

The Role of Promotion Strategy and Product Price on Purchase Intention of Indihome

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ABSTRACT:

Indihome's promotion strategy has several obstacles in marketing its products and services to continue to maintain and develop existing markets and consumers, so the company needs to conduct various evaluations of the elements of promotional activities which not only function as a means of communication between companies and consumers, but also as tools for influencing consumers in purchasing activities or using services according to their wants and needs. The purpose of this study was to analyze the effect of promotional strategy on purchase intention, analyze the effect of price on Indihome's purchase intention and analyze the joint effect of price and promotion strategy on purchase intention of Indihome in DKI Jakarta. This study uses quantitative methods, and can determine the effect of the independent variables on the dependent variable. Through this research, an analysis of the promotion strategy and price variables can be carried out on buying interest. The objects in this study are people who purchase Indihome products, especially in the DKI Jakarta area by distributing questionnaires for research purposes, namely online by filling out the Google Form that has been provided by researchers. This study aims to answer the problems presented in the introduction chapter. Based on the results of the analysis and discussion, it can be concluded that the Promotion Strategy Variable (X1) does not have a significant influence on Purchase Intention (Y). Price Variable (X2) has a significant influence on Purchase Intention (Y). Promotion Strategy Variables (X1), Price (X2) have a significant influence together.

Keywords: promotion strategy, price, purchase intention, product and service

JEL Classification: M51; E31; F10; L15.

INTRODUCTION

The background in this research is based on several things, including the era of globalization which is so rapid with the internet as a supporter of progress and a support for human life today, which has given rise to competition in global business which is very complex and the many pressures faced by companies are increasing. One example of this business competition is a company engaged in telecommunications which plays a role through communication technology. With the existence of this communication technology company, humans can exchange information from long distances in a relatively fast and efficient time. Companies engaged in this field are also aware of the importance of getting information that makes many people interested in using the internet and even subscribing which is a solution so they can easily get unlimited access to information and carry out communication activities by waiting on the internet. According to Statistics Jakarta, public perception of fees charged by users for using home Wifi, the majority 23.15% considered it expensive, 11.11% considered it cheap, and 65.74% considered that it was in accordance with the facilities obtained. 79.63% of people think the quality of the Wifi they use is in accordance with the price they pay. Only 11.11% considered the quality of the Wifi used to be unsatisfactory, and 9.26% of the public considered the quality of the Wifi to be more than expected.

Based on the data above, Indihome's promotion strategy has several obstacles in marketing its products and services to continue to maintain and develop existing markets and consumers, so companies need to conduct various evaluations of elements of promotional activities that not only function as a means of communication between companies and consumers, but also as a tool to influence consumers in purchasing activities or using services according to their wants and needs. The purpose of this study was to analyze the effect of promotional strategy on purchase intention, analyze the effect of price on Indihome's purchase intention and analyze the joint effect of price and promotion strategy on purchase intention of Indihome in DKI Jakarta.

LITERATURE REVIEW

Price

The role of price in marketing is very crucial. Price is not only a monetary value paid or issued by consumers, but also non-monetary sacrifices made by consumers in order to obtain the right to own or use an item or service. In addition, price is the only element of the marketing mix that generates income for the company. According to Danang (2019: 130), price is the value stated in currency or other monetary medium as a medium of exchange. According to Danang (2019: 131), the price is actually the value expressed in one currency or medium of exchange for a particular product. In reality, the size of the value or price is not only determined by physical factors that are taken into account, but psychological factors and other factors also affect the price. So the notion of price is the amount of money needed to get a certain number of products or a combination of goods and services. The actual price is not only intended for a product that is being traded in the market, but also applies to other products. According to Danang (2019: 131), price is the amount of money charged for a particular product. Companies set prices in a variety of ways. In small companies, prices are often set by top management.

Promotion Strategy

According to Tjiptono (2019: 2) strategy is a coherent and integrative decision pattern that determines and confirms organizational intentions in terms of long-term goals, action programs, and priority allocation of resources that chooses a business that is involved or wants to be involved in an organization that seeks to realize long-term excellence continuously in every business that is entered by responding to every opportunity and threat in the corporate environment, organizational strengths and weaknesses involving all hierarchical levels of the company (corporate, business, functional) and determining the characteristics of the economic and non-economic contributions to be given to organizational stakeholders. According to Danang (2019: 154) promotion is one of the variables in the marketing mix which is very important for companies to implement in marketing their products. Promotional activities not only function as a communication tool between companies and consumers, but also as a tool to influence consumers in buying or using products according to their needs and desires. According to Danang (2019: 154) promotion is an element in the company's marketing mix that is used to inform, persuade, and remind about the company's products. According to Danang (2019: 155), promotion is an activity aimed at influencing consumers so that they can become familiar with the products offered by the company to

them and then they become happy and then buy the product. The tools that can be used to promote a product can be selected in several ways, namely advertising, sales promotion, publicity, personal selling.

Purchase Intention

According to Danang (2019: 69) a product is something that can be offered to the market to be noticed, owned, used or consumed so that it can satisfy a want or need. According to Danang (2019: 69) a product is anything that is expected to meet human or organizational needs. A company often sells or markets not only one product but a variety of products being marketed. Meanwhile, companies that only sell one type of product, if the product fails or is no longer liked by consumers, then the company will experience difficulties. According to Danang (2019: 69) a product is something that is offered and can satisfy the wants and needs of consumers.

Purchase intention is a component of behavior in consuming attitudes. Consumer buying interest is the stage where consumers form their choices among several brands that are incorporated in the choice set, then in the end make a purchase at an alternative that they like best or the process that consumers go through to buy an item or service based on various considerations by Pramono (2012): 136. Purchase intention is a desire to buy a product or service due to both external and internal influences where previously an evaluation of the product or service to be purchased was carried out. Buying interest arises after consumers receive a stimulus. According to Febriani and Dewi (2018: 86) buying interest can be interpreted as something that arises by itself after receiving stimulation from the product he sees, from there an interest in buying and owning it will arise. Meanwhile, according to Murtadana (2014: 24) buying interest is something personal and related to attitude, individuals who are interested in an object will have the strength or encouragement to carry out a series of behaviors to approach or obtain the object.

METHODOLOGY

This study uses quantitative methods, and can determine the effect of the independent variables on the dependent variable. Through this research, an analysis of the promotion strategy and price variables can be carried out on buying interest. The objects in this study are people who purchase Indihome products, especially in the DKI Jakarta area by distributing questionnaires for research purposes, namely online by filling out the Google Form that has been provided by researchers.

The research took place from May 1 2022 to July 1 2022 which began with an interview with the assistant manager of PT Telkom Witel Jakarta and the distribution of questionnaires was carried out in June 2022. The number of samples for this study was a minimum sample = $22 \times 5 = 110$ respondents. In this study, to find out whether a questionnaire is valid or not, a comparison is made between the coefficients of r count and the coefficient of r table, the validity test criteria used are, If r count $> r$ table, then the measuring instrument or research instrument used is declared valid. If r count $\leq r$ table, then the measuring instrument or research instrument used is declared invalid. The variable under study must have a Cronbach's Alpha value (α) $> (60\%)$ or (0.60) so it can be said to be reliable, conversely if the value of Cronbach's Alpha (α) $< (60\%)$ or (0.06) it can be said not reliable. After testing the quality of the data, the classical assumption test is carried out. The classical assumption test consists of a normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

Furthermore, the inferential analysis used in this study is multiple regression analysis. Test the hypothesis using the T test, if t count $> t$ table then there is an influence between the independent variables and the dependent variable, and vice versa. The joint effect significance test uses the F test, if F -count $> F$ -table, then H_0 is rejected and H_1 is accepted, meaning that the independent variable simultaneously influences the dependent variable. Conversely, if F -count $\leq F$ -table, then H_0 is accepted and H_1 is rejected, meaning that simultaneously the independent variable does not affect the dependent variable.

CASE STUDIES

Based on the results of the normality test, the significance used is 0.05, it can be concluded that the residual data is normally distributed, because the data in the Kolmogorov-Smirnov test has a value of $0.200 > 0.05$. So it can be concluded in the Kolmogorov-Smirnov normality test above that the data is normally distributed. Based on the results of the multicollinearity test, it can be seen that both variables have a tolerance value > 0.1 and a VIF value < 10 , namely the Promotion Strategy variable with a tolerance value of 0.955 and a VIF value of

1.047. Price variable with a tolerance value of 0.955 and VIF of 1.047. So that it can be concluded that the independent variables contained in the model indicate the absence of multicollinearity. Based on the results of the heteroscedasticity test images, it can be seen that there is no clear pattern and the points spread above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity problem in this regression model.

Based on the results of the analysis regression test, a value of 14.207 was obtained; b_1 of 0.036; b_2 of 0.351. The form of the multiple linear regression equation is as follows: $Y (MB) = 14.207 + 0.036 SP + 0.351 HR + e$. From the multiple linear regression equation above, the following results are known, the constant coefficient is 14.207; meaning that if the variable Promotion Strategy (X_1), Price (X_2) and the value is 0, then Buying Interest (Y) has a positive value of 14.207. The regression coefficient of the Promotion Strategy variable (X_1) is 0.036; meaning that if the other independent variables have a fixed value and the Promotion Strategy (X_1) has increased by 1 level, then Buying Interest (Y) will have increased by 0.036. Price variable regression coefficient (X_2) of 0.351; meaning that if the other independent variables have a fixed value and the price (X_2) has increased by 1 level, then the Buying Interest (Y) will have increased by 0.351.

Based on the T test, the Promotion Strategy variable has a significance level of 0.601, which means it is greater than 0.05 with a tcount of $0.524 < t_{table} 1.982$ so that $tcount > t_{table}$, then H_0 is rejected H_1 is accepted, which means that partially the Promotional Strategy has no significant effect on Interest Buy. The price variable has a significance level of 0.000, which means it is smaller than 0.05 with a tcount of $3.724 > t_{table} 1.982$ so that $tcount > t_{table}$, then H_0 and H_2 are accepted, which means that partially Price has a significant and significant effect on Purchase Intention. Based on the F test, it can be seen that the magnitude of the significance is $0.001 < 0.05$, while the F-count is $7.831 > F\text{-table } 3.08$, which means that the Promotion Strategy and Price together have a significant effect on Purchase Intention. Based on the R^2 test, the Adjusted R Square coefficient of determination is 0.111, meaning that the Promotion and Price Strategy are able to explain the variation of Buying Interest by 11.1%. While the remaining 88.9% can be explained by other factors not included in this research model.

The Promotion Strategy variable has a significance level of 0.601, which means it is greater than 0.05 with a t-count of $0.524 < t\text{-table } 1.982$ so that $t\text{-count} < t\text{-table}$, then H_0 is rejected and H_1 is accepted, which means that partially the Promotion Strategy is not influential and significant to Purchase Intention. This is supported by Siregar & Ovilyani's research (2017) which concluded that promotion partially had no positive and significant effect on IndiHome consumer buying interest.

The price variable has a significance level of 0.000, which means it is smaller than 0.05 with a t-count of $3.724 > t\text{-table of } 1.982$ so that $t\text{-count} > t\text{-table}$, then H_0 and H_2 are accepted, which means that partially the price has an effect and is significant on Purchase Interest. The results of this study are in line with the results of Razak's research (2016), if there is a one-time price increase, then the buying interest of Indihome customers in DKI Jakarta Province is expected to increase assuming the promotion does not change (constant), or vice versa.

Promotional Strategy and Price together have a significant effect on Purchase Intention. The results of this study are in line with Razak (2016), an increase in promotional activities and price increases are expected to affect the increase in buying interest of Indihome customers in DKI Jakarta Province as long as the promotional mix media is used appropriately and the price increases according to product quality and service quality.

Based on the Multiples Regression Analysis and T-test it is known that the Promotion Strategy variable (X_1) has no significant effect on Purchase Intention, so that Telkom Witel North Jakarta is expected to be able to develop a better and more efficient promotion strategy. From the results contained in the descriptive analysis, Telkom Witel North Jakarta should prioritize the items contained in "Indihome sales team offers and explains products well". Suggestions that can be conveyed from researchers to Telkom Witel North Jakarta are to be able to carry out promotions through a sales team that offers and explains products better, so that customers can be interested and are expected to increase buying interest. Based on the Multiples Regression Analysis and T-test, it is known that the Price variable (X_2) has a significant and significant effect on Price, so that Telkom Witel North Jakarta is expected to be able to make a more appropriate price. From the results contained in the descriptive analysis, Telkom Witel North Jakarta should prioritize the items contained in HR5 with the sound "Indihome prices according to the quality obtained".

Suggestions that can be conveyed from researchers to Telkom Witel North Jakarta are to pay more attention to prices for customers according to network quality and speed so that it is expected to increase customer buying interest. Based on the Multiple Regression Analysis and the T test, it is known that the Variable

Interest in Buying (Y) influences Purchase Intention, so that Telkom Witel North Jakarta is expected to be able to make customers more interested by seeking information about Indihome. From the results contained in the descriptive analysis, Telkom Witel North Jakarta should prioritize the items contained in MB5 with the sound "I am looking for more information about Indihome products".

CONCLUSION

This study aims to answer the problems presented in the introduction chapter. Based on the results of the analysis and discussion, it can be concluded that the Promotion Strategy Variable (X1) does not have a significant influence on Purchase Intention (Y). Price Variable (X2) has a significant influence on Purchase Intention (Y). Promotion Strategy Variables (X1), Price (X2) have a significant influence together.

The sales team can explain the product more easily to understand by first asking the needs for how many wifi users, what kind of package is ideal for customers, and what kind of wifi speed they want the customer to match. The brochures provided are interesting to look at starting from the colors, fonts, and contents that are interesting to look at. Stands are easier to reach and strategic. Increase the products offered. Prices from Indihome are quite good. However, to create buying interest, it will be better if the company can make efforts to adjust the price that will be given to consumers. As for the suggestions that the author can give in this study are product prices can compete with other brands, provide the best prices for customers, prices according to the benefits obtained, provide prices according to quality. Suggestions for future researchers are expected to be able to increase the number of respondents for further research so that the results of the research to be carried out can be more accountable. For future researchers, it is hoped that they will be able to add and develop new variables that were not examined in this study so that they are better able to obtain more perfect research results. Future researchers are expected to look for previous studies to support the hypotheses put forward in the study.

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