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EFFECT OF PRODUCT, PRICE, PROMOTION, DISTRIBUTION CHANNEL, AND SERVICE QUALITY ON PURCHASE DECISION (CASE STUDY: MSMEs BRICK CRAFT IN BUNTAGE HAMLET, GIRI SASAK)

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ABSTRACT

This study aimed at investigating the effect of product, price, promotion, distribution channel, and service partially on the purchase decision for brick craft at one of MSMEs named UD Maju Terus in Giri Sasak and to finding out the variabel which having the most dominant effect on the purchase decision. This study used an associative research model. The population in it were all customers of UD Maju Terus. The sampel of this study was as many 60 respondents. The sampel was drawn using purposive sampling technique. The data were gathered by distributing closed questionnaires using Likert scale. They were analysed using multiple liniear regression method. The partial effect were tested by using t-test while the most dominant effect were tested by using Dominant Test (Standardized Coefficient Beta). The result of study tested partially showed that Product (X_1), Price (X_2). Promotion (X_3), Distribution Channel (X_4), Service Quality (X_5), had significant effects on the purchase decision at UD Maju Terus. This was shown by t-test results where each variabel had a t-count value greater than t-table value. The distribution channel (X_4) was the most dominant variable affecting the purchase decision for brick craft at UD Maju Terus, Giri Sasak. The result of the regression equation in this study was Y = 0,0358 + 0,0181 X1 + 0,252 X2 + 0,213 X3 + 0, 284 X4 + 0,165 X5

Keywords : Product, Price, Promotion, Distribution Channel, Service Quality, Purchase Decision

INTRODUCTION

One of the important issues in the MSMEs sector is managing the marketing aspect as well. The marketing aspect pays attention not only on how products can be sold, but also how they manage satisfactory service for customers, so that they finally decide to make a purchase. This study analyzes business sustainability of MSMEs brick crafts at UD Maju Terus in Buntage Hamlet, Giri Sasak, by observing customer preferences in terms of purchasing decisions through variables such as products, prices, promotions, distribution channels, as well as service quality. Products are more than just things that can be measured. In a broad sense, a product includes physical goods, services, people, organizations, ideas or a combination of those. Therefore, a product is more than just a set of visible figures. Consumers tend to view products as complex bundles of benefits that satisfy their needs (Ginting, 2011:90). Price is the value of a product to exchange for another product. This value can be seen in barter situations i.e. the exchange between goods and goods.

Right now our economy is not bartering anymore, but it is already using money as a measure of so-called price (Alma, 2011:169). Promotions are activities that convey the benefits of a product and persuade customers to buy it (Kotler dan Armstrong, 2010:76). Distribution Channels, products that have been made need to be distributed to get into consumers, either through distribution channels, intermediaries or sent directly to consumers to facilitate the flow of goods from producers to consumers in the form of goods and services (Sudaryono, 2016:220). Service Quality can be interpreted as a flaw-free product. In other words, the product complies with standards (targets, goals or requirements that can be defined, observed and measured) (Tjiptono dan Chandra, 2017:87). Purchasing decisions can be interpreted when consumers were forming preferences between brands in a choice set. Consumers may also form an intention to buy the most preferred brand (Kotler dan Keller, 2014:188).

LITERATURE REVIEW

Previous study, Putro and Farida (2014) was about the effect of marketing mix on purchasing decisions of SME food products. The technique used in this study is Multiple Linear Regression Analysis. They result shown that variable of product, promotion and distribution has a partial effect on purchase decision, while price variable is not. Subsequent research was conducted by Candra, et al (2019), regarding marketing mix on purchasing decisions in MSMEs, they're using 100 respondents as samples taken by accidental sampling technique. According to research conducted by Maharani (2019), it was found that independent variables of service quality partially had an effect on dependent variables of purchasing decisions. According to previous research conducted by Natakusumah & Yuliati (2016), their research using 400 customers who serve as respondents. The sampling technique used is incidental nonprobability sampling. The data were analyzed using multiple linear regression analysis. According to the results of the study, it was found that partially variable of product, price, place, and promotion had a positive effect on purchasing decisions, where the product variable has the most dominant value. The next research came from Firdaus, et al (2021), as for the effect of the variables studied included: product, price, place, promotion, and service on purchasing decisions. By using 60 respondents who were taken by simple random sampling technique, it was found that product variable had the highest value.

METHOD

The research method used in this research is associative research method. This method aims to determine relationship between two or more variables (Sugiyono, 2014:36). The technique used in this research is through observation, interview, documentation and closed questionnaire.

The population in this study is the entire consumer who can not be known the exact number who made the purchase of bricks in UD Maju Terus Dusun Buntage, Giri Sasak. Samples are part and number of characteristics possessed by a particular population (Sugiyono, 2014:81). This study uses six variables consisting of five independent variables and one dependent variable. The number of samples is known by using the formula n x 10, then the number of respondents who were sampled in this study as many as 6 variables x 10 = 60 respondents. The technique used in this study is nonprobability sampling. Nonprobability sampling is a sample collection technique that does not provide equal opportunities for every element or member of the population to be selected into a sample using a purposive sampling approach. Purposive sampling is a sampling technique with certain considerations (Sugiyono 2014:84-85). In this study, primary data obtained in the form of sales data, history of UD Maju Terus, documentation in the form of photos and through questionnaires in the form of consumer perception.

Multiple linear regression analysis is an analytical tool used to determine the relationship between the independent variables (variation of products, prices, promotions, distribution channels and service quality) and the dependent variable (purchase decisions). The multiple linear regression formulas in this study are:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Annotations:

Y : Purchase Decision
α : Constant/intercept value if independent variable is zero
$\beta_1 \ldots \beta_5$: The regression coefficient of each independent variable or the magnitude of the value of the independent variable's influence on the dependent variable.
X_1 : Product Variable
X_2 : Price Variable
X_3 : Promotion Variable
X_4 : Distribution Channel Variable
X_5 : Service Quality Variable

RESULT AND DISCUSSION

According to table 1, it can be known that the variables such as Product (X_1), Price (X_2), Promotion (X_3), Distribution Channel (X_4), Service Quality (X_5), and Purchase Decision (Y) has the result of the calculation for each variable, where the value of r count is greater than r table, therefore it can be concluded that all statement items are declared valid.

Table 1. Validity Test Results Table

Variabel	r count	r table	Annotations
Product (X_1)			
$X_{1.1}$	0.762		
$X_{1.2}$	0.843	0.1678	Valid
$X_{1.3}$	0.834		
Price (X_2)			
$X_{2.1}$	0.905		
$X_{2.2}$	0.856	0.1678	Valid
$X_{2.3}$	0.657		
$X_{2.4}$	0.748		
Promotion (X_3)			
$X_{3.1}$	0.692	0.1678	Valid
$X_{3.2}$	0.693		
Distribution Channels (X_4)			
$X_{4.1}$	0.784		
$X_{4.2}$	0.725	0.1678	Valid
$X_{4.3}$	0.646		
Service Quality (X_5)			
$X_{5.1}$	0.927		
$X_{5.2}$	0.888		
$X_{5.3}$	0.801	0.1678	Valid
$X_{5.4}$	0.792		
$X_{5.5}$	0903		
Purchase Decision (Y)			
$Y_{1.1}$	0.764		
$Y_{1.2}$	0.665	0.1678	Valid
$Y_{1.3}$	0.526		
$Y_{1.4}$	0.497		

Source : SPSS Data Processing Results

According to reliability tests which conducted on questionnaires, it has been obtained that the Cronbach Alpha value of all questionnaire items for each variable is greater than 0.6. So it can be concluded that all questionnaire items for each variable are reliable.

Table 2. Reliability Test Results Table

Variable	***Cronbach Alpha***	Minimum Reliability	Annotations
Product (X_1)	0.906	0.6	Reliable
Price (X_2)	0.898	0.6	Reliable
Promotion (X_3)	0.802	0.6	Reliable
Distribution Channel (X_4)	0.835	0.6	Reliable
Service Quality (X_5)	0.949	0.6	Reliable
Purchase Decision (Y)	0.790	0.6	Reliable

Source : SPSS Data Processing Results

Table 3. Kolmogorov Smirnov Z Test Table

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	.33314434
Most Extreme Differences	Absolute	.140
	Positive	.085
	Negative	-.140
Kolmogorov-Smirnov Z		1.087
Asymp. Sig. (2-tailed)		.187

a. Test distribution is Normal.

Based on the table above, it can be known that the probability value (sig) Kolmogorov-Smirnov Z is 0.187 which is greater than 0.05. It can be said that residual value has been distributed normally

Table 4. Multicollinearity Test Table

Variabel	Tolerance	VIF
Product (X_1)	0.605	1.641
Price (X_2)	0.406	2.452
Promotion (X_3)	0.457	2.223
Distribution Channel (X_4)	0.618	1.634
Service Quality (X_5)	0.529	1.915

Source : SPSS Data Processing Results

According to the table above, it can be known that the magnitude of tolerance value for each variable is more than 0.1 and the VIF value for each independent variable is less than 10. It can be concluded that there is no symptom of multicollinearity between independent variables in the regression model equation that has been used.

Table 5. Heteroscedasticity Test Results Table

Variable	Significance
Product (X_1)	0.802
Price (X_2)	0.851
Promotion (X_3)	0.542
Distribution Channel (X_4)	0.471
Service Quality (X_5)	0.602

Source : SPSS Data Processing Results

According to the table above, it can be known that the probability value (sig.) between the independent variables and a residual absolute value is more than 0.05, so that the regression model is not affected by heteroscedasticity symptoms.

Table 6. Multiple Linear Regression Test Results Table

Model		Unstandardized Coeffients	
		B	Std. Error
1	**(Constant)**	.358	.382
	Product .x1	.181	.080
	Price .x2	.252	.109
	Promotion .x3	.213	.099
	Distribution Channel .x4	.284	.084
	Service Quality .x5	.165	.081

Source : SPSS Data Processing Results

According to the regression equation obtained above, it can be explained that the variable of Products (X_1), Price (X_2), Promotions (X_3), Distribution Channels (X_4), Service Quality (X_5) have an effect on the purchase decision (Y). Constant value of 0.358 indicates that if the independent variable is in a fixed or constant state, then the value of the purchase decision is 0.358 units. Value β1 indicates a value of 0.181 and has a positive coefficient of regression, it indicates a direct affected between the variable Product (X_1) on the purchase decision variable (Y) which means that if there is an addition to the variable Product (X_1) as much as 1 unit, then the purchase decision (Y) will increase by 0.181 units. Assuming other independent variables are in a fixed or constant state. Value β_2 indicates a value of 0.252 and has a positive coefficient of regression, it indicates the direct affected between the variable Price (X_2) on the purchase decision variable (Y) which means that if there is an addition to the variable Price (X_2) as much as 1 unit, then the purchase decision (Y) will increase by 0.252 units. Assuming other independent variables are in a fixed or constant state. Value β3 indicates a value of 0.213 and has a positive coefficient of regression, it indicates a direct affected between the Promotion variable (X_3) on the purchase decision variable (Y) which means that if there is an addition to the Promotion variable (X_3) as much as 1 unit, then the purchase decision (Y) will increase by 0.213 units. Assuming other independent variables are in a fixed or constant state. Value β_4 indicates a value of 0.284 and has a positive coefficient of regression, it indicates a direct affected between the Channel Distribution (X_4) on the purchase decision variable (Y) which means that if there is an addition to the Channel Distribution variable (X_4) as much as 1 unit, then the purchase decision (Y) will increase by 0.284

units. Assuming other independent variables are in a fixed or constant state. Value β_5 indicates 0.165 and has a positive coefficient of regression, it indicates a direct affected between variabel Service Quality (X_5) on the purchase decision variable (Y) which means that if there is an addition to the Channel Distribution variable (X_4) as much as 1 unit, then the purchase decision (Y) will increase by 0.165 units. Assuming other independent variables are in a fixed or constant state.

Table 7. T test Results

Variabel	t count	t table	Significance
Product (X_1)	2.305	2.005	0.025
Price (X_2)	2.294	2.005	0.025
Promotion (X_3)	2.183	2.005	0.034
Distribution Channel (X_4)	3.352	2.005	0.001
Service Quality (X_5)	2.031	2.005	0.047

Source : SPSS Data Processing Results

The significance level is 0.025 which smaller than 0.05, and t count (2.305) is greater than t table (2.005), so that Ho is rejected and Ha is accepted. It means Product (X_1) has a significant effect on the Purchase Decision (Y) partially. The significance level is 0.025 which smaller than 0.05, and t count (2.294) is greater than t table (2.005), so that Ho is rejected and Ha is accepted. It means Price (X_2) has a significant effect on Purchase Decision (Y) partially. The significance level is 0.034 which smaller than 0.05, and t count (2.183) is greater than t table (2.005), so that Ho is rejected and Ha is accepted. It means Promotion (X_3) has a significant effect on Purchase Decision (Y) partially. The significance level is 0.001 which smaller than 0.05, and t count (3.352) is greater than t table (2.005), so that Ho is rejected and Ha is accepted. It means Distribution Channel (X_4) has a significant effect on Purchase Decision (Y) partially. The significance level is 0.047 which smaller than 0.05, and t count (2.031) is greater than t table (2.005), so that Ho is rejected and Ha is accepted. It means Service Quality (X_5) has a significant effect on Purchase Decision (Y) partially.

Table 8. Standardized Coefficient Beta Value Table

Variabel	Standardized coefficient beta
Product (X_1)	0.205
Price (X_2)	0.250
Promotion (X_3)	0.225
Distribution Channel (X_4)	0.299
Service Quality (X_5)	0.195

Source : SPSS Data Processing Results

According to the table above, it can be seen that the largest standardized coefficient beta value is found in the Distribution Channel variable (X_4). Thus, the independent variable that has the dominant effect on the Purchase Decision (Y) is the Distribution Channel (X_4).

Table 9. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.860[a]	.741	.716	.34823	2.246
a. Predictors: (Constant), mean.x5, mean.x3, mean.x4, mean.x1, mean.x2					
b. Dependent Variable: mean.y1					

According to test results, the value of multiple determination coefficient (R^2) is 0.741, which indicates that from the 74% total equation of change in the Y value is effected by five independents variables studied, while 0.26 or 26 % remaining is effected by other variables that are not included in the analysis model.

CONCLUSION

According to the problems that have been described, it can be concluded as follows: Each of independent variable has a significant effect on Purchase Decision (Y) partially. It proven by the results of the t test, where the value of each t-count variable is greater than t-table. with a significant level of less than 0.05, It is known that the product variable (X_1) is 2.305>2.005; Price (X_2) is 2.294>2.005; Promotion (X_3) is 2.183>2.005; Distribution Channel (X_4) is 3.352>2.005; and Service Quality (X_5) is 2.031>2.005. Variable of Price (X_2) has a significant effect on Purchase, thus the second hypothesis (H_2) which states that Price has an insignificant effect on Purchase Decision partially is rejected. Variable of Distribution Channel (X_4) is the most dominant variable among others on Purchase Decision (Y), where Distribution Channel variable (X4) has a standardized coefficient beta value of 0.299 while Product Variable (X_1) is 0.205. Thus, the sixth hypothesis (H_6) which states that effect of Product Variable (X_1) thought to be the most dominant on Purchase Decisions (Y) is rejected. Regarding the access to brick factory, it is expected that in the future distribution channels issue could be more accessible to more customers, either through maps or GPS. For the next researchers, this research can be redeveloped by adding the number of

variables such as people, processes, and physical evidence; in order to provide benefits in developing business strategies.

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