

## THE EFFECT OF PRICE AND PROMOTION ON SHRIMP PETIS PURCHASE DECISION (CASE STUDY OF UD. DUA PUTRA JAYA GRESIK)

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### ABSTRACT

*This study aims to examine and prove the influence of price and promotions on purchasing decision of shrimp paste UD. Dua Putra Jaya Gresik. This study uses a quantitative approach with multiple linear regression analysis. The number of samples taken was 50 respondents and data collection was done by distributing questionnaires. The results showed that prices had a positive and significant influence on the increase in purchasing decisions for shrimp paste at UD. Dua Putra Jaya Gresik. Then the promotion has a positive and significant effect on purchase decisions to purchase shrimp paste at UD. Dua Putra Jaya Gresik. Prices and promotions simultaneously have a positive and significant effect on the increase in purchasing decisions for shrimp paste at UD. Dua Putra Jaya Gresik.*

**Keywords:** Price, Promotion, Purchase Decision.

### 1. INTRODUCTION

The competition in the business world is currently getting tighter, this is marked by the emergence of companies that offer various types of kitchen spice products, one of which is shrimp paste. Shrimp paste is a shrimp extract that is thickened with the addition of several types of ingredients to provide flavor, color, and an attractive consistency made from shrimp meat or shrimp heads and shells, then boiled to extract the juice (an extract containing amino acids, vitamins, minerals and flavor components). The marketing strategy often used by companies is the marketing mix, "The marketing mix is a set of controlled marketing tools combined by the company to produce the desired response from the target market" (Kotler and Armstrong, 2012:75). The marketing mix consists of product, price, place and promotion. However, in this study, the researcher focuses on the discussion of price and promotion. "Price is the overall sacrifice that consumers are willing to make in order to get a specific product or service" (Tjiptono, 2016:218).

"Promotion is an activity that communicates the benefits of a product and persuades target consumers to buy the product. Promotion functions as an attraction to encourage consumers to make purchasing decisions" (Kotler and Armstrong, 2012:76).

"A purchasing decision is a process in which consumers recognize their problems, seek information about a particular product or brand and evaluate how well each alternative can solve their problems, which then leads to a purchasing decision" (Tjiptono, 2014:21).

UD. Dua Putra Jaya Gresik is *ahome industry* which is engaged in the shrimp paste sector located on Jl. Sidorukun RT. 01 RW. 01 Gumeng Village, Bungah District, Gresik Regency. UD. Dua Putra Jaya Gresik was founded in 1979 by Mr. Mujahidin. Dua Putra Jaya shrimp paste is attractively packaged in various sizes including: 500 g, 1 kg, 4 kg, 6 kg, and 12 kg packages.

The advantages of UD. Dua Putra Jaya Gresik are that it has a distinctive shrimp paste taste with a soft texture made from natural ingredients and fresh shrimp quality. The quality of shrimp paste from UD. Dua Putra Jaya Gresik is very well maintained to support the aspect of price suitability with quality and benefits that will be received by consumers.

The pricing of UD. Dua Putra Jaya Gresik is less affordable for the general public, although the price set is in accordance with the quality of shrimp paste from UD. Dua Putra Jaya Gresik which is good, but shrimp paste with a cheaper price is preferred by the general public, resulting in the price competitiveness of UD. Dua Putra Jaya Gresik in the market is still low. For the promotion aspect carried out by UD. Dua Putra Jaya Gresik is still not optimal. So far, UD. Dua Putra Jaya Gresik has only implemented several aspects of promotion including direct marketing, public relations, but has not implemented other aspects such as advertising, sales promotion, and individual sales, so it has not been able to control the market.

## 2. RESEARCH METHODS

### 2.1 Location and Type of Research

The research location in this study is UD. Dua Putra Jaya Gresik located on Jl. Sidorukun RT. 01 RW. 01 Gumeng Village, Bungah District, Gresik Regency. This type of research uses a descriptive method with a quantitative approach. The use of this quantitative method is because this method can describe and interpret the current conditions and to find out how price and promotion affect the decision to purchase shrimp paste at UD. Dua Putra Jaya Gresik.

### 2.2 Research Variable Indicators

In this study there are 2 (two) variables, including the following:

#### 1. Independent Variable

The independent variables in this study are: Price (X1) and Promotion (X2)

#### 2. Dependent Variable

The dependent variable in this study is: Purchase Decision (Y).

### 2.3 Population, Sample and Technique Sampling

The population in this study is the total number of consumers who purchase shrimp paste at UD. Dua Putra Jaya Gresik. So the number of samples can be calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{100}{1 + 100(10\%)^2}$$

$$= 50$$

So the sample taken by the researcher was 50 respondents.

### 2.4 Method of collecting data

Data collection conducted in this study using primary data and secondary data. Primary data in this study were obtained from respondents' answers through questionnaires, interviews and observations. Secondary data sources were obtained from literature studies, namely data collection techniques carried out by reading literature and books related to the problems discussed.

### 2.5 Descriptive Statistical Test

Descriptive statistics are used to analyze data by describing or depicting the data that has been collected without intending to draw conclusions that apply to the public or generalize" (Sugiyono, 2018:147).

#### 2.5.1 Interval Analysis

Intervals have nominal (classification) and ordinal (ordering) characteristics, and there are *equal intervals* or describe *equal spacing between members*, the interval size has nominal and ordinal properties, plus the size can determine the amount of distance between categories" (Silalahi, 2017: 339). The tendency of the variation in respondents' answers to the research variables is determined based on the frequency distribution with alternative code answer choices as follows:

- |    |     |                     |           |
|----|-----|---------------------|-----------|
| 1. | STS | = Strongly Disagree | = score 1 |
| 2. | TS  | = Disagree          | = score 2 |
| 3. | N   | = Neutral           | = score 3 |
| 4. | S   | = Agree             | = score 4 |
| 5. | SS  | = Strongly Agree    | = score 5 |

#### 2.5.2 Validity Test

In this research validity test is done by correlating between the scores of instrument items in a factor and correlating the factor scores with the total score. If the correlation of each factor is positive and the value is 0.3 or

above, then the factor is *construct* strong and if the correlation is  $<0.30$ , it can be concluded that the instrument item is invalid, so it must be corrected or discarded (Sugiyono, 2018:152).

### 2.5.3 Reliability Test

Reliability is conducting a reliability test to test the reliability or trustworthiness of the disclosure tool from the data. "A questionnaire or survey is said to be reliable if the respondent's answers to the questions are consistent or stable over time will get the same data" (Sugiyono, 2018:267).

## 2.6 Multiple Regression Analysis

Multiple regression analysis is used to predict the value of the dependent variable of purchasing decisions (Y) by taking into account the values of the independent variables, namely price (X).1) and promotion (X2) so that the positive or negative influence can be known, in this study using the help of the SPSS 24.00 software application for Windows.

### 2.6.1 Hypothesis Testing

A hypothesis is a temporary answer to the formulation of a research problem, where the formulation of the research problem has been stated in the form of a question sentence" (Sugiyono, 2018:63).

### 2.6.2 t-Test (Partial)

Testing the influence of price and promotion on purchasing decisions for shrimp paste from UD. Dua Putra Jaya Gresik. Can be done by partial statistical testing by comparing  $t_{count}$  with  $t_{table}$ , if  $t_{count} \geq t_{table}$   $H_0$  is in the rejection area or is rejected (significantly affected).

### 2.6.3 F Test (Simultaneous)

The F Statistic Test is used to show whether all variables *independent* or independent included in the model have a joint influence on the variables *dependor* bound" (Ghozali, 2011:98). When the value of  $F_{count} \geq$  of  $F_{value}$   $t_{table}$ , then the independent variables together have an influence on the dependent variables and If the significance (sig)  $< 0.05$ , it can be said to have a positive and significant influence.

## 3. RESULTS AND DISCUSSION

### 3.1 Description of Respondent Characteristics

Respondents in this study were 50 people, namely the selection of samples from anyone who happened to be there or met. The number of samples obtained was based on the Slovin formula. Population data obtained from visitors to UD. Dua Putra Jaya Gresik was 100 people. Each respondent was given a questionnaire to provide answers to the questions that had been provided.

1. Male gender 35 people or 70% and from the total respondents female gender as many as 15 people or 30%. it can be concluded that consumers of UD. Dua Putra Jaya Gresik are more dominant male gender.
2. Based on Age  
The largest number of respondents were aged 26-35 years, which was 24 respondents or 48%. Then followed by respondents aged 36-45 years, which was 18 respondents or 36%, while the smallest number of respondents were aged 15-25 years, which was 8 respondents or 16%. It can be concluded that consumers of UD. Dua Putra Jaya Gresik are between the ages of 26-35 years.
3. Based on Education  
Characteristics based on education are known that most consumers of shrimp paste from UD. Dua Putra Jaya Gresik have high school/diploma education, as many as 33 people or 66% of all respondents.
4. Based on Job  
Characteristics based on work show that 19 respondents or 38% of the total respondents work as traders/entrepreneurs.

### 3.2 Variable Description Analysis

Descriptive statistical descriptions are used to describe respondents' answers regarding indicators of research variables including price, promotion and purchasing decisions.

#### 1) Price (X1)

##### Price Description Table (X1)

Price Variable	Rate-rate
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Price Affordability	4,10
Price Match Ability	4,06
Price Match with Quality	3,96
Price Match with Benefit	4,56
<b>Total rate-rate</b>	<b>4,17</b>

Based on the data above, it shows that the overall average score of the price variable is 4.17. It can be said that the average is categorized as a respondent strongly agree with this because respondents feel that their needs and desires are fulfilled in buying shrimp paste which is able to show consumer characteristics.

## 2) Promotion (X2)

### Promotion Description Table (X2)

Promotion Variables	Rate-rate
Advertising	4,06
Sales Promotion	3,92
Personal Sales	3,98
Public relations	3,97
Direct Marketing	3,96
<b>Total rate-rate</b>	<b>3,98</b>

Based on the data above, it shows that the overall average score of the promotion variable is 3.98. It can be said that the average respondent is categorized as agreeing to this because the respondent feels that their needs and desires are met in buying shrimp paste which is able to show consumer characteristics.

## 3) Purchase Decision (Y) Decision Description Table Purchase

Based on the data above, it can be said that the average answer to the purchasing decision variable is 3.98. This proves that respondents agree with the statements that have been given in the questionnaire, after they know what benefits are received with the price offered according to the quality, they make a purchasing decision.

### 3.3 Validity Test Results

Validity testing in this study was conducted using factor analysis, namely by correlating between instrument item scores in a factor and correlating factor scores with total scores. If the correlation of each factor is positive and is 0.3 or above, then the factor is *construct* strong and if the correlation < 0.30, then the instrument item is not valid, so it must be corrected or discarded.

#### 1) Price (X1)

##### Price Validity Test Results

Item	r <sub>count</sub>	r <sub>table</sub>	Information
X1.1	0,496	0,2787	Valid
X1.2	0,648	0,2787	Valid
X1.3	0,628	0,2787	Valid

X1.4	0,554	0,2787	Valid
X1.5	0,658	0,2787	Valid
X1.6	0,644	0,2787	Valid
X1.7	0,596	0,2787	Valid

## 2) Promotion (X)2)

### Promotion Validity Test Results

Item	rcount	rtable	Information
X2.1	0,621	0,2787	Valid
X2.2	0,588	0,2787	Valid
X2.3	0,647	0,2787	Valid
X2.4	0,446	0,2787	Valid
X2.5	0,577	0,2787	Valid
X2.6	0,724	0,2787	Valid
X2.7	0,655	0,2787	Valid

## 3) Purchase Decision (Y)

### Decision Validity Test Results Purchase

Item	rcount	rtable	Information
AND 1	0,662	0,2787	Valid
AND 2	0,790	0,2787	Valid
AND 3	0,454	0,2787	Valid
AND 4	0,738	0,2787	Valid
AND 5	0,653	0,2787	Valid
AND 6	0,746	0,2787	Valid
AND 7	0,674	0,2787	Valid

The validity test analysis table above shows that all items of the price variable statement (X1), promotion (X2), and the purchasing decision (Y) is said to be valid, because the values of each statement item are greater than (0.2782). Thus, all of the questions can be used and trusted.

## 3.4 Reliability Test Results

Results of statistical tests *Cronbach Alpha* ( $\alpha$ ) will determine whether the instrument used in the research is reliable or not. A questionnaire is declared reliable if the value *Cronbach Alpha* ( $\alpha$ ) > 0.60. After conducting a reliability test using the SPSS program on the research variables used, the results can be seen in the table below:

## 3.5 Reliability test results table

Variable	Cronbach's Alpha	Mark Critical	Information
X1	0,709	0,60	Reliable
X2	0,715	0,60	Reliable
AND	0,799	0,60	Reliable

The description of the table above is as follows:

1. Price Variable (X1) with an Alpha value of 0.709 greater than 0.60. So the price variable is proven to be reliable or can be used.
2. Promotion Variable (X2) with an Alpha value of 0.715 greater than 0.60. So the promotion variable is proven to be reliable or can be used.
3. The purchasing decision variable (Y) with an Alpha value of 0.799 is greater than 0.60. So the purchasing decision variable is proven to be reliable or can be used.

### 3.6 Multiple Linear Regression Analysis

Multiple linear regression analysis in this study was used to determine whether the Price variable (X1) and Promotion (X2), influences consumer purchasing decisions (Y). Analysis using *software SPSS computer for Windows*, the results of the analysis using SPSS are displayed in the table below.

Multiple Regression Analysis Table Coefficients <sup>a</sup>				
Model	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
(Constant)	4.518	2.097	2.155	,036
X1	-.692	,170	-4.071	,000
X2	1.538	,163	9,413	,000

Based on the table, the following regression formula can be obtained:

$$Y = 4.518 + (- 0.692) X1 + 1,538 X2$$

The regression equation can be concluded as follows:

1) Constant

If the price and promotion variables are considered equal to zero, then the purchasing decision variable is 4.518.

2) Price Coefficient (X1)

If the price variable increases by 1 unit, while the promotion is considered constant, it will cause an increase in purchasing decisions of 0.692 or a decrease of 0.692.

3) Promotion coefficient (X2).

If the promotion variable increases by 1 unit, while the price is considered constant, it will cause an increase in purchasing decisions of 1.358 or a decrease of 1.358.

#### 4. DISCUSSION

Based on the research and analysis conducted by the researcher using the SPSS tool, the results of this study are as follows:

##### 4.1 Results of respondent description analysis

The results of the descriptive analysis of respondents who purchased shrimp paste from UD. Dua Putra Jaya Gresik show that of the total respondents, 35 people or 70% were male, 24 respondents or 48% were aged between 26-35 years, and had a high school/diploma education.

33 people or 66% of all respondents, it is known that the majority work as traders/entrepreneurs, namely 19 respondents or 38% of all respondents.

This shows that the majority of respondents are male with an age range of 26 to 35 years and work as entrepreneurs. Basically, a man aged 26-35 years is someone who tends to be consumptive and not sensitive to prices, but the results of this study show that they are sensitive to prices, this is because most of the consumers of shrimp paste UD. Dua Putra Jaya are *areseller*, in this case they buy not for their own consumption but they buy shrimp paste in large quantities and resell it to end consumers.

##### 4.2 Results of Multiple Correlation (R)

From the correlation test, the multiple coefficient value (R) between price and promotion factors on purchasing decisions is 0.896, which means that there is a very strong influence where price and promotion factors influence the purchasing decision of UD. Dua Putra Jaya shrimp paste by 89.6%.

##### 4.3 Determination Test Results ( $R^2$ )

Meanwhile, from the determination test, it can be concluded that the independent variables in this study are able to explain 0.803 or 80.3% of consumer purchasing decisions at UD. Dua Putra Jaya Gresik. While the remaining 19.7% is explained by other variables not included in this study.

#### 4.4 Hypothesis Testing

##### 4.4.1 t-TEST (Partial)

###### a. The Influence of Price on Purchase Decisions

The test results were conducted based on a questionnaire filled out by respondents stating that the price of shrimp paste from UD. Dua Putra Jaya Gresik was classified as very good with an average of 4.17 which included four indicators, namely price affordability, price according to ability or price competitiveness, price suitability with product quality, and price suitability with the benefits obtained, then the results in table 4.31 obtained a t value.count for the price variable of -4.071 is smaller than ttable namely - 1.67722 with a significance value of 0.00 less than  $\alpha = 0.05$  so that H1 significant effect. This means that the hypothesis stating that price has a significant effect on purchasing decisions can be accepted or proven true. The results of this study are in accordance with the opinion of a study conducted by Apriatni, Yulizar Ahmad (2018), entitled the influence of price and promotion on purchasing decisions for ACER brand laptops. That price has a significant effect on purchasing decisions. The more affordable the price set by the manufacturer, the more the decision to purchase shrimp paste from UD. Dua Putra Jaya Gresik will increase.

###### b. The Influence of Promotion on Purchase Decisions

The test results were conducted based on questionnaires filled out by respondents stating that the promotion of shrimp paste by UD. Dua Putra Jaya Gresik was classified as good with an average of 3.98 which included five indicators, namely Advertising, sales promotion, personal selling, public relations, and direct marketing, so that the results in table 4.31 obtained a t value.count for the promotion variable, 9.413 is greater than ttable namely -1.67722 with a significance value of 0.00 which means less than  $\alpha = 0.05$  so that H2 has a positive and significant effect. This means that the hypothesis stating that promotion has a positive and significant effect on purchasing decisions can be accepted or proven to be true.

##### 4.4.2 F test results (Simultaneous)

The test results were conducted based on questionnaires filled out by respondents stating that the price and promotion of shrimp paste from UD. Dua Putra Jaya Gresik were classified as very good with an average of 4.08, so the results in table 4.32 obtained an F value.count of 95.592 with a significance value = 0.000 which is smaller than  $\alpha = 0.05$ . The F valuecount (95,598) > F table(4,04), until H3 has a positive and significant effect. This means that the hypothesis stating that price and promotion simultaneously have a positive and significant effect on purchasing decisions can be accepted or proven to be true.

## 5. CONCLUSION AND SUGGESTION

### 5.1 Conclusion

The conclusions that can be drawn by researchers from the results of research conducted at UD. Dua Putra Jaya Gresik are as follows:

- 1) The price variable (X1) has a partial positive and significant effect on purchasing decisions (Y). This is proven by the calculated t value being greater than the t table value, namely  $t_{count} (-4,071) > t_{table} (-1,67722)$ .
- 2) The promotion variable (X2) has a partial significant effect on purchasing decisions (Y). This is proven by the calculated t value being greater than the t table value, namely  $t_{count} (9,413) > t_{table} (1,67722)$ .
- 3) Simultaneously (together) the price variables (X1) and promotion (X2) have a significant influence on purchasing decisions (Y). This is proven by the greater F-count value than the Ftable value of  $F_{count} (95,598) > F_{table} (4,04)$ .

### 5.2 Suggestion

Based on the conclusions obtained in this study, the following suggestions are proposed as a complement to the research results:

- 1) UD. Dua Putra Jaya Gresik must set affordable product prices so that consumer purchasing decisions increase.
- 2) UD. Dua Putra Jaya Gresik must increase their promotional activities so that consumer purchasing decisions increase.

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