

# The Influence of Price and Promotion on Purchase Decision and Its Impact on Telkomsel Prepaid Card Consumer Satisfaction (In Kebon Manggis Urban Village)

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**Abstract---** *This study was conducted to determine the effect of price and promotion on purchasing decisions and their impact on consumer satisfaction of Telkomsel prepaid card. In this study there are four variables studied namely price, promotion, purchasing decisions and customer satisfaction. Samples obtained as many as 100 respondents and taken by Purposive Sampling is a technique to determine the sample of research with some specific considerations that aims for data obtained later can be more representative. The number of samples in this study is determined by the method of Structural Equation Modeling (SEM) Hair et al, 2011. The data analysis used is SmartPLS version 3. 2. 3. The results showed that all hypothesis acceptable except on variable which have negative influence and not signifikan between promotion to consumer satisfaction because have coefesien value of parameter -0,036, t-statistic 0,374 and P value 0,708 which means promotion to satisfaction not accepted*

**Keywords---** *Price, Promotion, Purchase Decision, and Consumer Satisfaction.*

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## I. INTRODUCTION

In this era of communication is not enough just to direct communication (Face to face). Most forms of communication have been carried out indirectly through media / communication tools, one of which is by cell phone (cellphone). The presence of cellular telephones began only as a substitute for fixed lines (fixed lines) such as home and office phones, but now mobile phones have developed into multi-functional gadgets that must be taken everywhere. The advantage of a cellular telephone is that it can be carried everywhere (portable, mobile) and does not need to be connected to a telephone network using a cable (wireless, wireless), in which case people can make telecommunications connections using electromagnetic waves instead of cables. Cell phones are no longer a luxury item that used to be only enjoyed by certain groups, now everyone can easily get and access to be able to use it for various purposes, whether for business, family, education or other purposes. Especially with its development now cell phones are equipped with more complete and sophisticated features such as multimedia features on computers that make it not only function to communicate, but already make it a sophisticated and smart device, of course this will facilitate consumers in fulfilling various interests and needs (Shaleha, 2014).

In operating a cellular telephone, a telecommunications operator or operator is required. This operator will later provide services with the system it has so that the use of cell phones can function. This operator usually provides a SIM card (SIM card), as a sign of subscription as well as the identity number of the wearer. In this card, in addition to an identity number that will be used as a telephone number and data storage memory for the telephone number, the user also gets credit in exchange for the costs to be used in communication. There are two payment systems in

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communication via cellular telephone, prepaid and postpaid. Prepaid is where the customer or customer buys a number of pulses with service value according to the tariff that will be used later. While postpaid is a customer using telecommunications services first and will pay later later in accordance with the specified time (Nazri, 2012).

The phenomenon of competition is seen in the Indonesian cellular market, namely the occurrence of tariff wars between cellular operators or called the era of tariff wars. The era of the cellular tariff war that began in 2005 strongly encourages customers to try the latest services, especially at lower rates. This is called the phenomenon of customer switching or customer switching can have a negative impact on companies such as reducing market share, harming the company and increasing costs (Hermawati, 2013). Likewise other phenomena faced by PT. Telkomsel Makassar with prepaid card business at this time is the price of pulses set a little higher when compared to the price of pulses set by competitors. And besides that the lack of promotion carried out by PT. Telkomsel Makassar when compared to competitors. Looking at the marketing mix activities carried out by PT. Telkomsel Makassar, it is necessary to conduct research on the marketing mix and its relationship with customer loyalty (Dengkeng, 2012). One of the efforts made by PT Telkomsel in dealing with this competition is by providing the best quality of service to consumers, the quality of service consists of product quality, price, and promotion. This is done solely to get the satisfaction desired by consumers, so that consumers become loyal in using the products produced.

## **II. METHODOLOGY**

This type of research is categorized as causal research which is to test the hypothesis about the effect of one or several variables (independent variables) on other variables (the dependent variable). This study uses the correlation method which is a method by connecting between selected and explained variables and aims to examine the extent to which a variable on a factor is related to other variables. The approach used in this study is a quantitative approach that emphasizes numerical data (numbers) that are processed by statistical methods. In connection with the problem under study, the Effect of Price and Promotion on Purchasing Decisions, the Impact on Consumer Satisfaction as an intervening variable, the authors use a quantitative descriptive type of research because this research is a field research that requires statistical analysis (data in the form of numbers) to obtain truth.

In this study data analysis uses the Partial Least Square (PLS) approach. PLS is a Structural Equation Modeling (SEM) equation model based on components or variants. PLS is more predictive model, PLS is a powerful analysis method, because it is not based on many assumptions (Ghozali, 2006). Inner models (inner relations, structural models and substantive theory) describe the relationship between latent variables based on substantive theory. The structural model is evaluated using R-square for the dependent construct, Stone - Geisser Q-square test for predictive relevance and t test as well as the significance of the coefficient of structural path parameters. In assessing a model with PLS it starts by looking at the R-square for each latent dependent variable. The interpretation is the same as the interpretation in the regression. Changes in the value of R-square can be used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect. Besides looking at the R-square value, the PLS model is also evaluated by looking at the predictive Q-square relevance for the constructive model. Q-square measures how well the observational values generated by the model and also the estimated parameters (Ghozali in Wazly 2016). Convergent validity of the measurement model with the reflective

model of indicators is assessed based on the correlation between item score / component score and construct score calculated by PLS. Reflective size is said to be high if it correlates more than 0.70 with the construct that is to be measured. However, for the early stages of research the development of a measurement scale of loading values 0.5 to 0.60 is considered sufficient (Ghozali, in Gircela 2016). Structural Equation Modeling is an analytical technique that allows researchers to examine the relationship between complex variables both recursive and non-recursive to obtain an overall picture of the whole model. SEM can test together between structural models (the relationship between independent and dependent constructs), and measurement models (the relationship / loading value between indicators with independent and dependent constructs) (Wati, 2017:262).

### III. RESULTS

To test the hypothesis in this study, partial t-statistic values were used for each direct influence pathway. The following is a picture that explains the path table for hypothesis testing:

Hypothesis test

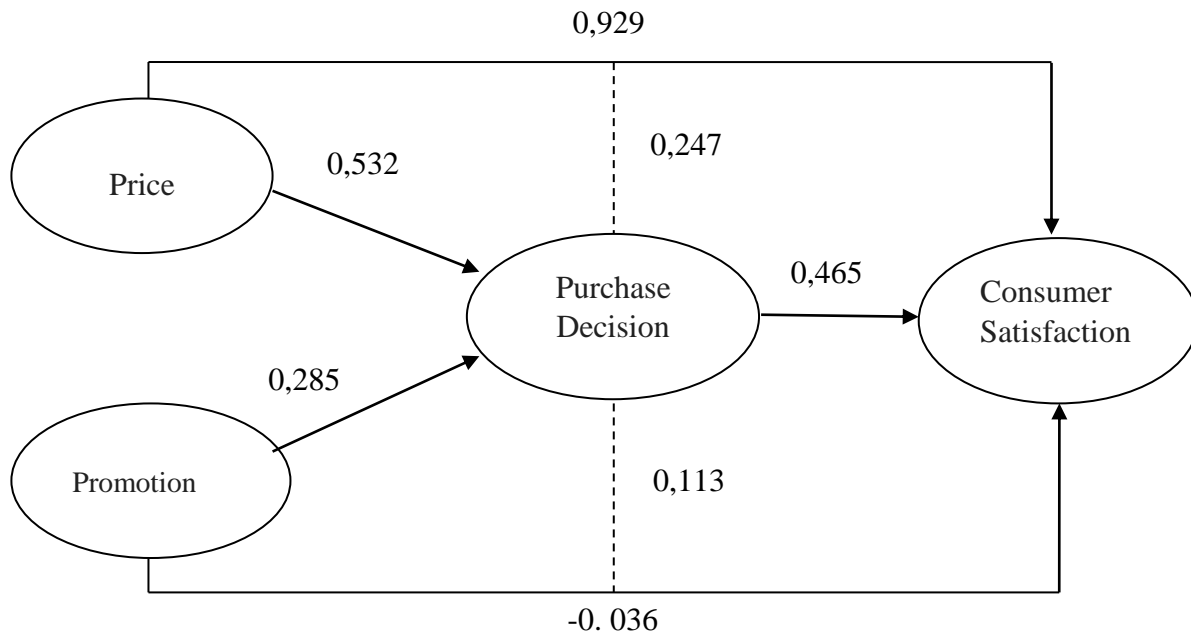
Relationship between Variable	Parameter coefficient	T-statistic	P Value	Informatio
Price => Purchase Decision	0,532	9,284	0,000	SIGNIFICAN
Promotion => Purchase Decision	0,285	3,774	0,000	SIGNIFICAN
Purchase Decision => Consumer Satisfaction	0,465	4,117	0,000	SIGNIFICAN
Price => Consumer Satisfaction	0,292	2,775	0,006	SIGNIFICAN
Promotion => Consumer Satisfaction	-0,036	0,374	0,708	NOT SIGNIFICAN
Price => Consumer Satisfaction => Purchase Decision	0,247	3,578	0,000	SIGNIFICAN
Promotion => Consumer Satisfaction => Purchase Decision	0,133	2,886	0,004	SIGNIFICAN

1. The effect of the relationship between variables in the table above can be explained as follows: 1. The path parameter coefficient obtained from the effect of price variables on purchasing decisions is 0.532 with a statistical value of  $9.284 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive effect between Price on Purchasing Decisions. The value of 0.532 on the parameter coefficient means that the more affordable the price, the better it will be in line with the first hypothesis that there is a significant

positive influence between the price variable on the purchase decision.

2. The path parameter coefficient obtained from the influence of the promotion variable on purchasing decisions is 0.285 with a statistical value of  $3.774 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between Price on Purchasing Decisions. The value of 0.285 on the parameter coefficient means that the more promotions that are carried out, the more purchasing decisions will be raised, this is in line with the second hypothesis, namely there is a significant positive effect between the promotion variables on purchasing decisions.
3. Path parameter coefficient obtained from the influence of the purchase decision variable on consumer satisfaction is 0.465 with a statistical value of  $4.117 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between the purchase decision on satisfaction consumer. The value of 0.465 on the coefficient parameter means that the more purchasing decisions, the higher consumer satisfaction with the third hypothesis is that there is a significant positive influence between the purchasing decision variables on consumer satisfaction.
4. The path parameter coefficient obtained from the influence of the Price variable on consumer satisfaction is 0.292 with a statistical value of  $2.771 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between the purchase decision on consumer satisfaction. The value of 0.292 on the coefficient parameter means that the more affordable the purchase price is, the consumer satisfaction is increasing with the fourth hypothesis, namely there is a significant positive effect between the variable Price on consumer satisfaction.
5. Path parameter coefficient obtained from the influence of the Promotion variable on consumer satisfaction of -0.036 with a statistical value of  $2.771 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between the purchase decision on satisfaction consumer. The value of -0.036 on the parameter coefficient means that the more promotions that are carried out, the more will increase consumer satisfaction with the fifth hypothesis that there is no significant negative effect between Promotion variables on consumer satisfaction.
6. Path parameter coefficient obtained from the influence of Price variables on consumer satisfaction through purchasing decisions of 0.247 with a statistical value of  $3.578 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between purchasing decisions on consumer satisfaction. The value of 0.247 on the coefficient parameter means that the more affordable the purchase price is, the consumer satisfaction is increasingly increasing through the purchase decision with the sixth hypothesis that there is a significant positive effect between the variable Price on consumer satisfaction.
7. The path parameter coefficient obtained from the influence of the Promotion variable on consumer satisfaction through a purchase decision of 0.133 with a statistical value of  $2.886 > 1.66$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a significant positive influence between the purchase decision on consumer satisfaction. The value of 0.133 on the coefficient parameter means that the more promotions the consumer satisfaction is increasing through the purchasing decision with the sixth hypothesis that there is a significant positive effect between the variable Price on customer satisfaction.

Based on the path parameter coefficients diporel in the table and the explanation above, the research equation model formed can be explained in the figure as the model proposed in this study.



Based on the path diagram above, then translated into the form of an equation as follows:

$$KK = 0.532Hg + 0.285 Pr + e.$$

$$KP = 0.532Hg + 0.285Pr + 0.465Kp + 0.247HgKp + 0.113PrKp + e.$$

Information:

KP: Purchase Decision.

KK: Consumer Satisfaction.

Hg: Price.

Pr: Promotion.

e: error.

In the research model, the effect of promotion on consumer satisfaction has a small coefficient value when compared to the price variable. This means that promotion affects customer satisfaction compared to prices which have a greater effect on customer satisfaction. This is also evidenced by hypothesis testing where the results of the effect of prices on consumer satisfaction have positive and significant results as well as promotions that have negative and insignificant results.

Research on the Effect of Price and Promotion on Purchasing Decisions and the Impact on Consumer Satisfaction (In Kebon Manggis Kelurahan) can be made as follows:

1. Effect of Price on Purchasing Decisions. Based on the research results obtained that there is a positive and significant effect between the Price of the Purchasing Decision. The results of this study are in line with research conducted by Siti Fatonah and R Sigit Soebandiono and Made Novandri (2010) explaining that price

variables have a positive and significant influence on purchasing decisions. Thus the presence of variable prices can improve purchasing decisions.

2. Effect of Promotion on Purchasing Decisions. Based on the results of the study found that there is a positive and significant influence between the Promotion of Purchasing Decisions. The results of this study are in line with research conducted by Niazi, et al (2011) explaining that effective promotion carried out by companies has a positive and significant effect on purchasing decisions. Thus the promotion of variables can improve purchasing decisions.
3. Effect of Purchasing Decisions on Consumer Satisfaction. Based on the research results obtained that there is a positive and significant influence between Purchasing Decisions on Consumer Satisfaction. The results of this study are in line with research conducted by Wahyu eka Purnamasari (2015) explaining that Purchasing Decisions on Consumer Satisfaction and explaining that Buying Decisions have a positive effect on Consumer Satisfaction. Thus a good purchasing decision can increase consumer satisfaction.
4. The Effect of Prices on Consumer Satisfaction. Based on the results of the study found that there is a positive and significant effect between the Price towards Consumer Satisfaction. The results of this study are in line with research conducted by Eko Yuwananto (2011) and Nugroho (2011) explaining that prices have a positive and significant effect on Consumer Satisfaction. Thus the existence of an affordable price can increase consumer satisfaction.
5. Effect of Promotion on Consumer Satisfaction. Based on the research results obtained that there is a negative and insignificant influence between Promotion of Consumer Satisfaction. The results of this study are not in line with research conducted by Annalisa Faradina (2016) which states that promotion of consumer satisfaction has a positive and significant effect on satisfaction. Thus a strategic promotion will increase customer satisfaction.
6. Effect of Prices on Consumer Satisfaction Through Purchasing decisions. Based on the results of the study found that there is a positive and significant effect between Prices on Consumer Satisfaction through Purchasing Decisions. The results of this study are in line with research conducted by Ramadhan Hidayat (2016) explaining that price variables have a positive and significant influence on consumer satisfaction through purchasing decisions. Thus the existence of variable prices can increase consumer satisfaction through purchasing decisions.
7. Effect of Promotion on Consumer Satisfaction Through Purchasing decisions. Based on the research results obtained that there is a positive and significant influence between Promotion of Consumer Satisfaction through Purchasing Decisions. The results of this study are in line with research conducted by Putra Dhani Irawan (2014) explaining that the promotion variable has a positive and significant influence on consumer satisfaction through purchasing decisions. Thus the promotion of variables can increase consumer satisfaction through purchasing decisions.

#### IV. CONCLUSION

The conclusions of the research on the Effect of Price and Promotion on Purchasing Decisions and the Impact on Consumer Satisfaction Prepaid Telkomsel Cards are as follows:

1. Prices for Purchase Decisions. The results showed that prices have a positive and significant effect on purchasing decisions, thus the answer to the problem of this study is that affordable prices increase consumer purchasing decisions on Telkomsel prepaid cards.
2. Promotion of Purchasing Decisions. The results showed that promotion has a positive and significant effect on purchasing decisions, thus the answer to the problem of this study is where the promotion is attractive so that it increases consumer purchasing decisions on Telkomsel prepaid cards.
3. Purchasing Decisions on Consumer Satisfaction. The results showed that the purchase decision had a positive and significant effect on customer satisfaction, thus the answer to the problem of this study was where the purchase decision would create consumer satisfaction with Telkomsel prepaid cards.
4. Prices for Consumer Satisfaction. The results showed that the price had a positive and significant effect on Consumer Satisfaction, Promotion of Consumer Satisfaction, thus the answer to the problem of this study was that the affordable prices would increase consumer satisfaction with Telkomsel prepaid cards.
5. Promotion of Consumer Satisfaction. The results showed that promotion does not have a positive and significant effect on Consumer Satisfaction, thus the answer to the problem of this study is that where there is a lack of promotion, there will be no customer satisfaction with Telkomsel prepaid cards.
6. Prices for Consumer Satisfaction through Purchasing Decisions. The results showed that the price had a positive and significant effect on consumer satisfaction through purchasing decisions, thus the answer to the problem of this study was that the more affordable the price, the customer satisfaction would increase through the purchase decision on Telkomsel prepaid cards.
7. Promotion of Consumer Satisfaction through Purchasing Decisions. The results showed that promotion had a positive and significant effect on consumer satisfaction through purchasing decisions, thus the answer to the problem of this study was that more promotions increased consumer satisfaction through purchasing decisions on Telkomsel prepaid cards.

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