

# The influence of promotion, service quality, and pricing on purchase decisions at Assalaam hypermarket

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## ABSTRACT

This study aims to determine the effect of promotion, service quality, and price on purchasing decisions at Assalaam Hypermarket. This research is descriptive with a quantitative approach. The population consists of consumers shopping at Assalaam Hypermarket, with a sample of 150 respondents selected using non-random sampling techniques. The results indicate that promotion, service quality, and price significantly affect purchasing decisions. The calculation results obtained from the F-value (20.695) exceed the F-table (2.67), with a significant value of  $0.000 < 0.05$ . Among the three variables, service quality has the most dominant influence on purchasing decisions.

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## 1. Introduction

In the current era of globalization, rapid development has a direct and practical impact on society. Many people desire to do everything quickly and accurately. To meet customer needs, numerous businesses and markets offer a variety of products to satisfy customer demands. Consumer behavior, which studies how individuals, groups, and organizations select, buy, use, and experience goods, services, ideas, or experiences to satisfy their needs and desires, includes purchasing decisions (Kotler, P., & Armstrong, 2016).

Promotion is a way for companies to communicate with consumers or target markets to convey product or company information, encouraging them to buy (Kotler, P., & Keller, 2016). Promotion consists of advertising, direct marketing, personal selling, sales promotion, and public relations. It is a crucial part of the marketing activities for any product. Each company must determine the appropriate promotional tools to achieve successful distribution. Previous research by (Smith, S. M., & Albaum, 2012) demonstrated that effective promotional strategies significantly influence consumer purchasing decisions. Similarly, a study by (Kim, A. J., & Ko, 2012) found that social media marketing positively impacts brand loyalty and purchase intentions. Additional studies, such as those by (Thorson & Moore, 1996), underscore the importance of integrated marketing communications in shaping consumer behavior. Additional research supports the significance of promotion, highlighting that various promotional tools can effectively alter consumer perceptions and behavior (Belch, G. E., & Belch, 2012; Schultz et al., 2012; Fill, C., & Turnbull, 2016;)

The importance of service quality in retail is highlighted (Lianardi, 2019), who stated that providing timely and quality service is essential for meeting consumer needs efficiently. Service quality is assessed not only by the outcome but also by the process of service delivery. Therefore, companies must strive to provide excellent service to meet or exceed customer expectations, leading to favorable purchasing decisions (Parasuraman, A., Zeithaml, V. A., & Berry, 1988). This is supported by the findings of (Nguyen, H., Nisar,

T. M., Knox, D., & Prabhakar, 2020), who showed that high service quality directly correlates with increased customer loyalty and repeat purchases. Furthermore, Parasuraman, Zeithaml, and Berry (1988) developed the SERVQUAL model, which is widely used to measure service quality and its impact on customer satisfaction and purchasing behavior. Additional research by Bitner, (1990) confirms the critical role of service quality in enhancing customer satisfaction and loyalty.

Price is another critical factor influencing purchasing decisions. According to (Monroe, 1990), price perception affects consumer demand inversely; higher prices generally reduce demand, while lower prices increase it. (Valarie, 1988) emphasized that consumers perceive price as an indicator of quality, thus influencing their purchasing decisions. Studies by (Garvin, D. A., & Caron, n.d.) confirmed that competitive pricing strategies are essential for attracting price-sensitive customers and enhancing market share. Additionally, research by (Dodds et al., 1991) highlighted the complex relationship between perceived value, price, and quality, indicating that consumers often use price as a heuristic for quality assessment. Additional studies by Zeithaml (1988) and Varki & Colgate, (2001) further, elaborate on the role of perceived value in shaping consumer purchase behavior. Studies confirm that pricing strategies must align with perceived value to maintain competitiveness (Hinterhuber & Liozu, 2012; Nagle & Müller, 2017; Rao & Kartono, 2009; Simon, & Fassnacht, 2019).

While extensive research has been conducted on the individual impacts of promotion, service quality, and pricing on purchasing decisions, there remains a gap in understanding how these factors interact collectively in the context of hypermarkets. This study aims to address this gap by examining the combined influence of promotion, service quality, and pricing on purchase decisions at Assalaam Hypermarket. The current research differs from previous studies by focusing on the collective impact of these variables in the specific context of hypermarkets, providing a more comprehensive understanding of their interaction.

The expected benefits of this research in the field of science include providing fresh insights and practical implications for retail marketing strategies, ultimately contributing to the existing body of knowledge. It helps hypermarkets optimize their marketing efforts to better meet consumer needs and preferences, which is crucial for maintaining competitiveness and improving customer satisfaction and loyalty.

## 2. Research Method

This study employs a descriptive research design with a quantitative approach. Descriptive research aims to describe the characteristics of variables and examine the relationships between them without manipulating any variables. A quantitative approach is used to collect numerical data and perform statistical analysis to test hypotheses and draw conclusions (Creswell, 2014; Sekaran, U., & Bougie, 2016).

The population in this study comprises consumers who shop at Assalaam Hypermarket. A sample of 150 respondents was selected using a non-random sampling technique, specifically purposive sampling. This technique was chosen to target specific consumers who have shopped at the hypermarket, ensuring that the sample is representative of the population.

Primary data were collected using a structured questionnaire designed to measure the impact of promotion, service quality, and price on purchasing decisions. The questionnaire consisted of multiple sections, each targeting one of the study variables. Respondents were asked to rate their agreement with various statements using a Likert scale, which ranged from 1 (strongly disagree) to 5 (strongly agree) (Likert, 1932).

The Likert scale was employed to measure attitudes, opinions, and perceptions regarding specific objects or events. According to (Likert, 1932), this scale is effective in capturing the intensity of respondents' feelings towards the variables being studied.

### Data Analysis Techniques

The collected data were analyzed using several statistical methods: a) Descriptive Statistics: Descriptive statistics were used to summarize and describe the characteristics of the respondents and the main variables. This included calculating frequencies, percentages, means, and standard deviations; b) Validity and Reliability Tests: The validity of the questionnaire was tested using the Pearson correlation coefficient to ensure that each item accurately measured the intended construct. Items with a significance level of less than 0.05 were considered valid. Reliability was tested using Cronbach's Alpha to measure the internal consistency of the questionnaire. A Cronbach's Alpha value greater than 0.7 indicates good reliability (Hair, et al 2010); c) Classical Assumption Tests: Before conducting regression analysis, classical assumption tests were performed to ensure that the data met the necessary assumptions for regression

analysis. These tests included: (a) Normality Test: The normality of the data distribution was assessed using the P-P plot, (b) Multicollinearity Test: Multicollinearity was checked using tolerance values and Variance Inflation Factor (VIF). Tolerance values greater than 0.10 and VIF values less than 10 indicated no multicollinearity. (c) Heteroskedasticity Test: Heteroskedasticity was assessed using a scatterplot to check for any patterns in the residuals; d) Multiple Linear Regression Analysis: Multiple linear regression analysis was conducted to determine the direction and magnitude of the impact of promotion, service quality, and price on purchasing decisions. The regression model used was:  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ . Where Y represents the purchasing decision,  $X_1$  denotes promotion,  $X_2$  stands for service quality,  $X_3$  corresponds to the price, and e is the error term. This model aims to quantify the relationship between the dependent variable (purchasing decision) and the three independent variables (promotion, service quality, and price), thereby identifying how changes in these factors influence consumer behavior; e) To further validate the regression model, t-tests were used to examine the individual significance of each independent variable on the dependent variable. Additionally, the F-test was conducted to assess the overall significance of the regression model. The coefficient of determination, adjusted  $R^2$ , was used to determine the proportion of variance in the dependent variable explained by the independent variables, providing insight into the model's explanatory power.

### 3. Results And Discussions

#### Respondent Characteristics

The demographic profile of Assalaam Hypermarket consumers reveals that the majority are female (72%) and aged between 21-30 years (39%). Most respondents are students (29%) and have incomes above Rp 3,000,000 (37%). The primary information source is family/friends (53%), and most respondents shop more than three times (51%).

Descriptive Statistics provided an overview of the demographic characteristics of the respondents and the main variables studied. The majority of consumers are female, aged 21-30 years, and students with higher income levels. These characteristics suggest that the customer base is primarily young adults with relatively high purchasing power.

#### Classical Assumption Tests

To ensure the validity of the regression results, several classical assumption tests were conducted. The normality test, indicated by the P-P plot, showed that the data points closely align with the diagonal line, suggesting a normal distribution. This normality is crucial for the accuracy of the regression analysis. The multicollinearity test revealed that all tolerance values were above 0.10 and the VIF values were below 10, indicating no multicollinearity issues among the independent variables. This lack of multicollinearity ensures the reliability of the regression coefficients. Additionally, the heteroskedasticity test, demonstrated by the scatterplot of residuals, did not show any specific pattern, confirming the absence of heteroskedasticity in the model. This absence ensures that the model's assumptions are satisfied and the results are valid.

The multiple linear regression analysis resulted in the following equation:  $Y = 6.298 + 0.270X_1 + 0.280X_2 + 0.276X_3 + e$ , where Y represents the purchasing decision,  $X_1$  denotes promotion,  $X_2$  stands for service quality,  $X_3$  corresponds to price. The regression results indicate that all three independent variables promotion, service quality, and price, have significant positive effects on purchasing decisions. Among these variables, service quality has the highest coefficient (0.280), highlighting its substantial impact on purchasing decisions. This underscores the importance of maintaining high service quality to enhance customer satisfaction and drive purchasing decisions.

Furthermore, the t-test results provide additional insights into the significance of each independent variable. For promotion ( $X_1$ ), the t-value was 2.471, which is greater than the t-table value of 1.97635, and the p-value was 0.015, less than the 0.05 threshold. This indicates that promotion significantly affects purchasing decisions, suggesting that effective promotional strategies can attract more customers and influence their buying behavior. Service quality ( $X_2$ ) exhibited a t-value of 3.382, exceeding the t-table value, and a p-value of 0.001, further underscoring its significant positive effect on purchasing decisions. High-quality service is critical in building customer loyalty and encouraging repeat purchases. Lastly, the price ( $X_3$ ) had a t-value of 3.049, also above the t-table value, and a p-value of 0.003, indicating its significant impact on purchasing decisions. Competitive pricing can attract cost-conscious consumers and enhance their likelihood of making a purchase.

The F-test results showed that the F-value was 20.695, greater than the F-table value of 2.67, and the p-value was 0.000, less than 0.05. This indicates that promotion, service quality, and price collectively have a significant effect on purchasing decisions. The overall model is statistically significant, demonstrating that

these factors are crucial determinants of consumer purchasing behavior at Assalaam Hypermarket. Results F test in this table below:

**Table 2.** F-test results  
ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	420.550	3	140.183	20.695	.000 <sup>b</sup>
	Residual	988.950	146	6.774		
	Total	1409.500	149			

a. Dependent Variable: Decision\_Purchasing

b. Predictors: (Constant), price, quality\_service, Promotion

### Coefficient of Determination ( $R^2$ )

The adjusted  $R^2$  value was found to be 0.284, indicating that 28.4% of the variation in purchasing decisions can be explained by the three independent variables—promotion, service quality, and price. The remaining 71.6% of the variation is influenced by other factors not included in this study. This suggests that while promotion, service quality, and price are significant, other variables also play important roles in influencing purchasing decisions. The details of the coefficient of determination test are presented in table 2 below:

**Table 2.** Result coefficient determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546a	.298	.284	2.603

a. Predictors: (Constant), price, quality\_service, Promotion

b. Dependent Variable: purchasing\_decisions

This table highlights the model summary, showing that the adjusted  $R^2$  value is 0.284, which confirms the contribution of promotion, service quality, and price to the purchasing decisions while indicating the presence of other influential factors not captured in this study.

### Discussion

The results of this study highlight the critical role of service quality in driving purchasing decisions. High service quality leads to increased customer satisfaction, loyalty, and repeat purchases (Parasuraman et al., 1988; Nguyen et al., 2020). This finding is consistent with prior research, which has shown that high service quality can significantly improve customer retention and encourage repeat purchasing behavior (Lianardi, 2019; Zeithaml, 1988).

Promotion also significantly influences purchasing decisions, as effective promotional strategies can attract new customers and encourage existing customers to make additional purchases (Kotler, P., & Keller, 2016; Smith, S. M., & Albaum, 2012). This is supported by (Kim, A. J., & Ko, 2012), who found that social media marketing activities enhance customer equity and brand loyalty. The impact of promotion on consumer behavior is well-documented, suggesting that strategic promotional activities can effectively influence purchasing decisions (Schiffman, & Kanuk, 2010).

Price is another important factor, as competitive pricing can attract price-sensitive consumers and enhance their purchasing decisions (Monroe, 1990; Zeithaml, 1988). This study's results align with the findings of Dodds, Monroe, and Grewal (1991), who highlighted the complex relationship between perceived value, price, and quality. Consumers often use price as a heuristic for quality assessment, and competitive pricing can make products more attractive to cost-conscious buyers (Garvin, & Caron, 1984).

The F-test results indicate that promotion, service quality, and price collectively have a significant effect on purchasing decisions. The overall model is statistically significant, demonstrating that these factors are crucial determinants of consumer purchasing behavior at Assalaam Hypermarket. This result is in line with prior studies, which have shown that a combination of promotional activities, high service quality, and competitive pricing can significantly impact consumer purchasing decisions (Kotler, P., & Armstrong, 2016; Kotler, P., & Keller, 2016).

The adjusted  $R^2$  value indicates that while promotion, service quality, and price are significant determinants of purchasing decisions, other factors also influence consumer behavior. Previous research suggests that variables such as product variety, store ambiance, and customer relationships can also play critical roles in influencing purchasing decisions (Schiffman, & Kanuk, 2010; Zeithaml, 1988). Future

research should explore these additional variables to provide a more comprehensive understanding of the factors influencing purchasing decisions at Assalaam Hypermarket.

#### 4. Conclusion

The findings of this study demonstrate that promotion, service quality, and price all significantly influence purchasing decisions at Assalaam Hypermarket. Service quality emerged as the most dominant factor, suggesting that consumers place a high value on the quality of service they receive. Effective promotional strategies and competitive pricing also play crucial roles in shaping consumer behavior. The adjusted  $R^2$  value of 28.4% indicates that while these three variables are important, other factors also contribute to purchasing decisions, which should be explored in future research.

The implications of this research are significant for both theory and practice. Theoretically, it adds to the body of knowledge by providing a deeper understanding of how promotion, service quality, and pricing interact to influence purchasing decisions in a hypermarket context. This integrated approach helps fill the gap in existing literature that has primarily focused on individual factors.

Practically, the study offers valuable insights into the management of Assalaam Hypermarket and similar retail businesses. Enhancing service quality should be a top priority, as it has the most substantial impact on purchasing decisions. This can be achieved through staff training focused on improving communication skills, efficiency, and responsiveness to customer needs, which can lead to higher customer satisfaction, loyalty, and repeat business. Developing and implementing effective promotional strategies is also crucial. Attractive campaigns, including discounts, special offers, loyalty programs, and multi-channel advertising, can draw in new customers and retain existing ones. Additionally, maintaining competitive pricing is essential to attract cost-conscious consumers and increase their likelihood of making purchases. Regularly reviewing and adjusting pricing strategies to offer value for money while maintaining transparent pricing policies can enhance consumer trust. A comprehensive marketing strategy that integrates promotion, service quality, and pricing is necessary to maximize the overall impact on purchasing decisions. This holistic approach will ensure that all aspects of the customer experience are addressed, leading to better overall performance.

Despite its contributions, this study has several limitations. The sample size of 150 respondents, while adequate for this research, may not fully capture the diversity of consumer behavior at Assalaam Hypermarket. Future research should consider larger and more diverse samples to enhance the generalizability of the findings. Additionally, the study focused on promotion, service quality, and price, leaving out other potential factors such as product variety, store ambiance, location convenience, and customer relationships. Future studies should explore these additional variables to provide a more comprehensive understanding of the factors influencing purchasing decisions at Assalaam Hypermarket.

By addressing these limitations and expanding the scope of research, future studies can build on the findings of this study and offer even more detailed insights into consumer behavior in hypermarkets, ultimately aiding in the development of more effective marketing strategies.

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