

DISCOUNTS AND PROMOTIONS ON PURCHASE DECISION

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Abstract:

One of the primary human needs is clothing or fashion. The abundance of various fashion products, especially clothing on the market, affects a person's behavior, towards the use and purchase of products no longer to meet needs but desires. Moreover, the number of retail companies in the world of similar fashion causes intense competition. This study aims to determine the effect of discounts and promotions on Simplicity brand clothing purchasing decisions at the Plaza Surabaya store. The population in this study is Simplicity Customers at Plaza Surabaya. The sampling method used is non-probability sampling with purposive sampling technique, and the number of samples is 70 respondents. Data collection techniques through direct questionnaires. The data analysis technique used Partial Least Square (PLS). The results showed that the Discount variable did not contribute to the Purchase Decision, while the Promotion variable contributed to the Purchase Decision at the Simplicity Plaza Surabaya store.

Keywords:

Discount, Promotion, Purchase Decision.



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INTRODUCTION

Clothing is not just a necessity to cover parts of the body from the weather. But with the development of the times and technology, clothing has become a lifestyle and appearance to support daily activities and activities. As a result, there is a narrowing of the meaning of the fashion world in today's world; fashion is defined as a style of dress or behavior that applies at a certain time, with a strong implication that fashion is characterized by changing trends. It makes the fashion world a very profitable business field; it has become an industry with extraordinary economic movements. In the current era of disruption, companies are required to have innovations and new breakthroughs. The obstacles faced by fashion retail today are from fellow local fashion retail companies and foreign countries. Coupled with the disruptive wave in the digital economy that changes consumer spending patterns, from making purchases at each brand's outlets, now turning to shopping and making purchases online or online.

Table 1 Simplicity Plaza Surabaya Store Sales Data in 2019

Month	Sales
January	Rp 57.755.800

Febuary	Rp	50.284.450
Marvj	Rp	55.659.000
April	Rp	70.453.000
May	Rp	179. 814.940
June	Rp	100.630.470
July	Rp	46.833.590
August	Rp	56.618.300
September	Rp	59.250.650
October	Rp	65.075.750
November	Rp	50.371.900
December	Rp	38.254.100

Source: Store Simplicity Plaza Surabaya

In the table above, Simplicity stores have experienced a fluctuating decline; this may be due to the many similar retail fashion companies that apply various discounts or price cuts and more attractive promotions. In this study, researchers took a study at Simplicity Plaza Surabaya outlets. Researchers conducted a pre-survey related to discounts and promotions applied by Simplicity Plaza Surabaya, which showed that consumers made purchasing decisions due to discounts, but in terms of consumer promotions, they did not find special promotions related to products sold at the Simplicity Plaza Surabaya store.

According to Kotler (2007), the definition of discount is a basic price adjustment to reward customers for certain reactions such as early bill payments, purchase amounts, etc. Discounts are also discounts given by the seller to the buyer as a reward for certain activities from the buyer that please the seller (Tjiptono 2008). And according to Kotler & Keller (2007), the company will adjust the price and give discount prices, discounts, and allowances for faster payments, purchases in bulk, and purchases out of season.

Discount indicators, according to Kotler and Keller (2006), are:

- a. The size of the discount
- b. The duration of the discount
- c. Types of products that get a discount
- d. Frequency of discounting

According to Kotler and Armstrong (2014), promotion is an activity that communicates the advantages of a product and persuades customers to buy the product. The purpose of promotion is to provide information, attract attention, and then give the influence to increase sales (Manap, 2016). The promotion indicators, according to Kotler and Keller (2007):

Promotion frequency is the number of sales promotions carried out at a time through sales promotion media

1. Promotional quality is a measure of how well a sales promotion is carried out.
2. Promotional quality is the value or amount of sales given to consumers.
3. Promotion time is the length of promotion carried out by the company.
4. Accuracy or suitability of promotional targets is a necessary factor in achieving the company's desired target.
5. The Effect of Discounts on Purchase Decisions

Discounts are attractive discounts, so the actual price is lower than the general price (Nigsih, 2017). According to (Boyd et al., 2009) in Putra, et al. (2016), the discount is a simple form of sales promotion because it is only a temporary reduction in product prices. After consumers know there is a discount or price discount on a product, consumers begin to be interested in making a purchase transaction; the discount becomes an attraction that influences purchasing decisions. Thus, this discount or rebate makes consumers sure of the purchase decision they will make. The results of Yulfianto's research (2016) state that the discount variable impacts consumer purchasing decisions at Ramayana Mall Dinoyo; the discount is given can improve consumer purchasing decisions at Ramayana Dino. It means that the discount or discount is given must have a distinct impression for consumers so that consumers are interested in making purchase transactions, giving discounts or discounts that impact purchasing decisions.

H1: It is suspected that discounts positively affect purchasing decisions for simple products at the Plaza Surabaya store.

According to Alma (2013), the purchase decision is a consumer decision that is influenced by the financial economy, technology, politics, culture, product, price, location, promotion, physical evidence, people, and process. So that it forms an attitude in consumers to manage all information and draw conclusions in the form of responses that appear what products to buy. Of the several factors that influence consumer decisions to buy a product or service, consumers usually always consider other things, such as price, quality, and familiar products. Purchasing Decision Indicators according to Kotler and Armstrong (2011), there are four indicators of purchasing decisions, namely:

- a. Stability on a product.
- b. Habit of buying products.
- c. Provide recommendations to others.
- d. Make repeat purchases

According to Lupiyoadi (2013), promotion is a very important variable in the marketing mix carried out by companies in marketing service products. Promotion is a means of providing information to consumers that aims to influence consumers in making purchasing decisions. Therefore, promotion is a component used to provide and influence the market for the products sold by the company. Therefore, companies need innovative promotional planning; good and correct promotions will create an inherent value in the product; consumers will see and judge a product based on the promotions they know, then consumers decide to buy a product. In the research of Nangoy, et al. (2016), the promotion has a positive effect on purchasing decisions for clothing at Matahari Department Store Manado Town Square. Likewise, in research by Ahmad Yulizar et al. (2019), promotion is something that influences consumer purchasing decisions in determining which products to buy. It means that promotions have special attention in the eyes of consumers with good and correct promotions carried out by companies; consumers will be interested in seeing the value of a product so that consumers will make purchasing decisions.

H2: It is suspected that promotion positively affects purchasing decisions for simplicity products at the Plaza Surabaya store.

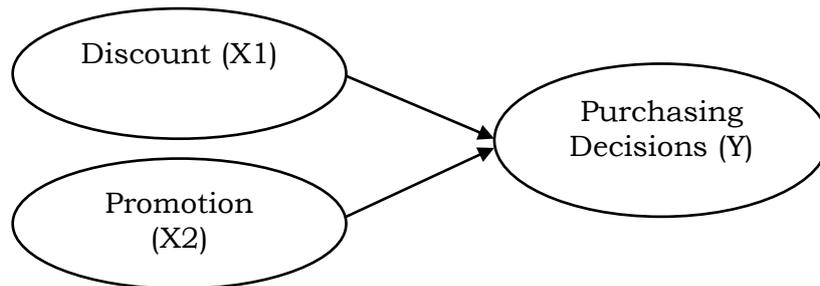


Figure 1. Conceptual Framework

METHODS

According to Sugiyono (2017), the population is a generalization area consisting of objects/subjects with certain quantities and characteristics applied by researchers to be studied and then drawn conclusions. The population in this study were all consumers who bought clothes at the simplicity store Plaza Surabaya. According to Arikunto (2015), the sample is part or representative of the population being studied. Sampling in this study used a purposive sampling technique, namely sampling based on criteria. The sample criteria in this study are:

1. Respondents aged 17 to 40 years and over
2. Respondents have purchased clothes at the simplicity store Plaza Surabaya.

Because the exact number of the population is not known, the sampling technique used is based on the sample measurement guidelines, according to Ghazali (2011). That is, the number of samples is the number of indicators multiplied by 5-10 parameters. Thus the number of samples in this study $14 \text{ (indicators)} \times 5 = 70$ respondents. Data analysis was carried out using the component-based SEM method using PLS, which was chosen as an analytical tool in this study. In addition, partial Least Square (PLS) was chosen as an analytical tool in this study. The Partial Least Square (PLS) technique was chosen because this tool is widely used for complex causal-predictive and is a suitable technique for use in prediction applications and theory development in this study. PLS is a more precise approach to prediction. It is especially true in conditions where indicators are formative. With the latent variable in the form of a linear combination of the indicators, the prediction of the value of the latent variable can be easily obtained, so that the prediction of the value of the latent variable that it affects can also be easily obtained, so that the prediction of the latent variable that is affected can also be easily done.

RESULT AND DISCUSSIONS

There are outliers when expensive. Maximum Distance > Prob. & Number of variables [=CHIINV(0.001;15) : searched through Excel] = 44.26322. From the outlier test, the value of expensive is obtained. The Maximum Distance of respondent data is 37,800, which is smaller than the specified Expensive Distance Maximum outlier of 44,26322, which means that the data has no outliers; thus, it can be said that the data has good quality and can be continued for further processing, with a sample size of 70 respondents. There are outliers when expensive. Maximum Distance > Prob. & Number of variables [=CHIINV(0.001;15) : searched through Excel] = 44.26322. From the outlier test, the value of expensive is obtained. The Maximum Distance of respondent data is 37,800, which is smaller than the specified Expensive Distance Maximum outlier of 44,26322, which means that the data has no outliers; thus, it can be said that the data has good quality and can be continued for further processing, with a sample size of 70 respondents. All reflective indicators on the Discount (X1), Promotion (X2), and Purchase Decision (Y) variables, show factor loading (original

sample) greater than 0.50 and or significant (T-Statistic value is more than Z value = 0, 05 (5%) = 1.96); thus the estimation results of all indicators have met Convergent validity or good validity. Discriminant validity can be seen by comparing the square root of Average Extracted (AVE) for each variable with the correlation value between the variables. The model has high discriminant validity if the AVE root for each variable is greater than the correlation between constructs (Ghozali, 2008).

Table 2. Average Variance Extracted (AVE)

	AVE
Discount (X1)	0.622027
Promotion (X2)	0.577043
Purchasing Decisions (Y)	0.582628

Source: Data processed 2021

The results of the AVE test for the discount variable (X1) are 0.622027, the Promotion variable (X2) is 0.577043, and Purchase Decision (Y) is 0.582628, the three variables show a value of more than 0.5, so overall, the variables In this study, it can be said that the validity is good. The results of the Composite Reliability test show that the Discount variable (X1) is 0.865147, the Promotion variable (X2) is 0.872099, and Purchasing Decision (Y) is 0.873772; the three variables show the Composite Reliability value above 0.70 so that it can it is said that all variables in this study are reliable.

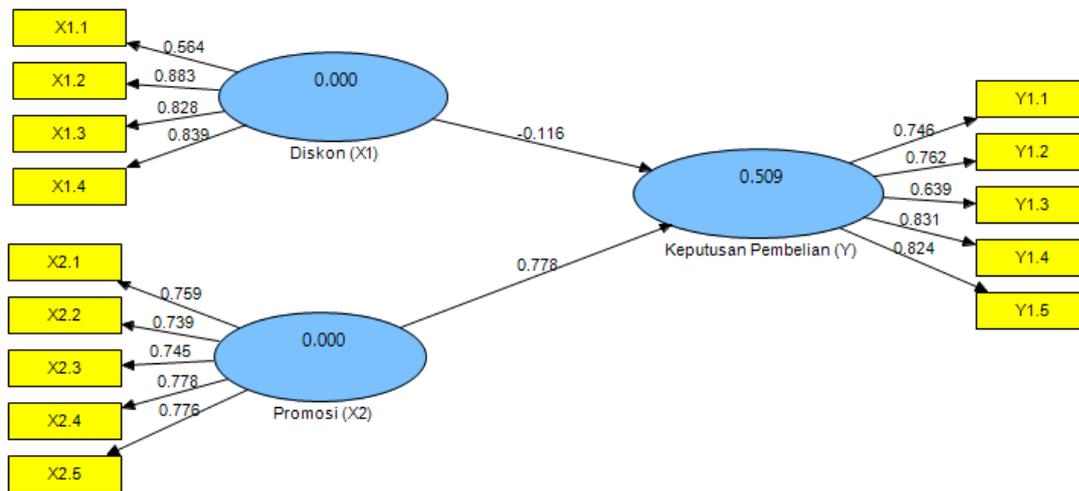


Figure 2. Outer Model with *factor loading, Path Coefficient and R-Square*

From the PLS output picture above, it can be seen the magnitude of the factor loading value of each indicator which is located above the arrow between the variables and indicators; it can also be seen the magnitude of the path coefficient, which is above the arrow line between exogenous variables and endogenous variables. In addition, it can also be seen the size of the R-square, which is right in the circle of endogenous variables (purchase decision variables). Testing of the structural model is carried out by looking at the R-Square value, which is the goodness fir model test. Testing the inner model can be seen from the R-Square value in the equation between latent variables. The R-value explains how much the exogent (independent) variable in the model can explain the endogenous variable (dependent/bound variable).

Table 3. R Square

	R Square
Discount (X1)	
Promotion (X2)	
Purchasing Decisions (Y)	0.509398

Source: Data Processed 2021

R² value = 0.509398. It can be interpreted that the model can explain the phenomenon of Purchase Decisions which are influenced by independent variables, including Discounts and Promotions, with a variance of 50.93%. At the same time, the remaining 49.07% is explained by other variables outside of this study (besides Discounts and Promotions).

Table 4. Path Coefficient (Mean, STDEV, T-Values)

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Discount (X1) -> Purchasing Decisions (Y)	-0.115596	-0.117249	0.042463	0.042463	2.722262
Promotion(X2) -> Purchasing Decisions (Y)	0.777667	0.795109	0.040435	0.040435	19.232452

Source: Data Processed 2021

1. Discount (X1) has a negative effect on Purchase Decision (Y) is acceptable, with path coefficients of -0.115596, and the T-statistic value of 2.722262 is greater than the value of $Z = 0.05$ (5%) = 1.96, then Significant (negative).
2. Promotion (X2) has a positive effect on Purchase Decision (Y) is acceptable, with a path coefficient of 0.777667, and a T-statistic value of 19.232452 which is greater than the value of $Z = 0.05$ (5%) = 1.96, then Significant (positive).

The research results show that discounts have a significant negative impact on purchasing decisions for Simplicity clothing products at the Plaza Surabaya store. However, it means that discounts can be considered in making purchasing decisions for products that consumers want. Simplicity product discounts at least still influence consumers to make purchasing decisions. However, many ordinary consumers think that discounted simplicity products are not attractive both in terms of clothing models and prices that can be said to be expensive even though they have been discounted. It can be seen from the results of the analysis of the discount variable that the indicator that has the smallest value is the attractiveness indicator in the discount. Discounts given by consumers are still less attractive to be considered in making purchasing decisions. And as for other factors in the field where consumers are not interested in the discounts provided by the Simplicity Plaza Surabaya store because the discounted clothing products do not have good enough quality and are also out of season whose models are not fashionable, trendy, and stylish anymore. It makes consumers think that discounted products cannot lure them into buying. There is no discount; consumers still buy and make purchasing decisions at the Simplicity Plaza Surabaya store. The results of this study are not in line with previous research conducted by Ningsih (2017), which states that discounts have a positive and significant effect on purchasing decisions.

Based on the research results, it is found that promotion has a significant positive effect on purchasing decisions for Simplicity clothing products at the Plaza Surabaya store. This influence shows a relationship between Promotion and Purchase Decision. The better the promotion carried out by the Simplicity Plaza Surabaya store, the more consumers purchase decisions. A good and correct promotion can be the main attraction for consumers, especially to find out information about a product. The promotions carried out by the Simplicity Plaza Surabaya store are carried out at the right time or timing; it can be seen from the results of the analysis of the promotion variables showing that the indicator that has the greatest value is the promotion time. Therefore, store Simplicity Plaza Surabaya provides promotions at a certain time or moment that consumers feel is right for deciding to make a purchase transaction. The results of this study are following research conducted by Nangoy, et al. (2016), which states that promotion has a positive influence on Purchase Decisions.

CONCLUSION

From the explanation before, it can be conclude that Discounts contribute to the decision to purchase Simplicity products at the Plaza Surabaya store. Promotion contributes to the decision to purchase Simplicity products at the Plaza Surabaya store. The Suggestion from this research are:

1. Simplicity Plaza Surabaya outlets must be able to maintain accuracy in discount programs or discounts at certain times such as Eid holidays, New Year, etc. If the company determines the discount program properly, this will support customers in making purchasing decisions.
2. In the decision to purchase Simplicity products made by consumers, they do not care whether a discount is given. Therefore, simplicity outlets do not have to give discounts to their customers but can provide alternatives such as other attractive offers such as buy one get one free product.
3. Simplicity Plaza Surabaya outlets have a good promotional role. Promotion at the right time or timing can maintain and improve customer purchasing decisions; therefore, the company must be able to manage the promotion role well.
4. This study used variables to find 50.93% of the factors influencing the decision to purchase clothes at the Simplicity Plaza Surabaya store, so there are still 49.07% of other factors not examined in this study. Researchers suggest adding product quality and brand image variables to further research

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