

The Effect of Price, Sales Promotion and Personal Selling on Purchasing Decisions at the Spare Parts Distributor Company, PT Wstandard Indonesia

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ABSTRACT

This study aims to examine and analyze the effect of price, sales promotion and personal selling on purchasing decisions at the Spare Parts Distributor Company, PT Wstandard Indonesia. This research uses descriptive quantitative and explanatory research methods. The number of population in this study is 158 customers and the number of samples calculated using the Slovin formula is 113 customers. The data analysis technique used multiple linear regression. Based on the results of data analysis, it is obtained that the partial price has a significant and negative effect on purchasing decisions while sales promotion and personal selling have a significant and positive effect on purchasing decisions. Simultaneously price, sales promotion and personal selling on purchasing decisions at the Spare Parts Distributor Company, PT Wstandard Indonesia. The magnitude of the effect of the variation in purchasing decisions which can be seen from the coefficient of determination is 40.7%, the rest is influenced by other variables of 59.3%.

Keywords: Price, Sales Promotion, Personal Selling, Purchasing Decisions

INTRODUCTION

Today's business competition is increasingly dynamic, complex, and uncertain, thus spurring company managers to be able to think creatively, innovatively in order to always provide differentiation and advantages for their company compared to its competitors. Companies are required to not only market good products, offer

them with attractive prices, and make it easy for customers who need it. Companies also need to develop effective marketing (communication) promotions, especially for consumers. The marketing function plays a very important role for companies in carrying out all activities related to the flow of goods and services since from producers to end consumers. By paying attention to sales promotion activities, it is expected that they can influence purchasing decisions.

Successful promotions at least provide separate information or messages that can change the mindset of consumers, which in turn will influence consumer behavior in order to consume the promoted product. Apart from promotion, the basis of the level of sales volume is price consideration. The reality shows that currently the price is one of the main factors that influence the purchasing decisions made by consumers. The selling price is essentially an offer to consumers. If the consumer accepts the price, the product will sell, on the other hand, if the consumer refuses it, it is necessary to review the selling price. There is a possibility that consumers have a mismatch after making a purchase because maybe the price is considered too expensive or because it is not in accordance with the previous wishes and descriptions. Thus, the right pricing strategy is needed. The pricing strategy is very important to attract consumers' attention.

PT Wstandard Indonesia is a distributor company for various types of

motorcycle spare parts under the Wstandard brand. From interviews and researchers' preliminary observations, it was found that the problems in purchasing decisions were stock items were not available for certain types of motorbikes, product delivery to customers was often late, the number of competitors from other spare parts brands, the payment period was not in accordance with customer needs and others. From the data, the achievement of the targets given every month tends to decrease.

Based on sales data, it can be seen that in 2018 the sales target was achieved only twice, namely in September and November while in February it was the lowest. This is due to the lack of active sales in that month where the working days are not full (Chinese New Year holidays). In fact, the number of motorized vehicles is increasing. Therefore, it is important to analyze the factors that affect sales volume, in this case seen from the factors of price, sales promotion and personal selling.

The factor that is thought to influence the decline in the decision to buy spare parts is the price. The price is thought to influence the consumer's decision to buy. Pricing must be carried out by the company carefully where it is necessary that the company needs to observe carefully the suitability of the price given to customers and competitors. If the company sets a price that is not in accordance with customer expectations, of course, consumers will not buy.

Based on the data, it can be seen that the price of Wstandard spare parts is higher than the price of competitor products. Ichidai products are almost known to all customers (workshops) while Tokaido products have product prices that are far below Wstandard products but product quality is also below Wstandard. Purchase of Wstandard spare parts products if made in cash, you will get an additional 5% discount, but if the purchase is on credit with a period of 1 month there is no discount.

Apart from price, another factor that is thought to influence purchasing decisions is sales promotion. Sales promotions carried out by each company aim to influence customers to increase their purchases.

One of the keys to successful personal selling is choosing an effective salesperson. Conversely, companies will waste money hiring the wrong people. Sales force cycles cost the company sales, incur costs to find and train replacements, and often add to the burden of the remaining sales force to make up for any shortcomings. The weaknesses of personal selling at PT Wstandard Indonesia, namely the lack of knowledge and understanding of the products being sold, so that customer questions about the products offered are not understood by personal selling.

Based on personal selling data, it can be seen that the existing personal selling is less capable of carrying out its role in establishing relationships with customers. So that many customers feel disappointed and some customer orders are not handled properly.

According to Abdullah and Tantri (2014:174), however, if prices are too high, the level of demand will decrease. If the price of a stem rises, the demand for the product will decrease and buyers will look for other alternative goods that can be used as a substitute for these goods.

According to Herlambang (2014:56), promotion causes people who were not previously interested in buying a product to be interested and try the product so that consumers make a purchase. According to Kurniawan (2014:57), "The purpose of promotion is that consumers are interested in the product, because of this interest, consumers want to buy the product".

According to Herlambang and Marwoto (2014:118) the purpose of personal selling is to build preferences, beliefs and actions of buyers to decide to buy a product or service from the company. According to Ardianto (2015:19) face-to-face selling is one of the variables in the marketing mix which is carried out orally to

one or more prospective buyers which is carried out with the aim of creating a transaction.

This study aims to examine and analyze the effect of price, sales promotion and personal selling on purchasing decisions at the Spare Parts Distributor Company, PT Wstandard Indonesia.

RESEARCH METHODS

This research uses descriptive quantitative and explanatory research methods. Arikunto (2010:27) argues that "quantitative research as the name implies, many are required to use numbers, starting from data collection, interpretation of the data, and the appearance of the results". According to Sugiyono (2017:8), "quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing hypotheses which have been set". The nature of this research is explanatory research. According to Zulganef (2013:11), "explanatory research

is research that aims to examine the causality between variables that explain a certain phenomenon."

The number of population in this study is 158 customers in 2018 for PT Wstandard Indonesia and the number of samples calculated using the slovin formula is 113 customers.

The data analysis technique used multiple linear regression by t test, F test, and coefficient of determination. According to Ghazali (2013:98), the t test is used to partially see whether there is a significant effect of the independent variables on the dependent variable. The F statistical test basically shows whether all the independent variables included in the model have a simultaneous influence on the dependent variable. The coefficient of determination (R²) in essence measures how far the model's ability to explain the variation in the dependent variable.

RESULT AND DISCUSSION

t Test

The t-test is used to show how far the influence of one independent variable is on the dependent variable.

Table 1. t Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,859	3,940		4,533	,000
	Price	-,903	,307	-,361	-2,945	,004
	Sales Promotion	,523	,151	,368	3,464	,001
	Personal Selling	,792	,228	,541	3,473	,001

a. Dependent Variable: Purchasing Decisions

Source: Research Results, 2018 (Processed Data)

Based on the results of data analysis, it is obtained that the partial price has a significant and negative effect on purchasing decisions while sales promotion and personal selling have a significant and positive effect on purchasing decisions. The partial price has a significant and negative effect on purchasing decisions. The results of this study also agree with Abdullah and Tantri (2014:174), however, if prices are too high, the level of demand will decrease.

The partial sales promotion has a significant and positive effect on purchasing decisions. The results of this study also agree with Herlambang (2014:56), with promotion causing people who were not previously interested in buying a product to be interested and try the product so that consumers make a purchase.

The partial personal selling has a significant and positive effect on purchasing decisions. The results of this study also agree with Herlambang and Marwoto (2014:118) that the purpose of personal selling is to build

preferences, beliefs and actions of buyers to decide to buy a product or service from the company.

The F statistical test basically shows whether all the independent variables included in the model have a simultaneous influence on the dependent variable.

F Test

Table 2. F Test

ANOVAa		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2673,874	3	891,291	26,601	,000b
	Residual	3652,144	109	33,506		
	Total	6326,018	112			
a. Dependent Variable: Purchasing Decisions						
b. Predictors: (Constant), Price, Sales Promotion, Personal Selling						

Source: Research Results, 2018 (Processed Data)

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Coefficient of Determination (R²)

The coefficient of determination in essence measures how far the model's ability to explain the variation in the dependent variable.

Table 3. Coefficient of Determination (R²)

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,650a	,423	,407	5,788
a. Predictors: (Constant), Price, Sales Promotion, Personal Selling				
b. Dependent Variable: Purchasing Decisions				

Source: Research Results, 2018 (Processed Data)

The results of the determination coefficient test obtained an Adjusted R square value of 0.407, this means that 40.7% of the variation in the dependent variable of purchasing decisions can be explained by the independent variable price, sales promotion, personal selling, while the remaining 59.3% (100% - 40.7 %) explained by other variables that were not used in this study.

determination is 40.7%, the rest is influenced by other variables of 59.3%.

Suggestions that are useful for further research are, it is suggested to add other variables outside of the variables studied by the researcher. Because the coefficient test results show that 59.3% of the variation in purchasing decision variables is influenced by other variables such as product quality, brand and others. It is recommended to inform customers of the superiority of the product so that the price offered by the company is not considered too expensive, the sales promotions held so far are still too minimal so that the company needs to hold other promotional activities such as participating in exhibitions and providing sales bonuses to spur customer purchases. It is suggested that the research results are expected to add to the literature in the literature

CONCLUSION AND SUGGESTION

The partial price has a significant and negative effect on purchasing decisions while sales promotion and personal selling have a significant and positive effect on purchasing decisions. Simultaneously price, sales promotion and personal selling on purchasing decisions at the Spare Parts Distributor Company, PT Wstandard Indonesia. The magnitude of the effect of the variation in purchasing decisions which can be seen from the coefficient of

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