
**THE EFFECT OF PRICE, PROMOTION AND SERVICE QUALITY
TOWARD BUYING INTEREST AT NANANDPUPS**

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Abstract

Many factors can influence buying interests in using services in the company, such as atmosphere, price and service quality. Other factors that can influence buying interest are promotions. such as advertising, personal sales, publicity, sales promotion and direct marketing. The purpose of this study was to analyze the effect of price, promotion and service quality on buying Interests in purchases at the Nan and Pups service business. This study was conducted on 40 respondents who were drawn to pet owners in west Surabaya. The results of this study indicate that: (1) the price variables significantly influence to buying interest in using Nan and pups services. (2) the promotion variables significantly influence to buying interest in using the Nan and Pups service. The dominant variable is the sales promotion. (3) the service quality variables significantly influence to buying interest in using the Nan and Pups service. This means that if prices, promotions and service quality are done correctly and continuously, buying interest in using Nan and Pups services will continue to increase.

Keywords: Price, promotion, service quality, buying interest

INTRODUCTION

Along with the development of the globalization era, the level of income and fierce competition keeps increasing every year. The industrial development in Indonesia can help Indonesia to avoid the global crisis that has occurred in several countries. Companies should make an effort to improve their creativity and innovative ideas in order to compete in the current era of industrial development.

One of the business industries that is developing in the current era, especially in Indonesia, is the service business. With the development of the service businesses in Indonesia, they will help the development of the business industry and economic condition of the country. Former Minister of Tourism and Creative Economy, Mari Elka (2016) expressed that service industry in Indonesia still has the opportunity to grow and make a large contribution to the country if they work with a better management system.

The development of the animal care service business has begun to develop. It is getting more popular, especially during the holiday season. As quoted from republika.co.id, during the holidays the price of animal care services can increased by 50% compared to the normal days, where the price varies from Rp. 50,000 per day to Rp. 100,000 per day.

LITERATURE REVIEW

The first research was conducted by Oosthuizen and Spoward (2015) with the title of “The Relationship between Perceived Price and Consumers’ Purchase Intentions of Private Wine Brand Labels.” The main purpose of the research is to find out the relationship between price and consumer purchase intentions towards wine label brands in the Johannesburg retail sector. Based on the result of the analysis conducted on the sample group, it is known that price is significantly influenced by the value of consumers perceive value and the consumers’ purchase intention.

Another previous study was conducted by Che-Hui Lien et al. (2015) titled “Online Hotel Booking: The Effects of Brand Image, Price, Trust and Value on Purchase Intention.” The aim of the research is to examine the effects of price, brand image, trust, and the value that the consumers get when they book hotels with gender comparison. The research found that first, the brand image affects the price, trust, and consumer’s interest in purchasing. Second, a positive price affects consumers’ value and interest in booking the hotels. The relationship between these two past researches with the current study is that all researches are portraying the same variable, hence these studies can serve as a reference for the researcher to conduct the study.

RESEARCH METHODS

This study will be conducted via a quantitative approach. The research methodology is based on a survey, where the survey is a research method that follows a decision-making technique in the form of written and oral question data. According to Sugiyono (2015), quantitative research will help the researcher to understand the research problems, concepts, and hypotheses by conducting data analysis. The sampling technique is done via a non-probability sampling, which means that the sampling technique does not provide an equal opportunity to all units as a sample group (Abdillah & Jogiyanto, 2015:65).

The sampling technique carried out by the researcher was purposive sampling where the researcher chose the sample group according to pre-determined considerations. In this research, these considerations are consumers who are interested in entrusting their pets, especially dogs and those who are living in the western Surabaya area. This sampling method relies on a theory by Sekaran and Bougie (2013) which states that the number of samples is at least 10 times the number of variables being studied. This study will examine 4 variables, which includes 3 independent variables (Price, Promotion, and Service Quality) and 1 dependent variable (Buying interest). Therefore, the number of samples is set at the minimum of 40 people (Sekara, 2013).

Test used are Ftest, t test, classic assumption test and coefficient of determination (R^2). Validity test shows the instrument capability to measure the things measured. This study used Product Moment Pearson test in which the correlation of each score and total score is aimed to figure out the properness of each statement in defining one single variable.

The validity is accepted on the account of significant level <0.05 . Reliability test is used to find out how far the questioners are trustworthy or reliable using the method of *Cronbach alpha* > 0.6 . On the other hand, the analysis technique is multiple analysis in which used for more than two variables. This classical assumption test used normality test, Multicollinearity test, heteroskedasticity test, auto kolarity test, and linearity test.

RESULTS AND DISCUSSION

The total respondent of this study is 40 people which is 70% male and 30% female. From the result of the study using Validity test Product Moment Pearson method, it is earned sig value for each variable X1, X2, X3 and Y less than 0.05. Thus, it can be stated that all the item son variables used in this study are valid. Reliability test is used to figure out how far the instrument used is proper or reliable.

Using the Cronbach Alpha > 0.6 method, it is proved that variables X1, X2, X3 and Y have got cronbach alpha value > 0.6 . The instrument is reliable. Normality test is used to figure out whether the residual variable is distributed normally. Using the *Kolmogrov-Smirnov* test with sig value > 0.05 it is found out that the score of normality test with significant value is 0.811 which is more than 0.05. Therefore, the residual data is distributed normally.

Multicollinearity test is used to figure out whether there is a linier relation among independent variables. By looking at the VIF value < 10 , it can be stated that there is no multicollinearity. VIF value for each independent variable: price (X1), promotion (X2), service quality (X3) is; 1.222; 1.869 ; 1685. Since the VIF value of all is < 10 , it can be said that there is no multicollinearity among the independent variables.

Autocorrelation test is used to figure out whether there is correlation between mistake from period and the previous period within one linier regression. Using the Durbin-Watson test with the sig value 0.05 it is found out that: Within a study of n (the amount of sample) = 40, and k (the amount of independent variables) = 3; Du value = 1.658 and $(4-Du) = 2.342$ from the Durbin-Watson table. Besides, from the table it is figured out that DW value is 1.681 $(4-Du)$, it can be sketched $Du < DW < (4-Du)$ is $1.658 < 1.681 < 2.342$. To conclude, there is no autocorrelation.

Kerryanto (2015:6) explains that Heteroskedasticity test is used to check whether the regression model shows an inequality residual variance from one observation to another observation. This study uses the Glejser test by finding out the regression of the absolute residual value collected from the regression model. To show that there is no Heteroskedasticity, it is required that the sig value is > 0.05 . the study shows that the sig value of each independent variables is greater than 0.05, where Price (X1), Promotion (X2), and Service Quality (X3) show values of 0.93, 0.55, and 0.969. Thus, there no Heteroskedasticity in the residual variable and the regression result can be used to make further decision.

Linearity test is used to figure out the linearity relation between data connected with the siglinearity value < 0.05 . From the test it is found that all the variables have got sig linearity value less than 0.05 and therefore fulfilled the criterion of linearity test.

Table 1
The Results of Double Regression

<i>Coefficients</i>						
		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		
<i>Model</i>		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>t</i>	<i>Sig.</i>
1	(Constant)	-1.830	.682		-2.683	.011
	Harga	.555	.163	.326	3.399	.002
	Promosi	.511	.134	.452	3.815	.001
	Kualitas Layanan	.462	.187	.279	2.477	.018
a. <i>Dependent Variable: Buying Interest</i>						

From Table 5.9 the double regression value that can be deduced is as follows:

$$Y = -1.830 + 0.555 X_1 + 0.511 X_2 + 0.462 X_3.$$

F test shows that all the independent variables put in the model have affected simultaneously toward the dependent variable. Below is the result of F test:

Table 2
F Test Result

<i>ANOVA^b</i>						
<i>Model</i>		<i>Sum Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	<i>Regression</i>	15.056	3	5.019	32.308	.000 ^a
	<i>Residual</i>	5.592	36	.155		
	<i>Total</i>	20.648	39			
a. Predictors: (Constant), Price, Promotion, Service Quality						

Based on table 5.10 it is known that the sig value is 0.000 which < 0.05 with F value for 32.308 It means that the variables of Price(X1), Promotion(X2), Service Quality(X3), are simultaneously and significantly affected the buying interest (Y).

Through T test is produced the analysis of each variables toward the dependent variable (customers' satisfaction). Below is the result of T test:

Table 3
t test Result

<i>Coefficients</i>						
		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		
<i>Model</i>		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>t</i>	<i>Sig.</i>
1	(Constant)	-1.830	.682		-2.683	.011
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	Kualitas Layanan	.462	.187	.279	2.477	.018
a. <i>Dependent Variable: Buying Interest</i>						

There are several findings found in the table. First, the sig value of Price(X1) variable in the table is 0.002 in which less than 0.005. Thus, Ho is rejected and Ha is accepted. It means Price (X1) variable, individually, has significant effect toward buying interest (Y). Second, the sig value of Promotion (X2) variable in the table is 0.001 in which less than 0.05. Therefore, Ho is rejected and Ha is accepted. It means Promotion(X2) variable, individually, has significant effect toward buying interest (Y). Third, the sig value Service Quality(X3) variable in the table is 0.018 in which less than 0.05. As a result, Ho is rejected and Ha is accepted. In other words, the Service Quality (X3) variable, individually, affects the buying interest (Y) significantly.

The coefficient of determination test (R^2) is used for measuring the model's capability in explaining the dependent variable.

Table 4
The Coefficient of Determination Test Result

<i>Model Summary^b</i>						
<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>	<i>Durbin-Watson</i>	
1	.854 ^a	.729	.707	.39413	1.681	
a. <i>Predictors: (Constant), Price, Promotion, Service Quality</i>						
b. <i>Dependent Variable: Buying Interest</i>						

Based on table 5.12, the value of correlation coefficient (R) is 0.854 which revealed a strong bond between independent variable and dependent variable. The value of determination coefficient (R^2) is 0.707 which explains there are 70.7% variants on dependent variable (Buying Interest) related to independent variables of Price (X1), Promotion(X2), Service Quality(X3).

The rest of it, 29.3%, is explain on the account of other variables which are not included in this study.

CONCLUSION

The result shows that the independent variables of Price (X1), Promotion (X2), and Service Quality (X3) have a positive and significant effect on the dependent variable of Purchase Intention (Y).

In result, creating a clear SOP for Nan and Pups, improving the quality of services, and increasing promotion of Nan and Pups services should be carried out by the company to keep the company running. This approach can be done by providing free pet transfers and free pet food.

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