
THE INFLUENCE OF PRICE AND PROMOTION ON PURCHASE DECISIONS AT PT. MADJU ABADI SEJAHTERA, WEST JAKARTA CITY

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ABSTRACT

This research aims to determine the influence of price and promotion on purchasing decisions at PT. Madju Abadi Sejahtera, West Jakarta City. The method used is explanatory research with analytical techniques using statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this research show that price has a significant effect on purchasing decisions by 62.7%. Hypothesis testing shows that $t \text{ count} > t \text{ table}$ or $(5,548 > 1,993)$. Promotion has a significant effect on purchasing decisions by 59.9%, hypothesis testing obtained $t \text{ count} > t \text{ table}$ or $(5.016 > 1.993)$. Price and promotion simultaneously have a significant effect on purchasing decisions with the regression equation $Y = 8.828 + 0.370X_1 + 0.511X_2$ and an influence contribution of 72.5%, the hypothesis test obtained calculated $F > F \text{ table}$ or $(88.505 > 3.13)$.

Keywords: Price, Promotion, Purchase Decision

INTRODUCTION

The construction industry in Indonesia has experienced rapid development over the past few decades, driven by significant economic growth and urbanization. The need for better infrastructure, including roads, bridges, office buildings, and public facilities, has increased as the government has accelerated development across the region. Government policies supporting this sector, such as the National Strategic Project (PSN) and the One Million Houses Program, have become the main driving force behind infrastructure development in various regions. In addition to large projects funded by the government, the private sector also plays an important role in increasing construction activities. Investments from property developers and private companies in the construction of housing, shopping centers, and industrial areas have helped drive the growth of this industry. This has not only increased the number of construction projects but also created new job opportunities and stimulated the local economy.

The construction sector not only directly affects the economy, but also has an impact on other sectors such as manufacturing, transportation, and financial services. The demand for building materials, construction equipment, and professional services in the field of planning and supervision is increasing. This shows that the construction industry is one of the sectors that has a close relationship with various other economic sectors. The development of this industry is also accompanied by increasingly tight competition, especially in terms of product innovation and cost efficiency. Companies are required to continue to innovate and provide more economical and efficient solutions to meet increasingly complex consumer demand. Thus, it is important for companies in this sector to design marketing strategies that can attract consumer interest through a combination of the right promotions and competitive pricing.

PT. Madju Abadi Sejahtera is a dynamic and innovative Aluminum Composite Panel (ACP) sales distributor company established in 2021, specializing in the installation of Aluminum Composite Panel (ACP). Since its inception, PT. Madju Abadi Sejahtera has built a reputation for providing high-quality projects and professional services in the field of Aluminum Composite Panel (ACP). Our vision is to become a leading and trusted ACP distributor and solution provider in Indonesia, known for its quality, innovation, and superior customer service. We are committed to providing sustainable and aesthetic Aluminum Composite Panel (ACP) solutions to clients throughout Indonesia. PT. Madju Abadi Sejahtera also accepts the installation of Aluminum Composite Panel (ACP) and the company has completed several projects such as offices, clinics, marketing galleries, to complement customer needs PT. Madju Abadi Sejahtera Sells Several brands of Aluminum Composite Panel (ACP) such as Aluontop, Seven, Marks, Alcopan, Alustar, Alcotuff.

Purchasing decisions are not only important for companies in attracting consumers, but also play a major role in determining the survival of a business, especially in the dynamic and competitive construction industry. Consumer purchasing decisions are influenced by many factors, including their needs and wants, perceptions of product quality, and previous experiences with a particular brand.

In recent years, sales data from companies in the construction sector have shown varying trends as a result of various external factors, including the pandemic and economic recovery. Here is sales data that can illustrate this condition.

Table 1. Sales Table of PT. Madju Abadi Sejahtera

No	Year	Target	Realization	Percentage	Information
1	2021	700 Million	140 Million	20%	Not achieved
2	2022	750 Million	225 Million	30%	Not achieved
3	2023	850 Million	425 Million	50%	Not achieved

From the table above, it can be seen that in 2021, the sales target of IDR 700 million was only achieved by IDR 140 million, or around 20% of the target, due to a decrease in demand caused by the impact of the pandemic. However, in 2022, there was an increase where sales realization reached 30% of the target of IDR 750 million, along with economic recovery. A more significant increase was seen in 2023, where sales reached 50% of the target of IDR 850 million, driven by increasing construction projects in various sectors.

The phenomenon related to the failure to achieve the target set by the company, the author suspects is due to less competitive prices. The price set must reflect the value perceived by consumers and be able to compete with similar products on the market.

To illustrate the price competition in this industry, here is a table showing the price comparison between PT. Madju Abadi Sejahtera and its competitor, PT. Reklame Perum.

Table 2. Comparison of Product Prices of PT. Madju Abadi Sejahtera with Competitors

Nama Produk	Aluontop	Seven	Alustar	Alcotuff	Alucomp
PT. Madju Abadi Sejahtera	750,000	725,000	735,000	755,000	785,000
PT. Reklame Perum	685,000	675,000	565,000	675,000	707,000

The table data above shows that for some products circulating in the market. These products consist of Aluontop, Seven, Alustar, Alcotuff, and Alucomp, which have different prices from each distributor. This price data is important to provide an overview of price competition in the market, as well as the price options available to consumers.

In addition to price, promotion also plays a crucial role in influencing consumer purchasing decisions. With the development of digital technology, PT. Madju Abadi Sejahtera must be able to utilize various promotional channels, including social media, websites, and digital advertising, to reach more potential buyers. According to Shimp and Andrews (2018), promotion is an important part of marketing communications that can increase consumer awareness and preference for a product. With the development of digital, they noted that promotions now use more online media to reach a wider audience.

Thus, effective promotion is not only able to increase consumer awareness of the products offered, but also influences consumer perception of the value of the product. The right promotional strategy can create long-term relationships with consumers and strengthen their loyalty.

METHODS

1. Population

The population in this study amounted to 74 respondents of PT. Madju Abadi Sejahtera, West Jakarta City.

2. Sample

The sample in this study amounted to 74 respondents.

3. Types of research

The type of research used is associative, where the aim is to determine the influence between independent variables on dependent variables, both partially and simultaneously.

4. Data Analysis Methods

In analyzing the data, instrument tests, classical assumption tests, regression, determination coefficients and hypothesis tests were used.

RESULTS AND DISCUSSION

1. Descriptive Analysis

This test is used to determine the score of each questionnaire item from the price, promotion and purchasing decision variables.

For the price variable from 8 questionnaire items, the average score obtained was 4.03, included in the interval 3.40-4.19 with good criteria.

For the promotion variable from 10 questionnaire items, the average score obtained was 4.13, included in the interval 3.40-4.19 with good criteria.

For the purchasing decision variable from 10 questionnaire items, the average

score obtained was 4.15, included in the interval 3.40-4.19 with good criteria.

2. Verification Analysis.

This analysis is intended to determine the influence of independent variables on dependent variables. The test results are as follows:

a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 3. Multiple Linear Regression Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8,828	2,649		3.332	.001
Price (X1)	.370	.140	.314	2,649	.000
Promotion (X2)	.511	.108	.564	4.755	.000

a. Dependent Variable: Purchase Decision (Y)

Based on the test results in the table above, the regression equation $Y = 8.828 + 0.370X_1 + 0.511X_2$ is obtained. From the equation it is explained as follows:

- 1) The constant of 8.828 means that if there is no price and promotion, then there is a purchasing decision value of 8.828 points.
- 2) The price regression coefficient is 0.370, this number is positive, meaning that every time there is a price increase of 0.370, the purchasing decision will also increase by 0.370 points.
- 3) The promotion regression coefficient is 0.511, this number is positive, meaning that every time there is an increase in promotion of 0.511, the purchasing decision will also increase by 0.511 points.

b. Correlation Coefficient Analysis

The correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable, both partially and simultaneously. The test results are as follows:

Table 4. Results of Testing the Correlation Coefficient of Price on Purchasing Decisions

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792a	.627	.622	2,740

Based on the test results, a correlation value of 0.792 was obtained, meaning that price has a strong relationship with purchasing decisions.

Table 5. Results of Testing the Promotion Correlation Coefficient on Purchasing Decisions

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774a	.599	.593	.3818

Based on the test results, a correlation value of 0.774 was obtained, meaning that promotion has a strong relationship with purchasing decisions.

Table 6. Results of Simultaneous Testing of Price and Promotion Correlation Coefficients on Purchasing Decisions

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781a	.725	.717	.3184

Based on the test results, a correlation value of 0.781 was obtained, meaning that price and promotion simultaneously have a strong relationship with purchasing decisions.

c. Determination Coefficient Analysis

The determination coefficient analysis is intended to determine the percentage of influence of the independent variable on the dependent variable, both partially and simultaneously. The test results are as follows:

Table 7. Results of Testing the Price Determination Coefficient on Purchasing Decisions

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792a	.627	.622	2,740

a. Predictors: (Constant), Price (X1)

Based on the test results, a determination value of 0.627 was obtained, meaning that price has a 62.7% contribution to purchasing decisions.

Table 8. Results of Testing the Promotion Determination Coefficient on Purchasing Decisions

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774a	.599	.593	.3818

a. Predictors: (Constant), Promotion (X2)

Based on the test results, a determination value of 0.599 was obtained, meaning that promotion has a 59.9% contribution to purchasing decisions.

Table 9. Results of Testing the Price and Promotion Determination Coefficient on Purchasing Decisions

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781a	.725	.717	.3184

a. Predictors: (Constant), Promotion (X2), Price (X1)

Based on the test results, a determination value of 0.725 was obtained, meaning that price and promotion simultaneously have a contribution of 72.5% on purchasing decisions, while the remaining 27.5% is influenced by other factors.

d. Hypothesis Testing

Partial Hypothesis Test (t-Test)

Hypothesis testing with the t-test is used to determine which partial hypotheses are accepted.

First hypothesis: There is a significant influence of price on purchasing decisions.

Second hypothesis: There is a significant influence of price on purchasing decisions.

Table 10. Results of Price Hypothesis Testing on Purchasing Decisions

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	.202	.286		.707
	Price (X1)	.260	.047	.487	5,548
	Promotion_(X2)	.309	.062	.441	5.016

Based on the test results in the table above, the calculated t value is > t table or (5.548 > 1.993), thus the first hypothesis proposed that there is a significant influence between price and purchasing decisions is accepted.

Based on the test results in the table above, the calculated t value is > t table or (5.016 > 1.993), thus the second hypothesis proposed that there is a significant influence between promotion and purchasing decisions is accepted.

Simultaneous Hypothesis Test (F Test)

Hypothesis testing with the F test is used to determine which simultaneous hypotheses are accepted.

The third hypothesis: There is a significant influence between price and promotion simultaneously on purchasing decisions.

Table 11. Results of Hypothesis Testing of Price and Promotion on Purchasing Decisions

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,945	2	8,973	88,505	<,001
	Residual	6,793	67	.101		b
	Total	24,738	69			

a. Dependent Variable: Purchase Decision (Y)

b. Predictors: (Constant), Promotion (X2), Price (X1)

Based on the test results in the table above, the calculated F value was obtained $> F$ table or ($88.505 > 3.13$), thus the third hypothesis proposed that there is a significant influence between price and promotion simultaneously on purchasing decisions is accepted.

DISCUSSION

1. The Influence of Price on Purchasing Decisions

Price has a significant effect on purchasing decisions with a correlation of 0.792 or has a strong relationship with a contribution of influence of 62.7%. Hypothesis testing obtained a calculated t value $> t$ table or ($5.548 > 1.993$). Thus, the first hypothesis proposed that there is a significant effect between price and purchasing decisions is accepted.

2. The Effect of Promotion on Purchasing Decisions

Promotion has a significant effect on purchasing decisions with a correlation of 0.774 or has a strong relationship with a contribution of influence of 59.9%. Hypothesis testing obtained a calculated t value $> t$ table or ($5.016 > 1.993$). Thus, the second hypothesis proposed that there is a significant effect between promotion and purchasing decisions is accepted.

3. The Influence of Price and Promotion on Purchasing Decisions

Price and promotion have a significant effect on purchasing decisions with the regression equation $Y = 8.828 + 0.370X_1 + 0.511X_2$, a correlation value of 0.781 or has a strong relationship with a contribution of 72.5% while the remaining 27.5% is influenced by other factors. Hypothesis testing obtained a calculated F value $> F$ table or ($88.505 > 3.13$). Thus the third hypothesis proposed that there is a significant effect between price and promotion simultaneously on purchasing decisions is accepted.

CONCLUSION AND SUGGESTIONS

In conclusion, both price and promotion significantly influence purchasing decisions, with price contributing 62.7% and promotion contributing 59.9%. The hypothesis tests revealed a calculated t value for price of 5.548, which is greater than the t table value of 1.993, indicating a strong effect of price on purchasing decisions. Similarly, promotion was found to have a significant impact, with a calculated t value of 5.016, which is also greater than the t table value of 1.993. Furthermore, when considered together, price and promotion have a combined influence of 72.5% on purchasing decisions, with the remaining 27.5% attributed to other factors. The hypothesis test for this combined effect yielded a calculated F value of 88.505, exceeding the F table value of 3.13, further confirming the significant role both factors

play. Based on these findings, several suggestions can be made for businesses seeking to enhance their marketing strategies. First, companies should adopt a value-based pricing strategy, which involves setting prices based on the perceived value to consumers. Conducting in-depth surveys can help determine the price point consumers are willing to pay for products like Aluminum Composite Panels (ACP). Second, businesses should increase their focus on digital marketing, leveraging social media platforms such as Instagram and TikTok to engage with targeted audiences. Paid advertising on platforms like Google Ads and Facebook Ads can also be used to effectively reach a specific demographic. Lastly, improving after-sales services such as product warranties and offering free consultations for installation can significantly enhance consumer satisfaction and loyalty. Furthermore, establishing partnerships with contractors and architectural firms could provide additional exposure and opportunities for increasing business-to-business (B2B) sales, thereby expanding the overall market reach.

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