

Does Price Influence on Shop Purchase Decisions?

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ABSTRACT

Objective– The purpose of this study is to determine the effect of price on purchasing decisions in purchasing Happy Soya cooking oil at PT Indofood Sukses Makmur Pekanbaru

Methodology/approach– Sources of data obtained from primary and secondary data. the total population is 84 shops, while the number of samples is also 84 shops, the sampling technique is total sampling. Data analysis is descriptive and quantitative, in the form of hypothesis testing.

Findings– The results of the study show that both the partial test that prices affect the shop's decision to buy goods. And the magnitude of the influence of the price variable on the purchasing decision variable is 24.70%. Meanwhile, the remaining 75.30% is influenced by other variables outside the price variable which are not examined in this study.

Novelty/value– That the price variable has a negative direction towards purchasing decisions. Each increase in the price of one unit will reduce the purchase decision, and vice versa, each decrease in the price of one unit will increase the purchase decision.

Keywords:Price, Purchase Decision

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INTRODUCTION

In a business activity, it is always related to the matter of price, both the selling price and the buying price. Prices have an important role in driving transactions between producers and consumers. Thus, complete pricing is very important for business trips because prices are related to the amount of goods sold in the market. So that companies can determine the right price in the market will have an impact on market acceptance of the goods we offer.

Price is something that is important for PT. Indofood Sukses Makmur in Pekanbaru to continue to maintain its image in the eyes of customers. By prioritizing affordable prices, buyers will make it easier for companies to achieve their goal of maximizing profits through increasing consumers. This increase in consumers can occur if prices are affordable by consumers, therefore companies in setting prices must be careful by looking at the factors that influence these prices. This means that success in marketing an item or service, every business organization must set the right price.

In developing products on the market, we are offering alternatives to consumers so that our products become an alternative choice to be considered among several product choices. So the company must carefully observe that the strategy set is not the same and varies depending on the consumer and the characteristics of the consumer in making a purchase. According to Kotler (2016: 116) explains that there are four marketing mixes, namely product, price, distribution and promotion, all of which will influence consumer decisions in choosing an item or service. Products reflect a

combination of products and services offered to consumers. Price is the amount of money that must be paid to get the product.

The various choices and alternatives of cooking oil products available in the market are the impact of company competition trying to win market share. The more competitors for a product, the more alternative choices for consumers to be able to determine which product to buy. High quality products are the main key in winning the competition. Competition is getting tougher with more and more producers involved in meeting the needs and desires of consumers, causing every entrepreneur to place an orientation towards consumer satisfaction as the main goal. In this way, the company expects that its consumers will be loyal to the brand it produces. The following table shows the development of sales of Happy Soya Cooking Oil products, namely:

Table 1
Sales Development of Happy Soya Cooking Oil to PT Indofood Sukses Makmur in Pekanbaru City 2019-2021

Year	Number of Stores	Sales Targets (Units)	Sales Turnover (Unit)	Development Percentage (%)
2019	81	11,000,000,000	9,804,044,000	89,13
2020	82	11,500,000,000	9,881,220,000	85.92
2021	84	12,000,000,000	10,012,220,000	83,44

Source: PT Indofood Sukses Makmur, 2022

In table 1 above, we can see that the realization of sales of Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City has decreased every year. So it is necessary to explore the factors causing the decrease in purchases of Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City, including price factors that influence consumer purchasing decisions. Following are the prices of several alternatives offered by PT Indofood for its consumers:

Table 2
Happy Soya Cooking Oil Price List and competitors 2022

brand	Size	Price
Happy Soya	1 Liter	44,000
Bimoli	1 Liter	18,500
Fortune	1 Liter	19,500
Sania	1 Liter	19,000
Sunco	1 Liter	21,500
Sofia	1 Liter	19,000

Source: PT Indofood Sukses Makmur, 2022

From table 2 above it can be explained that the price of Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City is still very high when compared to other brands of cooking oil. The affordability of cooking oil prices adjusted to market conditions and price compatibility with the ability to buy according to the economic conditions of the surrounding community. The suitability of the price of cooking oil with the quality is how much money is spent to buy the product according to the quality of the product and also the quality of the product according to the target market to be achieved.

Then the results of reading several articles about the effect of price on purchasing decisions still found research gaps, namely; first, an article written by Gunarsih (2021) states that price has a positive or significant effect on purchasing decisions at the Pelita Jaya Building Store, Buyungon Amurang. Second, the research results of Rustandi and Widya Sastika (2021) show that prices affect purchasing decisions at Pull And Bear in the city of Bandung. Third, different results can be seen from the research conducted by Melpiana and Sudrajat (2022) showing that prices do not affect MS.Glow consumer purchasing decisions.

Based on the explanation above, this research has a purposeto determine the effect of price on purchasing decisions for Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City.

LITERATURE REVIEWS

Price

According to Mulyana (2021) price is an important element that must be owned to generate income in return for products or services that are already owned by consumers. price is the amount of money charged for a product or the amount of value that consumers exchange for the benefits of having or using the product.

Then emphasized by the opinion of Alma (2019: 169) price is the value of an item expressed in money. Another definition of price is put forward by Tjiptono (2015: 151) who argues that price is the only element of the marketing mix that provides income or revenue for the company. Based on several definitions put forward by experts, the authors come to the understanding that price is a value (usually expressed in money) that must be sacrificed to be able to own, use or consume goods and services to meet needs.

According to Sari and Prihartono (2021) that prices are influenced by several factors including: first, analyzing the demand for a product. There are two steps to analyze product demand, namely by analyzing the expected price and analyzing the difference in sales. Then secondly, competitor responses. Competitors are components that cause price creation, especially the expected danger of competition

According to Kotler and Armstrong (2015: 278) price indicators are known as follows: First, Affordable prices adjusted to market conditions and price compatibility with the ability to buy according to the economic conditions of the surrounding community. Second, Compatibility of price with quality. How much money is spent to buy the product is adjusted to the quality of the product and also the quality of the product according to the target market to be achieved. Third, meaningful price competitiveness show can the price of a product be able to compete with other products and be accepted by the market so that wholesalers and agents ultimately benefit from reselling these products to their customers. Fourth, price compatibility with benefits, namely the suitability of the sacrifices incurred in the form of money adjusted to the benefits obtained, the functions and uses of the product that consumers want.

Buying decision

According to Schiffman and Kanuk in the book Sangadji and Sopiah (2017: 120) defines a decision as choosing an action from two or more alternative choices. A consumer who wants to choose must have an alternative choice.

Furthermore Sangadji and Sopiah (2017:121) "...the essence of consumer decision making is an integration process that combines knowledge to evaluate two or more alternative behaviors, and choose one of them. The result of this integration process is a choice that is presented cognitively as a desire to behave. From the explanation above, it can be concluded that all behavior is deliberately based on the desires that are generated when consumers consciously choose one of the existing alternatives.

There are five stages of consumer behavior in making purchasing decisions according to Kotler & Keller in Kurniawan (2020), namely: *Stage one*, Recognition of needs arises when consumers face a problem, namely a situation where there is a difference between the desired state and the actual situation. *Stage two*, Information seeking Information seeking begins when consumers perceive that these needs can be met by buying and consuming products. Consumers will search for information stored in their memories (internal search) and seek information from outside (external search). *Stage three*, Alternative evaluation is the process of evaluating product and brand choices, and choosing them according to consumer desires. In this process, the consumer compares various selected brands that can provide benefits to him and the problems he faces. *Stage Four*, Purchasing decision After the above steps are carried out, the buyer will determine his attitude in making a decision whether to buy or not. If choosing to buy a product, in this case the consumer is faced with several alternative decision making such as product, brand, seller, place, price, seller, quantity and time. *Stage Five*, Results After buying a product, consumers will experience some level of satisfaction and

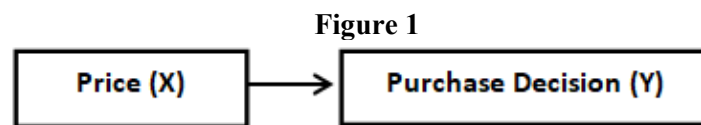
dissatisfaction. This stage can provide important information for the company whether the products and services that have been sold can satisfy consumers or not.

Effect of Price on Purchasing Decisions

The relationship between price and purchase decision is that price influences consumer decisions in making purchases, the higher the price, the lower the purchase decision, conversely if the price is low, the higher the purchase decision (Kotler and Armstrong, 2015).

hypothesis

The hypothesis can be said to be a temporary guess regarding the actual relationship between the variables to be tested. Furthermore, this hypothesis will be tested by conducting research, the formulation of the hypothesis is as follows: "It is suspected that the price influences the shop's decision to buy Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City." Or with the Conceptual Framework as follows



METHODS

This research was carried out at PT Indofood Sukses Makmur in Pekanbaru City. The data analysis technique uses quantitative analysis with a simple regression method, which is a method that looks at the effect of one independent variable on the dependent variable. This research was conducted at PT Indofood Sukses Makmur in Pekanbaru City.

Sources of research data are primary data and secondary data. According to Sugiyono (2016: 193) primary sources are resources that directly provide data to data collectors. The primary data obtained is observational data which asks several questions to the shop that purchased Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City. According to Sugiyono (2016: 193) secondary data is data that does not directly provide data to data collectors, for example through other people or through documents. In this research is a questionnaire that is distributed directly to consumers.

Furthermore, the population in this study were all shops that bought Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City, totaling 84 shops that would be used as respondents. Sugiyono (2016: 680) population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn.

The sample is part of the population that will be used as an object in conducting research and testing data. According to Supangat (2014: 4) the sample is part of the population (example), to be used as study material in the hope that the samples taken from the population can be representative of the population. The sampling techniques in this study are total sampling where the entire population is the research sample. Arikunto (2012: 103) suggests that if the population is less than 100, then the entire population is used as a sample. In this study, the number of samples was 84 stores.

Data collection methods used in this study include questionnaires, interviews and observations. In accordance with the type and nature of this research, all data to be collected is arranged systematically and descriptively. The data analysis method used in this study is the Likert scale used to measure attitudes, opinions, and social perceptions. Scores of respondents' answers in research. (Ansori, PB. 2018).

To assist in processing the data, the SPSS (Statistical Package For Social Science) program is used. While the test equipment used to test the regression equation and the coefficient of determination and to see the effect of the independent (independent) variable on the dependent variable in this writing

RESULTS AND DISCUSSION

Respondent Description

From the results of the questionnaire that was distributed to 84 respondents, the categories of respondents were described based on:

Table 3: General Description of Respondents

Description	Number of Respondents	%
Store Type		
Wholesaler	17	20%
Mini Market	36	43%
Wholesale and Retail	27	32 %
Supermarkets	4	5 %
Shop Turnover per day		
5 million -10 million	47	56%
11 million-15 million	25	30%
16-20 million	9	11%
Over 20 million	3	3 %
Amount	84	100%

Source: Processed Data, 2022

Based on table 3 above, most of the respondents in this study were mini markets, namely as many as 36 shops or 43%, then as many as 27 shops or 32% were wholesale shops which also served retail, then 17 shops or 20% which only served wholesale purchases for traders who did not sell in retail, and only 4 stores which are shops that belong to large companies in retail trade.

And table 3 also explains that most of the respondents in this study had daily turnover, shops with a turnover of between 5 million and 10 million were 47 stores or 56%, while those with a turnover of between 11 million and 15 million were 25 stores or 30%, then shops with a turnover of between 16 million up to 20 million only 9 shops and there are 3 shops that have a turnover exceeding 20 million.

Validity test

The value of r table can be obtained by the following equation: $N - 2$ up to 84, namely 0.214 and the calculated r is obtained as follows:

Table 4
Price Validity Test Results and Purchase Decisions

Variable	Statement	r count	r table	Information
Price	X_1	0.560	0.214	Valid
	X_2	0.500	0.214	Valid
	X_3	0.405	0.214	Valid
	X_4	0.445	0.214	Valid
	X_5	0.391	0.214	Valid
	X_6	0.415	0.214	Valid
	X_7	0.373	0.214	Valid
	X_8	0.458	0.214	Valid
	Y_1	.702	0.214	Valid
	Y_2	.445	0.214	Valid
	Y_3	.623	0.214	Valid
	Y_4	.634	0.214	Valid

Buying decision	Y_5	.616	0.214	Valid
	Y_6	.669	0.214	Valid
	Y_7	.367	0.214	Valid
	Y_8	.657	0.214	Valid
	Y_9	.272	0.214	Valid
	Y_10	.548	0.214	Valid

Source: Results of SPSS Data Processing, 2022

From table 4 above, it is known that the r count of all price variable statements is > 0.214 . This means that the eight statement items used to measure the price variable are stated to be valid or appropriate to be used as a measurement tool. Then the value of r counts for all statement items of the purchasing decision variable > 0.214 . This means that the ten statement items used to measure the purchasing decision variable are stated to be valid or appropriate to be used as a measurement tool.

Reliability Test

Reliability test is intended to determine the consistency of measuring instruments in their use. A measuring instrument is said to be reliable if in several times carrying out measurements of the same group or subject, relatively the same results are obtained, as long as the aspects of the group or subject being measured have not changed. In this study the reliability test used Cronbach's alpha method with a value above 0.60. The following is a table of reliability test results for this study as follows:

Table 5
Reliability Test

Variable	Standard	Cronbach's alpha	Information
Price	0.60	0.747	Reliable
Buying decision	0.60	0.849	Reliable

Source: Results of SPSS Data Processing, 2022

From table 5 above it can be seen that the reliability value of the two variables is > 0.60 , meaning that the measuring instrument used in this study is reliable or already has a level of reliability.

Normality test

The purpose of this test is whether the independent variable and dependent variable regression models have normal or close to normal data distribution. To see the normal probability plot that forms a straight diagonal line, and plotting the data to be compared with the diagonal line.

If the data spreads around the diagonal line and follows the direction of the diagonal line / histogram graph, then it shows a normal distribution pattern. If the data is far from the diagonal line and does not follow the direction of the diagonal line/histogram graph then it shows an abnormal distribution pattern. To see the results of the normality test can be seen in the table below the image below:

Figure 2
Normality test



Source: SPSS processed data, 2023

From the data, it shows that the Normal P-Plot of Regression Standardized Residual graph depicts the distribution of data around the diagonal line and the distribution follows the direction of the graph's diagonal line, so the regression model used in this study fulfills the assumption of normality.

Simple Linear Regression Test

This analysis is used to determine the effect of the independent variable (Price) on the dependent variable (Purchasing Decision). The equations in the simple linear regression analysis of this study are: $Y = a + bX + e$, and the results of the Simple Linear Regression processed by SPSS in this study are as follows:

Table 6
Simple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Beta		
1 (Constant)	55,567	4.108		13,527	.000
Price	-.695	.134	-.497	-5,181	.000

Source: Processed SPSS 2022

Based on Table 6, it can be seen that the resulting simple linear regression equation is as follows:

Simple Linear Regression Equation: $Y = a + bX + e$

$$Y = 55.567 - 0.695X + e$$

- The constant (a) is 55.567, which means that when the price is not taken into account or is zero, the shop's decision to buy Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City is still 55.567 units
- While the relationship between price and shop decision to buy Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City is negative, as evidenced by the results of the regression coefficient (b) of -0.695 which means that every one unit price increase will reduce the shop's decision to buy oil. Fried Happy Soya at PT Indofood Sukses Makmur in Pekanbaru City is 0.695 units, and vice versa, every decrease in the price of one unit will increase Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City

by 0.695 units.

Hypothesis test (t test)

From the results of the SPSS test, it was obtained t count of 5.181 and also based on the significance test table obtained t table of 1.989. From the two tests it was concluded that t count 5.181 > t table 1.989. And also obtained a significance level of $0.00 < 0.05$, thus it can be concluded that the price has a significant effect on Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City.

Coefficient of Determination (R²)

The coefficient of determination is the magnitude of the independent variable's contribution to the dependent variable. The higher the coefficient of determination, the higher the coefficient value. The independent variable determines that the greater the influence of the independent variable on the dependent variable.

Table 7
Coefficient of Determination
Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.497a	.247	.237	3.78592

a. Predictors: (Constant), Price

b. Dependent Variable: Purchase_Dec

From the table above, the R-square value (Determinant Coefficient) is 0.247. It can be concluded that the magnitude of the price contribution to Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City is 24.70%. While there is a remaining 75.30% influenced by other variables outside the price variable.

Discussion

The effect of price on consumer decisions at PT Indofood Sukses Makmur in Pekanbaru City

From the results of the partial test, it can be said that the price has a significant effect on the shop's decision to buy Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City. This is evidenced by the SPSS test results obtained by t count of 5.181 and also based on the significance test table obtained by t table of 1.989. From the two tests it was concluded that t count 5.181 > t table 1.989. And also obtained a significance level of $0.00 < 0.05$. Means Proven Hypothesis.

The interesting thing from the results of this study is that it has a negative relationship direction as evidenced by the results of the regression coefficient (b) of -0.695, which means that every increase in one unit price will reduce Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City of 0.695 units, and vice versa, every decrease in the price of one unit will increase Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City by 0.695 units.

This is in line with the research of Melpiana and Sudrajat (2022) that when consumers are faced with two product choices that are the same in terms of quality, the purchasing decision will fall on the product with a lower price. This means that the price has a very large influence on purchasing decisions if the product has the same quality.

The results of this study have results that are in line with Gunarsih's research (2021) stating that price has a positive or significant effect on purchasing decisions at the Pelita Jaya Building Store, Buyungon Amurang. Which means, most or the majority of every Purchase Decision made by a buyer or consumer is seen and determined by the value of the price of the item.

Conclusion

This research can be concluded: First, the direction of the negative relationship from price to purchasing decisions. Each increase in the price of one unit will reduce the shop's decision to buy Happy Soya cooking oil at PT Indofood Sukses Makmur in Pekanbaru City, and vice versa, each

decrease in the price of one unit will increase the shop's decision to buy happy soya cooking oil at PT Indofood Sukses. Prosper in Pekanbaru City.

Second, the results of hypothesis testing concluded that $t_{count} 5.181 > t_{table} 1.989$. And also obtained a significance level of $0.00 < 0.05$, thus it can be concluded that the price has a significant effect on Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City.

Third, the R-square value (Determinant Coefficient) is 0.247. It can be concluded that the magnitude of the price contribution to Shop Decisions in Buying Happy Soya Cooking Oil at PT Indofood Sukses Makmur in Pekanbaru City is 24.70%. While the rest, 75.30% influenced by other variables outside the price variable.

Suggestion

In order to complement the results of this study, the authors provide the following suggestions: First, provide advice to the management of PT Indofood Sukses Makmur in Pekanbaru City to improve the pricing strategy in selling Happy Soya Cooking Oil. Second, provide suggestions to further researchers also expand the variables research namely product quality and promotion.

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