

# The Impact of Advertisement and Sales Promotion towards the Consumer's Decision to Use OVO Application in Palembang, Indonesia

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DOI: 10.29322/IJSRP.9.08.2019.p9250

<http://dx.doi.org/10.29322/IJSRP.9.08.2019.p9250>

**Abstract-** The objective of this research was to analyzing the influence of advertising and sales promotions on consumer's decision to use OVO application in Palembang City. The analysis used a Multiple Linear Regression by using Verse 23 of SPSS to calculate the data. The data was collected by filling out an online questionnaire for one hundred respondents. The results of this study indicated that advertising and sales promotions had a positively and significantly influenced on consumer's decision.

**Index Terms-** advertise, sales promotion, customer decision.

## I. INTRODUCTION

The enhancement of the technology nowadays, it is not only impacted to the education, social, and politic sectors, but also to the finance sector. It is marked by the trade development of financial technology. Financial Technology is becoming a hot topic recently because it is a new thing in business and it can give a great chance in the financial industry.

PT. Visionet International as a digital payment company which belongs to Lippo Company is one of Fintech from Indonesia that facilitates payment through the application. A launched Smart Financial Application is OVO, this application tries to facilitate every needs related with cashless and mobile payment. OVO Application is now available for Android smartphone platform and iOS. OVO has been joined into 200 cities and more than 400 malls in Indonesia. Quoted from [www.cnnindonesia.com](http://www.cnnindonesia.com) (2018) page, the rate of OVO's growth in Indonesia in 2018 has reached more than 10 million users that comes from transportation, retail, and e-commerce. This company claims that it has had more than 500.000 offline tenants in 2017 that uses OVO as a payment method.

In early 2018, Telkom Group Company names MDI Ventures together with Mandiri Securities makes a report about the growth of mobile payment service. From their point of view, the business value of mobile payment in Indonesia is predicted reached in rate Rp. 459 billion in 2020. Based on [www.cnbcindonesia.com](http://www.cnbcindonesia.com) (2018), in the last two years, OVO and GoPay get the top rank of digital payment tools in Indonesia. According to Fintech report in 2018 which is held by Daily Social and OJK as mentioned from 1.419 respondents, 79,4% uses GoPay. Whereas, 58,4% uses OVO and 55,5% respondents use T-Cash from Telkomsel.

Seeing the phenomenon of the development of payment instruments and the achievement of OVO in two years operating as a startup and not many studies that discuss mobile payment in Indonesia made me interested in conducting research that discusses the influence of advertising and sales promotions that influence consumer's decisions to use OVO applications.

## II. LITERATURE REVIEW

### Advertisement

Based on Bearden and Ingram (2007: 393), advertisement is a persuasive marketing communication element, non-personal, paid by sponsor and spread through mass communication to promote the use of product, or service. Then, according to Gitosudarmo (2008 : 228), advertisement is a main tool for the company to influence their consumer. This advertisement could be done by entrepreneur through newspaper, radio, magazine, television, or even posters that are showed in the roadside or strategic places.

H1: There is an impact of advertisement significantly-influenced towards the consumer's decision to use OVO application in Palembang.

### Sales Promotion

Based on Kotler (2005:298), sales promotion is "every collection of incentive tool, which is most of the short period of time, which is programmed to stimulate the purchase of the certain product or service faster and bigger by consumer and seller". Whereas, sales promotion according to Utami (2008:134) is "a short period of time encouragement to buy or sell a product or service.

H2: There is an impact of sales promotion significantly-influenced towards the consumer's decision to use OVO application in Palembang.

### Consumer's Decision

Purchasing decision based on Schiffman and Kanuk (2007), Is "the selection of an option from two or alternative choice" could be translated as purchasing decision is the one's decision to choose one of several availability choices. On the other hand, the availability of choices which were more than one was a must in taking the decision. Sweeney (2008), said that the indicator of purchasing decision is to buy or not buy related with

the conviction in purchasing and would not expect any problem where it was found a hope that was not getting any trouble or risk.

### III. CONCEPTUAL FRAMEWORK

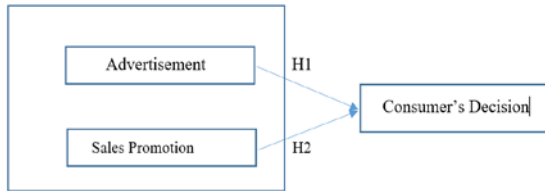


Fig-1 Conceptual Framework

### IV. RESEARCH METHODOLOGY

Technic of data collection was using online questionnaire which was collected from more than 100 respondents who have used OVO Application and located in Palembang. The online questionnaire was divided into three sections. Firstly, filtering the respondents based on the above requirements. Secondly, collecting the respondents' identity. At last, collecting the idea of respondents about independent variable (advertisement and sales promotion) and dependent variable (consumer decision). Every question is valued in the Likert's scale of 6 points. The data was analyzed through the multiple linear regression by using verse 23 of SPSS.

### V. RESULT

#### Validity Test

Based on the above instrument validity test table research, it could be seen that the rvalue on the table is having a bigger value than the rtable. It is 0,3610.

Table-1 Validity Test Result

Variable	State ment	r <sub>table</sub>	R <sub>test</sub>	Result
Advertisement(X <sub>1</sub> )	1	0,3610	0,618	Valid
	2	0,3610	0,711	Valid
	3	0,3610	0,728	Valid
	4	0,3610	0,588	Valid
Sales Promotion(X <sub>2</sub> )	1	0,3610	0,843	Valid
	2	0,3610	0,782	Valid
	3	0,3610	0,805	Valid
	4	0,3610	0,823	Valid
Consumer's Decision(Y)	1	0,3610	0,788	Valid
	2	0,3610	0,779	Valid
	3	0,3610	0,728	Valid
	4	0,3610	0,757	Valid

5      0,3610      0,781      Valid

Table.1 shows that all r<sub>tests</sub> are bigger than r<sub>table</sub>. It means that all indicators are valid as research instrument.

#### Reliability Test

The instruments are declared reliable if the Cronbach's Alpha value is bigger than 0,6.

Table-2 Reliability Test Result

Variable	Cronbach's Alpha	Criteria	Result
Advertisement (X <sub>1</sub> )	0,855	0,6	Reliable
Sales Promotion (X <sub>2</sub> )	0,963	0,6	Reliable
Consumer's Decision (Y)	0,902	0,6	Reliable

Alpha is bigger than 0,6. It means that all variable indicators are reliable.

#### Respondent's Overview

The Information which is collected by gender, respondents' age, education, and profession.

Table-3 Respondent's Distribution Identity

Age	Frequency	%
17 - 20 Years	6	6
21 - 30 Years	63	63
31 - 40 Years	27	27
41 - 50 Years	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

Gender	Frequency	(%)
Male	53	53
Female	47	47
<b>Total</b>	<b>100</b>	<b>100</b>

Education	Frequency	(%)
Junior High School	1	1
Senior High School	15	15
Diploma	13	13
Bachelor	69	69
Graduate	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

Profession	Frequency	(%)
Student	10	10
Entrepreneur	11	11
Civil		
Servant/TNI/Police Officer	7	7
BUMN Employee	10	10
Private Employee	55	55
Housewives	7	7
<b>Total</b>	<b>100</b>	<b>100</b>

Multiple linear regression is used to explain the relation among variables that were tested. The regression equation can be seen as following:

$$Y = 4,432 + 0,402X_1 + 0,625X_2$$

The equation can be detailed as below:

- The constant ( $\alpha$ ) is 4,432, it shows that if the variables of advertisement and sales promotion are 0, then the consumer's decision is 4,432.
- The coefficient of regression ( $\beta$ ) advertisement is 0,402, it shows by adding one unit of advertisement, then it would be increased consumer's decision of 0,402.
- Regression coefficient ( $\beta$ ) sales promotion is 0,625, it shows that by adding one unit of sales promotion, then it would be increased consumer's decision of 0,625.

### Multiple Linear Regression Analysis

#### F-Test (Simultaneous)

**Table-4 ANNOVA Output ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	749.861	2	374.931	88.719	.000 <sup>b</sup>
	Residual	409.929	97	4.226		
	Total	1159.790	99			

a. Dependent Variable: Consumer's Decision

b. Predictors: (Constant), Advertisement, Sales Promotion

According to Table-4, it could be seen that sig was  $< 0,05$  concluded that advertisement and sales promotion had (0,000  $< 0,05$ ). It meant that  $H_a$  was accepted. Then, it could be significantly effected on consumer's decision.

#### t-Test (Partial)

**Table-5 Coefficients Output**

Variable	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	4.432	1.530		2.896	.005
Advertisement	.402	.080	.344	5.048	.000
Sales Promotion	.625	.073	.585	8.597	.000

a. Dependent Variable: CONSUMER'S DECISION

According to Table-5, it was described as following:

- The Sig of  $X_1$  0,000  $< 0,05$ . It meant that  $H_a$  was accepted and  $H_0$  was rejected. Then, it could be summarized that advertisement has partially significance effected on consumer's decision.
- The Sig of  $X_2$  0,000  $< 0,05$ . It meant that  $H_a$  was accepted and  $H_0$  was rejected. Then, it could be summarized that sales promotion has partially significance effected on consumer's decision.

## Coefficient Determination

**Table-6 Model Summary Output**

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	,804 <sup>a</sup>	,647	,639		205,574

a. Predictors: (Constant), ADVERTISEMENT, SALES PROMOTION

b. Dependent Variable: CONSUMER'S DECISION

According to Table-6, it could be seen that  $R^2$  was 0,639 and equal to 63,9%. It meant that the advertisement and sales promotion had significantly effected on consumer's decision was 63,9%. And the rest, 36,1%, was affected by other variables which was not included in this research.

## VI. DISCUSSION

The advertisement has a significance  $0,000 < 0,05$  and regression coefficient is 0,402. Thus, advertisement has positively and significantly effected on consumer's decision. According to the research of Mohammad Pambudi Ary Wicaksono and Ni Ketut Seminari (2016), it shows that the advertisement has a significantly effected on consumer's decision.

Sales promotion has significance  $0,000 < 0,05$  and regression coefficient is 0,625. Thus, sales promotion has positively and significantly effected on consumer's decision. Elisa dan Yurnizal Firdaus (2015) and Priccila Natalia dan Mumuh Mulyana (2010). Their research show that there are positive relationship between sales promotion and consumer's decision. The higher sales promotion, the higher consumer's decision.

## VII. CONCLUSION

Based on the above result and discussion, it can be concluded as following:

1. Advertisement has positively and significantly effected on consumer's decision to use OVO application in Palembang, Indonesia.
2. Sales promotion has positively and significantly effected on consumer's decision to use OVO application in Palembang, Indonesia.

## VIII. RECOMMENDATION

Based on above result and discussion, the recommendations are given as following:

### For company

1. PT. Visionet International is suggested to improve the quality of OVO advertisement on social media, such as : youtube, twitter, and Instagram to embed the image of the company in consumer's mind

2. PT. Visionet International is suggested to give an interesting sales promotion to the OVO customers.

### For further researcher

Based on the conducted research, the influence of advertisement and sales promotion towards the consumer's decision to use OVO application in Palembang city was 63,9%, whereas the rest of 36,1% was influenced by another variable which was not researched in this research. Therefore, it is hoped to the next researcher could add another variable which was not analyzed in this research, like marketing mix strategy, satisfaction, and the attitude of OVO service application users.

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