

Analysis The Influence of Price, Promotion, Distribution, Product Quality and Brand Image on Purchase Decision of Cereal Product

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ABSTRACT:

The purpose of this study is to analyze product quality partially affect the purchasing decision process, to analyze the price partially affect the purchasing decision process, to analyze promotions partially affect the purchasing decision process, to analyze distribution channels partially affect the purchasing decision process, to analyze brand image partially influence the cereal purchasing decision process and to analyze product quality, price, promotion, distribution channels and brand image simultaneously influence the purchasing decision process of Nestle Koko Krunch breakfast cereal. The conclusion of this study is that all exogenous variables have a positive effect on endogenous variables, both partially and simultaneously. Based on the results of the research conducted, it can be seen that product quality, price, promotion, distribution channels, and brand image simultaneously influence purchasing decisions. Thus, the higher the quality of the product offered, the price offered is competent and competitive, the better the promotion that is informed, the easier it is to obtain and the more evenly distributed the product distribution location itself and is complemented by a strong and positive brand image from potential customers, it will encourage consumers in making purchasing decisions for breakfast cereals.

Keywords: *product quality, price, promotion, distribution, brand image, purchase decision*

JEL Classification: L15; E31; E25.

INTRODUCTION

The growth and development of children is the most beautiful thing that can be seen by parents. Good growth is also supported by proper nutritional intake. There are lots of foods that parents can choose for their children to fulfill the nutrition they need, especially at breakfast. When children start to get bored with the foods and drinks they commonly consume, such as rice, porridge and milk, of course, variations must be given to the

selection of food for children. Nowadays people like a practical lifestyle. Like breakfast, currently housewives don't have to bother preparing breakfast because there are ready-to-eat foods that are more practical, namely cereals. The preparation is quite simple, you only need to add milk or hot water to the container containing the cereal. In terms of taste, cereals have many variants, sweet, salty and savory.

Cereal itself is made from wheat plants. Wheat is a staple food for most of the world's population. The main wheat producing countries are the United States, Canada, Australia, the European Union and India. Wheat is rarely found in Indonesia because the physical environmental conditions are not suitable for wheat, which is a subtropical plant. Indonesia has been known as a wheat importing country. Domestic production has not been able to guarantee availability for consumption. The need for wheat for Indonesia is quite large. The following is a comparison of consumption and production levels of wheat in various countries.

In terms of wheat consumption and production, Indonesia is still very low. For this reason, Indonesia still imports wheat from foreign producers for national needs. Wheat is the main ingredient for making wheat flour. Wheat flour itself is used to make various kinds of food such as noodles, cakes, bread, and various kinds of food made from wheat flour. According to wheat flour import data issued by the Indonesian Wheat Flour Producers Association (APTINDO) in 2013, Indonesia imports wheat from various countries. Of a number of countries, there are three largest exporters of wheat flour to Indonesia, namely Australia with 70.7%, Canada with 14.9% and the United States with 11%. One of the processed wheat flour made from wheat is breakfast cereal.

Wheat is famous for its fiber and carbohydrates which are good for the body. The content of protein or amino acids in wheat is also much more than rice and corn. Many domestic and foreign breakfast cereal producers in Indonesia have been producing packaged cereal products for a long time. Cereals made from oats can be found easily now. One of the breakfast cereal producers is Nestle Indonesia, which produces Koko Krunch, Honey Star, Milo Balls, Crisp Cookies, Corn Flakes and Finesse. Nestle is one of the leading breakfast cereal manufacturers in Indonesia and the world. one of them is Nestle Koko Krunch breakfast cereal. According to Agriculture and Agri-Food Canada (2010), Nestlé Indonesia controlled the breakfast cereal market by 50.5% in 2008.

According to research conducted by Anjarwati (2010) with the title SWOT Analysis PT. Nestle Indonesia, there are several weaknesses and threats that are used as a reference in their research. Weaknesses of PT. Nestle Indonesia is a relatively expensive product price, cannot force the consumption of expensive Nestle products on the lower class society, too many divisions that manage the company and give the impression of inefficiency. Threat of PT. Nestle Indonesia is due to the mindset of the people who think there is good quality but the price must be expensive, will be inferior to other companies that emphasize lower prices but not so bad quality even though they don't carry a brand name, unhealthy competition with fellow producers. From the research above that the weaknesses and threats of PT. Nestle Indonesia looks very serious if it is not handled properly. This might be a problem factor for PT. Nestle Indonesia for all its products, especially the Nestle Koko Krunch breakfast cereal.

Therefore companies in issuing products should be tailored to the needs and desires of consumers. That way, the product can compete in the market, thus making consumers have many alternative product choices before making a decision to buy a product that is offered. According to Kotler and Armstrong (2008: 57) Marketing Mix is one of the key concepts in modern marketing theory which consists of variables that can be controlled by the company, known as the 4 P concept, namely product, price, price), place (distribution) and promotion (promotion). These four things are very important and are always a consideration for consumers in making purchasing decisions. The product advantages of these four factors can be known by consumers and make consumers interested in trying and then making a decision to buy a product. Good and useful products for consumers, with competitive prices and supported by a good distribution system and promotions carried out, will have implications for consumers' decisions to buy these products.

Apart from product, price, promotion and distribution, the next concern is the brand. Today's brand has developed into the largest source of assets for companies. A company operates to gain profit or profits, also to maintain the viability of its business. A company to win the competition is required to carry out a marketing strategy for the products it produces. In conditions of increasing competition for similar products and consumer behavior that tends to want to try new brands issued by competing companies to get satisfaction, more benefits, and satisfy curiosity about the new brand.

Consumers in choosing a product brand will go through the trial stage first, at this stage consumers will often try different brands. If it is felt that the brand is suitable and fulfills what is expected from similar products,

then consumers will continue to look for that brand. Kotler and Keller (2009: 258) define a brand as a name, term, sign, design symbol, or a combination thereof that identifies a product or service produced by a company.

One way to gain a sustainable competitive advantage is to form a good brand image which will emotionally form satisfaction within the individual which results in an impression of quality (perceived value felt by consumers on product quality) of a brand. This is because having a strong brand that is widely known by consumers is a long-term investment for the company. In terms of consumers, one of the determinants of the successful marketing planning process is market segmentation. To understand market segmentation, the first thing to understand is the difference between customers and consumers.

The purpose of this study is to analyze product quality partially affect the purchasing decision process, to analyze the price partially affect the purchasing decision process, to analyze promotions partially affect the purchasing decision process, to analyze distribution channels partially affect the purchasing decision process, to analyze brand image partially influence the cereal purchasing decision process and to analyze product quality, price, promotion, distribution channels and brand image simultaneously influence the purchasing decision process of Nestle Koko Krunch breakfast cereal.

LITERATURE REVIEW

Product Quality

According to Kotler and Armstrong (2008: 347) states that product quality is the ability of a product to perform its functions which include durability, reliability, accuracy, convenience, operation and repair and other attributes. If a product has been able to carry out its functions, it can be said to be a product that has good quality. According to Kotler and Keller (2009: 143) defining product quality is a product or service that has met or exceeded customer expectations. Based on the definitions according to experts, it can be concluded that product quality is a form of goods or services that is measured in terms of quality standard levels of reliability, additional features, content, taste, and performance functions of these products that can meet customer expectations.

Price

Price is the most flexible element of the marketing mix, which means it can change quickly. Unlike the case with product characteristics or commitment to distribution channels. These two things cannot be changed easily and quickly, but prices can change at any time. According to Laksana (2008: 105) price is the amount of money required in exchange for various combinations of products and services, thus an item must be associated with a variety of goods and/or services, which will eventually be the same as something, namely products and services. According to Tjiptono (2007: 124) price is a monetary unit in order to obtain the right to own or use an item or service. The definition of price is a monetary or other measure including goods and services that are exchanged in order to obtain the right to own or use an item or service. According to Kotler and Keller (2012: 405) price is one of the elements of the marketing mix that generates income, other elements generate costs. Price is the easiest element in a marketing program to adjust, product features, channels, and even communication take a lot of time. Meanwhile, according to Kotler and Armstrong (2008: 345) price is the amount of money billed for a product and service or the amount of value exchanged by customers to obtain benefits from owning or using a product or service. According to Kotler and Armstrong (2008: 278), there are four indicators that characterize prices, namely: price affordability, price compatibility with product quality, price competitiveness, and price compatibility with benefits.

Promotion

According to Laksana (2008: 133) promotion is a communication from sellers and buyers that comes from the right information that aims to change the attitude and behavior of buyers, who previously did not know to become familiar so that they become buyers and still remember the product. This promotion is a component used to inform and influence the market for the company's products. As for the activities included in the promotion, namely advertising, personal selling, sales promotion, direct marketing, and public relations. According to Swastha (2003: 234) marketing communications can be defined as communication activities carried out by buyers and sellers which are marketing and directing exchanges to be more satisfying by awakening all parties to do better. While promotion is a one-way flow of information and is only carried out by one individual or certain organization. This is different from marketing communications that aim to satisfy all parties. All parties involved in

the communication process do the same, namely listening, reacting, and speaking until a satisfying exchange relationship is created.

Brand Image

Image is the public's perception of the company or the product of the company itself. Image is closely related to perceptions, attitudes or stances, and individual opinions in public groups. According to Kotler and Keller (2007:388) image is a society that perceives (thinks about) the company or its products. According to Kotler (2002:338), an effective image does three things. The first is to establish the character of the product and the value proposition. Second, it conveys that character in a distinctive way. Third, it provides emotional strength that is more than just a mental image. In order to function, the image must be conveyed through every available means of communication and brand contact. The image is built to be positive in the eyes of the public, both the public who have used the product and the public who are targeted as potential customers to consume the product. Building a strong image requires creativity, hard work, and an image cannot be built through just one medium. Image must be built through all media in a sustainable and sustainable manner, such as the use of media that can strengthen the character of the product conveyed by symbols, print and audio-visual media, atmosphere and events. A strong image has one or more symbols that are known by the company or can also be called a logo and brand. Company logos and brands should be designed to make it easier for the public to recognize them. Companies must be able to choose an object that is easy for consumers to remember so that it becomes the trademark of the company.

RESEARCH METHOD

This research was conducted to analyze how much influence product quality (X1), price (X2), promotion (X3), distribution channels (X4), and brand image (X5) have on purchasing decisions (Y), as variables in the study. This research was conducted in April 2022 in apartments, offices and shopping centers in the Jakarta area. According to Duwi Priyatno (2012: 117) item validity test is used to determine how carefully an item is in measuring its object. Items are said to be valid if there is a correlation with the total score. This shows the existence of support for these items in uncovering something to be disclosed. Items are usually in the form of questions or statements addressed to respondents using a questionnaire form. In determining the validity of the item, it can be seen from the significance value. If significance < 0.05 then the item is valid, but if significance > 0.05 then the item is invalid.

According to Duwi Priyatno (2012: 120) the reliability test is used to determine the constancy or consistency of a measuring instrument which usually uses a questionnaire (meaning whether the measuring instrument will get consistent measurements if the measurement is repeated). The method often used in research to measure spanning scales (such as a Likert scale of 1-5) is Cronbach's Alpha. The reliability test is a continuation of the validity test where the items included in the test are only valid items. Using the 0.6 limit, it can be determined whether the instrument is reliable or not. This study uses the T test, this test is used to determine the significance of the effect of the independent variables on the dependent variable individually and assumes that the other dependents are constant. The significance of this effect can be seen by comparing the t table value with the calculated t value. If the t count > t table then the independent variables individually affect the dependent, otherwise if the t count < t table then the independent variables individually do not affect the dependent variable. If T count > t table means H0 is rejected and H1 is accepted and if t count < t table means H0 is accepted and H1 is rejected. The t test can also be seen at the level of significance. If the significance level is <0.05 then H0 is rejected and H1 is accepted and if the significance level is > 0.05 then H0 is accepted and H1 is rejected.

RESULT AND DISCUSSION

The try out results show that all statement items are valid. Then it was distributed to 86 respondents with 43 statement items to carry out regression analysis. It is known that all statements from the variables of product quality, price, promotion, distribution channels, brand image, and purchasing decisions have a Cronbach Alpha value greater than 0.6. So it can be concluded that all statements used for all variables in this study are reliable. Based on age category, there were 39 respondents or 45.3% aged 21-30 years, 20 respondents or 23.3% aged

31-40 years, 10 respondents or 11.6% aged 41-50 years, 11 respondents or 12.8% aged 51-60 years, and 6 respondents or 6.9% aged 61 years and over. Based on the professional category, 19 respondents or 22.1% worked as students, 7 respondents or 8.1% worked as civil servants, 41 respondents or 47.7% worked as private employees, 10 respondents or 11.6% worked as entrepreneurs, and 9 respondents or 10.5% work or have a profession other than those mentioned by the author. Based on income category, 11 respondents or 12.8% had an income of less than IDR 1,000,000, 8 respondents or 9.3% had an income of IDR 1,000,001 – IDR 3,000,000, 10 respondents or 11.6% had an income of IDR 3,000,001 – IDR 5,000,000, 17 respondents or 19.8% have an income of IDR 5,000,001 – IDR 7,000,000, 17 respondents or 19.8% have an income of IDR 7,000,001 – IDR 10,000,000, 23 respondents or 26.7% have an income of more than IDR 10,000,000.

From the results of the normality test, it can be concluded that in the normal graph of the p-plot, it can be seen that the dots spread around the diagonal line, and the distribution is not wide or too far apart. The meaning of this graph shows that the regression model fits the assumption of normality and is feasible to use. The results of the multicollinearity test, the value of the variance inflation factor (VIF) shows the VIF value of product quality is 1.214; price VIF value is 1.075; promotion VIF value is 1.187; distribution channel VIF value is 1.166 and brand image VIF value is 1.563. This shows that there is not a single independent variable that has a VIF value of more than 10. So it can be concluded that there is no multicollinearity between the independent variables in the regression model. The calculation results also show the tolerance value of each variable, namely product quality of 0.827; price of 0.936; promotion of 0.849; distribution channels of 0.866 and brand image of 0.648. This means that there are no independent variables that have a tolerance value of less than 0.1. So according to the Tolerance value there is no multicollinearity in the regression model. The results of the heteroscedasticity test show that the dots spread randomly and do not form clear patterns scattered both above and below zero on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model, so the regression model is feasible to use to predict purchasing decisions based on input independent variable (free) product quality, price, promotion, distribution channel and brand image. In accordance with the statement of Imam Ghozali (2005: 105), that if there is a certain pattern such as the dots that form a certain pattern that is regular (wavy, widens then narrows), and if there is no clear pattern and the dots spread over and below zero on the Y axis, there is no heteroscedasticity.

The results of the regression test, obtained the following equation $Y = 10.092 + 0.187X_1 + 0.135X_2 + 0.344X_3 + 0.720X_4 + 0.169X_5 + e$. Based on the test of the coefficient of determination (R^2), it shows that the magnitude of R^2 (R square) is 0.339. These results indicate that 33.9% of the purchasing decision variable can be explained by variations of the five independent variables (product quality, price, promotion, distribution channels and brand image). While the difference of 66.1% (100% - 33.9%) is explained by other variables not examined in this study such as motivational variables, perceptions, brand awareness, and others which in theory and the results of previous studies have influenced the decision purchase.

Based on the results of the partial influence test, the coefficient obtained by tcount is 2.680, and the ttable value is known to be 1.990. By comparing tcount and ttable, it is found that $tcount > ttable = 2.680 > 1.990$, because the value of tcount is greater than ttable, it can be concluded that the regression coefficient of the product quality variable is significant. And the results obtained from the comparison of the sig value with the significance level: $sig \alpha = 0.027 < 0.05$. Because $sig < \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on product quality variables partially (individually) influences purchasing decisions. From the coefficient table, the tcount value is 2.357, and the ttable value is known to be 1.990. By comparing the t-count and t-table, it is found that $t-count > t-table = 2.357 > 1.990$, because the t-count value is greater than t-table, it can be concluded that the regression coefficient of the price variable is significant: $sig \alpha = 0.012 < 0.05$. Because $sig < \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the price variable partially (individually) influences purchasing decisions. From the coefficient table, the t-count value is 3.064, and the t-table value is 1.990. By comparing t-count and t-table, it is found that $t-count > t-table = 3.064 > 1.990$, because the t-count value is greater than t-table, it can be concluded that the regression coefficient of the promotion variable is significant. And the results obtained from the comparison of the sig value with the significance level: $sig \alpha = 0.007 < 0.05$. Because $sig < \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the promotion variable partially (individually) influences purchasing decisions. From the coefficient table, the tcount value is 4.078, and the ttable value is 1.990. By comparing tcount and ttable, it is found that $tcount > ttable = 4.078 > 1.990$, because the value of tcount is greater than ttable, it can be concluded that the regression coefficients of the distribution channel

variables are significant. And the results obtained from the comparison of the sig value with the significance level: $\text{sig } \alpha = 0.005 < 0.05$. Because $\text{sig} < \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on distribution channel variables partially (individually) influences purchasing decisions. From the coefficient table, the tcount value is 2.230, and the ttable value is known to be 1.990.

By comparing tcount and ttable, it is found that $\text{tcount} > \text{ttable} = 2.230 > 1.990$, because the value of tcount is greater than ttable, it can be concluded that the regression coefficient of the brand image variable is significant. And the results obtained from the comparison of the sig value with the significance level: $\text{sig } \alpha = 0.035 < 0.05$. Because $\text{sig} < \alpha$, it can be concluded that H_a is accepted and H_o is rejected, meaning that the regression coefficient on the brand image variable partially (individually) influences purchasing decisions. Based on the simultaneous effect test, an F-count value of 9.605 was obtained with a significance level of 5% and $\text{df}_1 = 5$ and $\text{df}_2 = 80$, obtained $F_{\text{table}} = 2.329$. F-count value (9.605) $>$ F_{table} value (2.329). Because the value of F-count $>$ F-table, it can be concluded that H_o is rejected and H_a is accepted. This means that there is a significant influence simultaneously between the independent variables, namely product quality (X1), price (X2), promotion (X3), distribution channels (X4), and brand image (X6) on the dependent variable of purchasing decisions (Y).

CONCLUSION

The conclusion of this study is that all exogenous variables have a positive effect on endogenous variables, both partially and simultaneously. Based on the results of the research conducted, it can be seen that product quality, price, promotion, distribution channels, and brand image simultaneously influence purchasing decisions. Thus, the higher the quality of the product offered, the price offered is competent and competitive, the better the promotion that is informed, the easier it is to obtain and the more evenly distributed the product distribution location itself and is complemented by a strong and positive brand image from potential customers, it will encourage consumers in making purchasing decisions for breakfast cereals.

In terms of price, Nestlé Koko Krunch is advised to make prices more affordable and more competitive with other products. It is suggested that Nestlé Koko Krunch breakfast cereal make the price more affordable, such as giving a discount, creating a promotion to buy one pack of cereal get one pack of cereal and making smaller packaging variants. In terms of promotion, it is suggested that Nestlé Koko Krunch breakfast cereals provide attractive merchandise besides toys such as tablespoons, bowls or glasses can be another option and provide free bonus ready-to-drink milk to complement the cereal. It is recommended to be more active in advertising their products on television. It is recommended to advertise products during prime time where television shows have the highest number of viewers. From the results of the study that brand image has the lowest percentage of other variables. Nestle Koko Krunch must continue to build a good brand image for its consumers. Apart from the Nestle brand image itself, Koko Krunch is suggested to be a brand that is independent and strong in the eyes of consumers. During this research, researchers found several shortcomings and limitations of the study, including: first; the data collection tool in this study used a questionnaire, where in distributing this questionnaire there was a possibility that the respondents were not serious in giving answers, therefore the researcher suggested to further researchers to conduct open interviews with respondents, second: in making the questionnaire, the researcher used words that difficult to understand some of the statements. Therefore, future researchers who wish to conduct similar research should pay more attention to the use of language to make it easier for respondents to understand.

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