Influence of Promotional Mix and Price on Customer Buying Decision toward Fast Food sector: A survey on University Students in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi)Indonesia

Christina Sagala*, Mila Destriani*, Ulffa Karina Putri*, Suresh Kumar*

* Department of Business Administration, President University

*Abstract-*This research investigates the influence of promotional mix and price on consumer buying decision towards fast food. A survey of university student in Jabodetabek. Descriptive researched was used to 300 correspondents as the consumer of fast food products. Data were collected through online questionnaire. The result of questioner then will be analyzed by SPSS statistics, which are factor analysis, reliability test, and regression analysis. It is found that the promotional mix and price has significant influence towards consumer buying decision in fast food industry.

*Index term-*Promotional mix, price, consumer buying decision, fast food sector

1. Introduction

In today's era, competitive environment is everywhere to stay in competitive market, communication is one of the ways to reach customers. Communication is also one of the tools to achieve company objective (Fill & Jamieson, 2011). To having customer buy retailer's product, retailer should be able to influence customer-buying decision. Consumer buying decision process is consisting of five stages. There are problem recognition, information search, and evaluation of alternatives, purchase, and post-purchase evaluation. Furthermore, the process of buying decision may not take all the five stages (Pride & Ferrell, 2012). Unconsciously, the decision to purchase a product is mainly influenced by promotions and price. Advertising combine with sales promotion and others marketing tools can have sustainable effect. Promotional mix is one of retailer tools to wooing the customer to buy their products and one of the major tools in promotion is advertising. As many managers believe, promotion has play important role in creating brand awareness of the product (Blythe, 2005).

The economic growth of Indonesia in that has grown stable for the past few years. It has grown for more than 6%. Based on a Nielsen survey in 12 cities in Indonesia, the number of middle and high income people has increased from 42% in 2008 to 62% in 2010. With these current situations, many retailers start to see Indonesia as a promising market and try to enter Indonesian market. Among the retailers who want to enter Indonesian market, there are food retailers. One of them is Fast Food retailer.

Due to the globalization, fast food has widely spread across the world, including in Indonesia. As Indonesian is becoming richer, they tend to qualifying food as a want not a need and as a result they tend to eat more fast food. Furthermore, in 1998 when the economic crisis strike, the number of fast food restaurant in Indonesia increasing up to 74, 2%(Ramdhani, 2005).Furthermore in 2012, there are 3 brands that dominates market share of fast food industry, there are McDonalds, KFC, and Es Teller 77. McDonalds and KFC are very known foreign brands that more focus on television advertisement and rapid outlet expansion. Meanwhile, Es Teller 77 more focuses on below-the-line advertising, familiar menus, and renewal of its outlets (euromonitor.com).

Currently, the existence of fast food is well known and well enthused by people around the world. Therefore, this kind of condition leads the fierce competition in attracting customers for buying their product then indirectly becomes the favorite food for some people. Although, many resources that have mentioned about the controversy of consuming this fast food, that not only could cause of triggering obesity, but also can reduce the bone density (Firdaus, 2012).

To further our understanding, we explore how the promotional mix can influence customer buying decision. More specifically, the research questions driving this study as follows:

- Does the product price influence customer buying decision?

- To what extent fast food promotions significantly influence customer buying decision?

Later, in this journal the writers will talk about: the literature review of promotional mix and customer buying decision. Then followed by, the research design and the methodology used in the study. Finally, the writers will discuss about the future implication and the conclusion.

II. Literature Review

2.1 Promotional Mix
According to Swastha and Irawan (2008), promotional mix is information flows or one way persuasion which directing someone, people, or organization to make a demand. Promotional mix is used to expand and penetrate the market, build the company's image, provide information, increase and stabilize sales, add value to product and differentiate the products (Williamson, 2012).

Tanner and Raymond (2012) declare that there are several factors that might influence selection of promotional mix such as budget, product life cycle, product and type of purchase decision, target market characteristics and consumer's readiness to purchase, what way consumer wants to be reached, the regulations, competitors and environmental factors and the last is the availability of media. In order to be able to market the product, budget that available in the firm should be considered. Budget that is available could influence number of people who got influence by the promotion and how often the promotion influences the people. Furthermore, each product that usually has different life cycle, thus it will result in different promotion. Products that have high quality or require technical procedure should be promoted by personal selling, thus customer will be more understand on how to operate and maintain the products. At last, a company could use all kind of media for one product at the same time.

According to Tanner and Raymond (2012), promotional mix consists of 6 variables, there are; firstly, advertising is an activity that involves identification spreading of a brand using different medium at the same time during the promotion period. Secondly, personal selling is an activity that involves interaction between buyers and seller. Thirdly, sales promotion which has to be done in order to get quick response, huge number of sales and repeating purchases. Fourthly, Publicity is a way to promote and improve image of a company by putting positive perception by public relations. The last, is direct marketing which involves the delivering of personal promotion material directly to individual customer through mail, catalogs, internet, e-mail, telephone, or direct response advertising Internet Marketing.

2.2 Price
Price indicates some amount of money that needs to be paid to achieve something (Friedrich, 2004). Some products or services are purchased based on customer's perception of price instead of the actual money price (E. S. Asamoah, 2011).

2.3 Consumer Buying Decision
Customer buying decision is a series of choices made by consumer before making a purchase after they have the willing to buy. Pride and Ferrell (2012) stated that to understand consumer buying decision, the marketer should understand the consumption process and the utility of products in consumers' perceptions. They also declared that when purchasing products unconsciously, consumer gets through several steps in the making of purchase decision, purchase, and post-purchase evaluation. The first step decision is problem recognition where the consumers are able to differentiate between their needs and wants. Marketers usually use advertising, sales person, and packaging to stimulate recognition of the needs or wants. The second step is information search where the consumer seeks the information from their memory about the products, seeking the information from outside sources, such as from friends, relatives, government reports, publication, sales person, website, packaging label, and display, or by repetition. The third is evaluation of alternatives where the consumer will establish criteria which consist of characteristic that are important for them. Consumer buying process can be influenced by circumstances, time, and location. Furthermore, situational factor that can influence on consumer buying process consists of five categories; the first one is physical surrounding like location, store ambience, or weather. Second is social surrounding like characteristics and interactions with others. Third is the time dimension. Time playing an important role as the buyer considers the durability of the product or the frequency of product use. Forth is the reason why consumer buy certain products. The last is consumer's condition or feeling might affected to consumer buying decision process.

2.4 Hypothesis
H1: There is aninfluence of Advertising towards purchase decision of fast food consumer
H2: There is an influence of Personal Selling towards purchase decision of fast food consumer
H3: There is aninfluence of Sales Promotion towards purchase decision of fast food consumer
H4: There is aninfluence of Publicity towards purchase decision of fast food consumer
H5: There is an influence of Price towards purchase decision of fast food consumer

III. Methodology

3.1 Sampling

Sample is a part of the population. Sample consists of a number of selected members of the population. By using sample, general conclusion towards certain population can be established. When doing a research, it would be practically impossible to collect data from every subject in the population. Even if it were possible, it would create barrier towards cost, human resource, and time. Sampling is the process of selecting the exact number of samples should be taken for the research. The exact number must be taken to make sure that the sample is fairly close to the population parameter (Sekaran & Bougie, 2013).

In this research, we are going to use Statistical rule of thumb to calculate our sample size. Hereby, the formula;

$$N > 50 + 8m$$

where, N = Sample size

m= number of questions available in our questionnaire

In statistical rule of thumb the exact sample size is better be greater than the calculation result (50+8m). So, since there are 27 questions available in the questionnaire N>50+8 x 27, then N> 266. This means that this research better be taking more than 266 respondents. Finally, the authors decide to round up the number and take 300 respondents for the survey (VanVoorhis & Morgan, n.d)

3.2 Data Collection

The data for this research is mainly taken in October to November 2013 via online survey, by Google drive and email, and probability sampling design. Furthermore, according to Environmental Protection Agency (2002) probability-based sampling design is involve sampling theory and random selection of correspondents. Furthermore, Correspondent of online survey will be taken from the people surrounding the researcher who are willing and has qualification to become potential correspondents.

3.3 Measures

3.3.1 Validity

Validity reflects the compatibility of the research concept with what is implied in the questionnaire. A research can be classified as valid when there is a precise amount of correspondents answer the questionnaire provided in order to support the fact written in the research. There are four types of validity that can be identified to accomplish the research, namely content validity, predictive validity, concurrent validity, and construct validity. Construct validity will be implemented in this research. Construct validity will be determined by using exploratory factor analysis and confirmatory factor analysis to examine factors of empirical data. By operating empirical data analysis, results can be achieved through the exploratory factor analysis; factor loading, the rotated simple structure, the plot of Scree test. While, confirmatory analysis will implement priori factor pattern and indices for goodness of model fit. Finally, the determination of research validity will be obtained from the factor analysis procedures provided (ChengHsiung Lu , 2008)

3.3.2 Reliability

From the 300 questionnaires as the pre-test, the reliability is analyzed. The reliability test can also be found in Item-Total Statistic table by seeing the Cronbach's Alpha for each item. The Cronbach's Alpha should be greater than 0.6. The Cronbach's Alpha of Sales promotion is 0.925 which is greater than 0.6. This means that the sales promotion is reliable. This will also work for the other variable such as the Cronbach's Alpha for Personal selling is 0.873, Advertising is 0.848, Publicity is 0.756, and for Price is 0.678.

3.3.3 Classical Assumption Test

In order to use the multiple regression models, classical assumption test is needed to implement such as normality test, multicollinearity and heteroscedascity test.

3.3.3.1 Normality

Normality is used to determine whether the data population is normally distributed or not. In order to fulfill the criteria of using multiple regression analysis, the residual value should be normal distributed. In this study, the author used the normal distribution by using *Probability P Plot*.

3.3.3.2 Multicollinearity

Multicollinearity is used to determine whether there is the similarity of independent variable with the other independent variables in the regression model or not. The similarity among the independent variable will cause a high correlation among an independent variable with other independent variables. Furthermore, the test of multicolinearity in a data can be seen through its Variance Inflation Factor (VIF) value that cannot be more than 5 and tolerance value is not less than 0.1 and not more than 1. VIF value is used to determine whether there is multicollinearity or not. If the value of VIF is greater than 5, then the independent variable has linear relation towards other independent variables in multicollinearity model. However, if the value is lower than 5, it means there is no relationship among the independent variables. The independent variables only influence dependent variable (Y) and it is not influencing each other.

3.3.3.3 Heteroscedasticity

Heteroscedasticity is used to determine whether there is a variance similarity from the residual value in the regression model or not. A good regression model should not heteroscedasity. Moreover, the scatter plot of heteroscedasticity should not create certain pattern.

3.3.4 Multiple Regressions

Multiple regression analysis is a method of analyzing the collective and relationship of two or more independent variables on a dependent variable (Kanom, 2011).This analysis is aim to know how big the influence of independent variable, *Advertising* (X1), *Personal Selling* (X2), *Sales Promotion* (X3), *Publicity* (X4), and *Price* (X5) towards customer buying decision (Y) as the dependent variable. The formula of multiple regression of this study can be written as:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

IV. Implication and Discussion

4. 1 Data Analysis

Before running the statistic data analysis and multiple regression, KMO and communalities test should be conducted before. Here are the result for both independent and dependent variables.

4.1.1 Kaiser-Meyer-Olkin Test

KMO test tells whether the sample size used for the reseach is enough or not to covered the questions in the variable. If the KMO is greater 0.5, it means the sample size usedfor this research is enough for factor analysis and reability. The significant of Barlett's test should be less than 0.05 in order to prove null hypothesis as stated are correct. In this result the KMO value is 0.771 and barlett's value is 0.00 which means that the factor model is appropriate for further analysis process. KMO Test result for Four Independent Variables and Dependent Variablecould be seen in the table 1.2.

4.1.2 Communalities

Communalities test is used to test whether the questions for the variable is sufficient to explain the variable itself. Value of communalities of each questions must be greater than 0.5, and from the table above shows that the value of communalities is all greater than 0.5. Therefore, the variable is highly represented by the questions.

4.1.3 Total Variance Explained

The Variance is to explain the eigenvalue of the factors. That eigenvalue itself having a relation with the number of variables. SPSS extract only total value more than 1.0, because if the total value less than 1.0 it means the contribution of the variance is not sufficient or it causing redudancy. From the figure 1.3, the variables is explained with strong relationship as 64.7% and can be extracted because the total value is greater than 1.0.

4.2 Factor Loading and Cronbach Alpha

To see the close relationship between the questions in the same group variable, Cronbach Alpha is used as the standard measurement. As high the result, it means the relationship is measuring real parts to form something as a whole. The value of Chronbach Alfa and Loading factors in rotated component matrix is all above 0.6, showing close relationship between the questions in variables.

4.3 Multiple Regression

As stated before in chapter 3, Multiple regression is used to measure the value created from independent to dependent variable. However, before Multiple regression executed, the data should passed three Classical Assumptions.

4.3.1 Normality
To ensure that the inferences of F-test and T-test are valid, the distribution of residuals should follow a normal distribution. Second measurement is called as normal probability plot.Without the exact calculation, the assumption of normal probability plot must supported the normal distribution of residuals by the plot point close to the straight line from which is drawn from the lower left to the upper right of the graph.

4.3.2 Heterocedacsticity
The residuals scatterplots are spread randomly above and under zero line which means the data have no heterocedasticity problem. Heterocedasticity can make the statistical test of significant become invalid. Since there is no heterocedasticity, the next process need to be done is the multiple regression.

4.3.3 Multicolinearity
Multicolinearity is a correlation between all independent variables. It makes difficulty in the process of making inferences and multiple regression. There is a strong relationship between independent and dependent variables if the value of tolerance close to 1 and the VIF should be around 1.

The values of all VIFs are around 1 which means the independent and dependent variable have strong relationship. The significant interval on the table shows the significant possobility of the independent variable in influencing the dependent variable. Looking at the numbers constanta of the variables, those numbers are all positive, means that thosee four variables giving positive impact toward the dependent variables.

From the variables that shows in the coefficient table 1.4, started from design, color and innovation, information specified and material used, all have the significance below >.005 which means that all of these variables has a really strong affect to the consumer preference.

4.3.4 F-test and T-Test
F-test or simultaneous test which used to check whether all the independent variable simultaneously influence the dependent variable. The requirement is P-value or the significant of the variables must be less than 0.05. With this result of significant, the hypothesis stated before is accepted. The F-test result could be seen in table 1.5.T-test is used to test whether particially of each independent variables are influenced the dependent variable. The requirement is that the significance in Coefficient Table 1.4 is less than 0.05means each independent variable strongly influenced dependent variable.

4.3.6 AdjustedR-square Table
Table 1.6 shows the relationship between all the independent variables's portion contributed for dependent variable. In Multiple regression, the precentage shown by Adjusted R-square. The value is 0.415 which means all the independent variables (design, color and innovation, information specified, material used) contributed 41,5% to dependent variable (consumer preferences).

V. Conclusion and Recommendation

5.1Conclusion
This research is focusing on the factors that can influence the customer buying decision on fast food industry. The hypothesis H1, H2, H3, H4, and H5 represent the factors that influence customer buying decision towards fast-food. The factors are advertising, publicity, sales promotion, personal selling, and price. In order to prove that these factors are actually support the hypothesis, the T-test values as mentioned before should be less than 0.05. As shown in the existing data, all T-test values of all 5 factors are proven to be less than 0.05. Broadly, this means that promotional mix and pricing arranged by fast food companies affect the customer buying decision. Additionally, in order to know how strong these factors affect the customer buying decision on fast food, R-square table shows that 37.2% of customer buying decision influenced by the company's promotional mix and price set while, the rest 62.8% is influenced by other factors. Overall, this percentage proves that promotional mix and price set decently influence customer buying decision on fast food.

5.2 Recommendation
The result of this research is proving that promotional mix and price only takes 37.2% in consumer buying decision towards fast food sector. The rest of percentage proves that there are other factors that influence the consumer buying decision towards fast food like location, product, etc. If the fast food's retailer wants to have focus on promotional mix and price, the retailer should more focus on the personal selling. From the other variables of promotional mix and price, personal selling has the most significant relationship toward consumer buying decision on fast food. Furthermore, by seeing this result, the writers suggest the fast food retailer to strengthen the personal selling, thus the consumer can get influenced more.

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Notes:

Table 1.1

	N	%		Income				Occupation		
Gender				1,000 k – 2,000 K	205	68.7		Student	189	83
Female	139	46.3						Employee	54	18
Male	161	53.7		2,000 K – 5,000 K	64	21.3		Entrepreneur	17	5.7
Total	300	100						Professional	18	6
Age				5,000 K – 10,000 K	-			Housewife	8	2.7
20-30	300	100		> 10,000 K	30	10		Others	14	4.6
Total	300	100		Total	300	100		Total	300	100

Table 1.2

KMO Dependet Variable Sig	.771
KMO Independent Variable Sig	.683

Table 1.3 Total Variance Explained

Extraction Sums of Squared Loadings (Total)	Rotation Sums of Squared Loadings (Cumulative %)
1.131	**64.778**

Table 1.4

Coefficients [a]

Model	Sig
1 (Constant)	-.892
AVERAGE D	.000
AVERAGE C I	.000
AVERAGE IS	.002
AVERAGE M	.000

Dependent variable: AVERAGE Y

Table 1.5

Annova [a]

Model	F	Sig
1. Regression	54.226	.000[b]
Residual		
Total		

a. Dependent Variable: AVERAGE CONSUMER PREFERENCE
b.Predictors: (Constant), AVERAGE MATERIAL USED, AVERAGE INFORMATION SPECIFIED, AVERAGE DESIGN, AVERAGE COLOR AND INNOVATION

Table 1.6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimated	Change Statistics				
					R Square Change	F Change	Df 1	Df 2	Sig. F Change
1	.650[a]	.423	.415	.52094	.423	54.226	4	296	.000

a. Predictors: (Constant), AVERAGE MATERIAL USED, AVERAGE INFORMATION SPECIFIED, AVERAGE DESIGN, AVERAGE COLOR AND INNOVATION
b. Dependent Variable: AVERAGE CONSUMER PREFERENCE