

THE EFFECT OF PRICE DISCOUNTS AND PROMOTION ON PURCHASING WITH WORD OF MOUTH AS A MODERATING VARIABLE

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Abstract

Price discounts are one of the factors that researchers believe can influence consumer purchasing decisions and are even the main factor that consumers take into account, especially for products that are not too much different in quality. Apart from price cuts, researchers also believe that promotional factors can also influence purchasing decisions due to the expanding market share and the increasing number of potential consumers who know about a product. Therefore, this research aims to analyze the effect of price discounts on purchasing decisions. Different from previous research, this research adds the Word of Mouth variable as a moderating variable. This research is qualitative research with an explanatory approach. The data used in this research is primary data that researchers obtained from the questionnaire method of 300 Shopee application users consisting of 150 sellers and 150 buyers. The questionnaire is in the form of multiple choices containing the words strongly agree-strongly disagree. These data were analyzed using the smart PLS 4.0 method.

Keywords : Price Discounts, Promotion, Purchasing, Word of Mouth

1. INTRODUCTION

Decisions always require a choice between several different behaviors with (Dinawan, 2011) who concludes that deciding means often refers to choosing between objects (goods, brands, shops/shopping places), consumers actually choose between alternative behaviors regarding these objects, then (Assauri, 2009) conclude that the purchase decision taken by the buyer is actually a collection of a number of decisions. According to Kotler and Armstrong in Zoeldhan (2014) the purchasing decision is the stage in the purchasing process, where consumers actually buy.

Decision making is an individual activity that is directly involved in obtaining and using the goods offered. (Arimbi, 2020) concludes that a purchasing decision involves a choice between two or more alternative actions or purchasing decision behavior. (Philip, 2013) concludes that purchasing decisions are several stages carried out by consumers before making a decision to purchase a product.

Based on several opinions above, researchers conclude that purchasing decisions are consumers' actions in making purchasing decisions for the goods they like most. So decision

making is an action taken to overcome problems that occur and must be faced in order to achieve goals as quickly as possible and at the most efficient cost possible.

There are a number of factors that can influence consumer purchasing decisions, including price cuts and promotions to expand market share. Price discounts are a strategy to attract customer attention. As a business actor, we will always look for ways to increase sales figures. One of them is the strategy of providing discounts on products and services. The benefits obtained after cutting prices on a product or service are being able to get new customers, where new customers are more interested in the product or service because of the price discount given. Then of course there will be an increase in sales because of the discounts given, especially if the price discounts are limited to a predetermined time period which will make consumers buy products or services just because there is a price discount, not because they really need the product or service (Ardhya, 2019).

Then discounts can also be given only to loyal customers, usually consumers are given member cards, as a sign that they frequently purchase certain products or services and make consumers feel special and get benefits by being given discounts as members, and finally discounts are given to use up old stock, update products and possibly improve product quality. Discounts are defined as price reductions given to consumers when purchasing products and services. Price discounts are one of the promotional strategies to attract consumer purchasing power and the most effective strategy in increasing sales figures. The definition of a price discount is a discount given from the seller to the buyer as appreciation for certain activities of the seller that are enjoyable for the buyer (Tjiptono, 2015). The definition of a price discount is an adjustment to the base price to reward customers for certain reactions such as early bill payments and purchase amounts (Kotler, 2017).

There are a number of studies ((Famelia, 2021); (Hasanah, 2015); (Sulistiono et al., 2022); (Putra et al., 2016) & (Alghifari, 2021) have a positive relationship and a significant influence on purchasing decisions. Apart from price discounts, researchers believe that promotions can also influence purchasing decisions because the better the promotion, the wider the market share and the more people will know the product.

According to (Evelina, 2012) promotion is one part of a series of marketing activities for a product or service. Promotion is a field of marketing activity and is communication carried out by a company to buyers or consumers which includes news, persuasion and influence. Meanwhile, according to (Anggelina, 2022) promotion is an activity carried out by a company with the main aim of informing, persuading, influencing and reminding consumers to buy the products they produce.

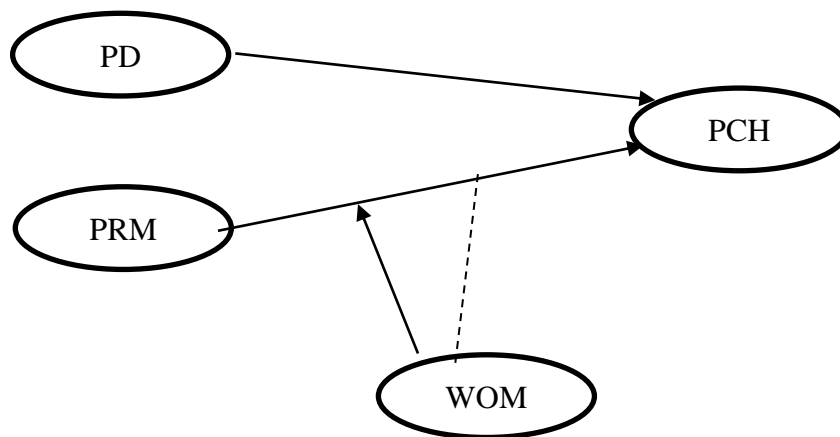
According to (Sulistiono et al., 2022) promotion is a form of marketing communication which is a marketing activity that seeks to disseminate information, influence and remind the target market of the company and its products so that they are willing to accept, buy and be loyal to the products offered by the company concerned. in the buyer's activities or use of services in accordance with his desires and needs. This is done using promotional tools.

There are a number of studies (Kurnianty, 2021); (Muhammad Gigih Made, 2019); (Anggelina, 2022); (Pramadhika, 2013) & (Sinambow & Trang, 2015) show that the Promotion variable has a positive relationship and a significant influence on the Purchasing Decision variable. Different from previous studies, this research adds the Word of Mouth variable as a moderating variable.

2. RESEARCH METHODS

Discounts are one of the essential factors to influence purchasing decisions because you will buy cheaper goods of the same or lower quality but not much different (Sugiyono, 2019) . Apart from price discounts, researchers also believe that the promotion variable can also influence the purchasing decision variable because the better the promotion, the greater the market share and the more potential consumers know about the product. In the end, it will improve Purchasing Decisions(Jonathan Sarwono, 2016). Different from previous research, this research adds the Wor of Mouth variable as a moderating variable which the researcher believes can moderate the influence of the two Independent variables on the Dependent variable. This research is a quantitative research with an exploratory approach. This research uses a questionnaire data distribution method containing multiple choices containing strongly agree-strongly disagree (Abdurahman, 2016). The distribution of data using the questionnaire method is called primary/main data. The data obtained was analyzed using the smart PLS 4.0 method with the following research methods:

Figure 1
Model



Note:

PD : Price Discounts

PRM: Promotion

WOM: Word of Mouth

PCH: Purchasing

Hypothesis:

H1: The Effect of Price Discounts on Purchasing

H2: The Effect of Promotion on Purchasing

H3: Word of Mouth can Moderates The Effect of Price Discounts on Purchasing

H4: Word of Mouth can Moderates The Effect of Promotion on Purchasing

3. RESULT

Convergent Validity

After collecting 20 question items, they were distributed consisting of 6 price discount variable question items, 6 Promotion variable question items, 4 Word of Mouth variable question items, 4 Purchase Decision variable question items. The next stage, validating the

20 question items so that they can be used in the reliability and efficiency testing stages of the route (Sarstedt et al., 2014).

Table 1
Convergent Validity

Variable	Item Question	Loading Factor
Price Discounts (X1)	The cheaper the price, the more interested consumers are in making a purchase	0.842
	Price discounts are very popular with consumers	0.822
	Consumers see the quality of goods as a second consideration after price	0.844
	Consumers have no problem buying cheaper goods even if the quality is slightly lower	0.848
	Consumers definitely choose cheaper goods with the same quality goods	0.833
	The greater the price discount, the greater the potential for the number of purchases to increase	0.819
Promotion (X2)	Consumers buy products starting from getting to know the product first	0.854
	Product introduction can be done by means of promotion	0.848
	Promotions can increase purchasing decisions	0.849
	Promotion can make knowledge of your product known and cover the image of other products	0.851
	Promotions can tempt consumers to make purchases	0.846
	Promotions can increase the demand for goods	0.848
	Word of Mouth can	0.888

Word of Mouth (Z)	improve consumer purchasing decisions	
	Word of Mouth can provide satisfaction to consumers	0.891
	Good word of mouth is a form of good service	0.895
	Word of Mouth can increase consumers' interest in shopping, even repeatedly	0.899
Purchasing (Y)	Purchase decisions can be influenced by price	0.867
	Purchasing decisions can be influenced by promotions	0.876
	Purchasing decisions can be influenced by Word of Mouth	0.871
	Purchasing decisions can be influenced by satisfaction and good service by the seller	0.866

Valid : > 0.70

Realibility Test

The 20 question items which include 6 question items for the Price Discounts variable, 6 question items for the Promotion variable, 4 question items for the Word of Mouth variable, and 4 question items for the Purchasing variable can be confirmed to be valid because they are above 0.70. Running side by side with the researcher's statement in testing the validity of the 20 question items above, if these 20 question items are valid, then the next stage is to find out the true value of the construct and the lower value of the construct or also called a reliability test with the following results (Ghozali, 2016):

Table 2
Realibility Test

Variable	Composite Realibility	Cronbach Alfa
Price Discounts	0.810	0.850
Promotion	0.836	0.877
Word of Mouth	0.887	0.927
Purchasing	0.864	0.904

Valid : > 0.70

4. DISCUSSION

Path Coefisien

Referring to the presentation in tables 1 and 2 above, it can be concluded that the 20 question items consisting of 6 question items for the Promotion variable, 4 question items

for the Word of Mouth variable, and 4 question items for the Purchasing variable can be validated and declared valid. Apart from that, the actual construct value and the lower construct value are above the threshold and can be declared reliable. The final step that can be carried out is the path coefficient to determine the significance of the influence and direction of the relationship as follows: (Sarstedt et al., 2014):

Table 3
Path Coefisien

Direct Effect	Variable	P-Values	Noted
	PD->PCH	0.024	Acceptable
	PRM->PCH	0.019	Acceptable
Indirect Effect	WOM* PD->PCH	0.000	Acceptable
	WOM* PRM->PCH	0.000	Acceptable

Significant Level > 0,05

H1: The Effect of Price Discounts on Purchasing

Discounts or discounts are one of the factors that can influence purchasing decisions because consumers prefer cheap prices for goods, consumers even rank proud quality as second place after price, especially regarding goods whose quality is not too different. Based on this, the results of the smooth coefficient test in the first hypothesis show a positive relationship direction and a significant influence on the Purchasing Decision variable because it has a positive value and is below the significance level of 0.05, namely 0.024. This means that the first hypothesis in this research can be accepted. These results are also the same and in line with research (Famelia, 2021); (Hasanah, 2015); (Sulistiono et al., 2022); (Putra et al., 2016) & (Alghifari, 2021).

H2: The Effect of Promotion on Purchasing

Apart from Price Discounts, researchers believe that the Promotion variable can have a positive relationship and a significant influence on the Purchasing Decision variable because the more promotions are carried out, the more consumers know about the product and the greater the market share. In the end, people will make purchasing decisions. Therefore, the results of the path coefficient table in the second hypothesis show that the Promotion variable has a positive relationship and a significant influence on the Purchase Decision variable because it has a positive value and is far below the 0.05 significance level, namely 0.019. This means that the second hypothesis in this research can also be accepted. These results are exactly the same and in line with research (Kurnianty, 2021); (Muhammad Gigih Made, 2019); (Anggelina, 2022); (Pramadhika, 2013) & (Sinambow & Trang, 2015).

H3: Word of Mouth can Moderates The Effect of Price Discounts on Purchasing

From the results of the first hypothesis above. The Price Discount variable has a positive relationship and a significant influence on the Purchasing Decision variable with a p-vlaues value of 0.024. Researchers believe that this influence will be more significant if moderated by the Word of Mouth variable because price discounts and good service through Word of Mouth will produce satisfaction. So the level of consumer doubt about buying will become smaller and the influence will be more significant. Running side by side with these results, the path coefficient results of the third hypothesis show results that are more significant than before. The effect of price cuts on decisions was 0.024 to 0.000 after being moderated by the Word of Mouth variable. This means that the third hypothesis in this research can be accepted.

H4: Word of Mouth can Moderates The Effect of Promotion on Purchasing

From the results of the second hypothesis above. The Promotion variable has a positive relationship and a significant influence on the Purchasing Decision variable with a p-values value of 0.019. Researchers believe that this influence will be more significant if moderated by the Word of Mouth variable because good promotion and good service through Word of Mouth will produce satisfaction. So the level of consumer doubt about buying is getting smaller and the influence will be more significant. Running side by side with these results, the path coefficient results of the third hypothesis show results that are more significant than before, the influence of Promotion on decisions from 0.019 to 0.000 after being moderated by the Word of Mouth variable. This means that the third hypothesis in this research can be accepted.

CONCLUSION

Based on the results of the analysis and explanation above, it can be concluded that the Price Discount variable has a positive relationship and a significant influence on the Purchasing Decision variable because consumers are more interested in cheap prices and even put quality in second place after price. Apart from that, the Promotion variable also has a positive relationship and a significant influence on the Purchasing Decision variable because the better the promotion, the more people will know about it and the bigger the market share will be. In the end, purchasing decisions increase. The two variables above can be moderated by the Word of Mouth variable so that they show more significant results.

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