a crucial role in influencing consumer behavior at culinary establishments in Amali District, Bone Regency. Essentially, the study demonstrates that higher prices lead to increased purchasing decisions. Moreover, the analysis also highlights the significance of promotions in driving consumer choices within the culinary sector of Amali District, Bone Regency. It is evident that better promotional strategies result in higher levels of consumer purchasing decisions.

In essence, the research underscores the pivotal role played by both price and promotion in shaping consumer behavior within the culinary market of Amali District, Bone Regency. The implications of these findings provide valuable insights for businesses seeking to optimize their marketing strategies and enhance overall consumer engagement in this particular geographical context.

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