

## THE IMPACT OF PROMOTIONAL TOOLS ON CONSUMER BUYING BEHAVIOR AT MATAHARI DEPARTMENT STORE MANADO TOWN SQUARE

by:  
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### ABSTRACT

For maximizing market share, every company will carry out various forms of marketing strategies aimed to boost sales. Promotional activity is one form of marketing strategy that aims to introduce and simultaneously influence consumers to buy the products offered by the company so as to increase the volume of sales. The purpose of this study was to find the impact of promotional tools such as buy one get one free, price discount, coupon promotion and physical surroundings on consumer buying behavior at MDS Manado Town Square. This research is a quantitative research that used associative research. The data was collected through questionnaire with sample size is 75 respondents who are selected often and always purchasing at MDS MTS. The conclusion is there is significant positive impact of buy one get one free, price discount, and coupon promotion on consumer buying behavior and no significant at physical surroundings. It means MDS MTS should improve the promotions and the physical surroundings in order to attract more customers to make purchasing. Therefore the researcher recommended to MDS MTS to better continues maintaining and improve their marketing strategies through promotional activities in order to attract more customers to continue making purchases.

**Keywords:** *promotional tools, consumer buying behavior*

### INTRODUCTION

#### Research Background

The company's success in offering its products is largely determined by the provisions of the present strategy, which is adjusted to the situation and condition of the target market. By knowing what customers want on a particular product, then it can be known right strategies that want to be applied by the company. Thus, from a series of marketing activities undertaken is a union of mutual support to one another. For maximizing market share, every company will carry out various forms of marketing strategies aimed to boost sales. Promotional activity is one form of marketing strategy that aims to introduce and simultaneously influence consumers to buy the products offered by the company so as to increase the volume of sales.

One industry that is currently growing in Indonesia is retail business. PT Matahari Putra Prima has become one of leading player in this industry which introducing the business unit called PT Matahari Department Store., Tbk, initiated by Hari Darmawan and his wife Anna Janti established in 1958 in Pasar Baru. PT Matahari Department Store Tbk is a retail company that is engaged in the General Merchandise Department Store Retailer in the form that has spread vastly across several cities in Indonesia. And in Manado city, the company is located in several shopping centers, one of which is in Manado Town Square.

## Research Objectives

The objective of this research is to determine the effect of :

1. Promotional Tools on Consumer Buying Behavior at Matahari Department Store Manado Town Square
2. Buy One Get One Free on Consumer Buying Behavior at Matahari Department Store Manado Town Square
3. Price Discount On Consumer Buying Behavior at Matahari Department Store Manado Town Square
4. Coupon on Consumer Buying Behavior at Matahari Department Store Manado Town Square
5. Physical Surroundings on Consumer Buying Behavior at Matahari Department Store Manado Town Square

## THEORITICAL FRAMEWORK

### Theories

#### Consumer Behavior

Consumer behavior is the study of the unit purchase (buying the unit) and the exchange process involving the acquisition, consumption and disposal of goods, services, experiences and ideas (Mowen 2008:6). Marketing starts with the analysis of consumer behavior, which is defined by Blackwell et al. (2001) as those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts. Knowledge of consumer behavior is an indispensable input to promotional mix decisions. This, in turn, is not confined to manufacturers but extends into the realms of the retailer and the nonprofit marketers.

#### Marketing

Kotler (2008:7) defined marketing and managerial social process in which individuals and groups obtain their needs and desires by creating, offering and exchanging products of value with each other. Marketing is a total system of business activities specified for planning, pricing, promoting and distributing goods and services and satisfying the existing buyers and potential buyers.

#### Marketing Mix

Success of a marketing plan is highly dependent on several important elements that constitute one unified value chain should be, integral and cannot be separated from one another. Elements are known as the marketing mix. Integrated marketing mix / 8p model of integrated service management or management of integrated services is the development of the marketing mix (4P), which became the basis for understanding decision variables for eight services company managers (Lovelock and Wright 2002). Kotler (2008:82) stated that marketing mix is a combination of several methods to promote the product so as to achieve maximum results with minimum costs include market research, product strategy, promotion, pricing and distribution.

#### Promotion

Kotler (2008:257) defines promotion as follows: sales promotion consists of diverse collection of incentive issue, mostly short term, designed to encourage the purchase of a specific product / service faster and bigger by the consumer or the merchant. Sales promotion may be attractive for highly promotion prone consumers for reasons beyond price savings (Chandon et al 2000).

#### Purchase Behavior Consumer

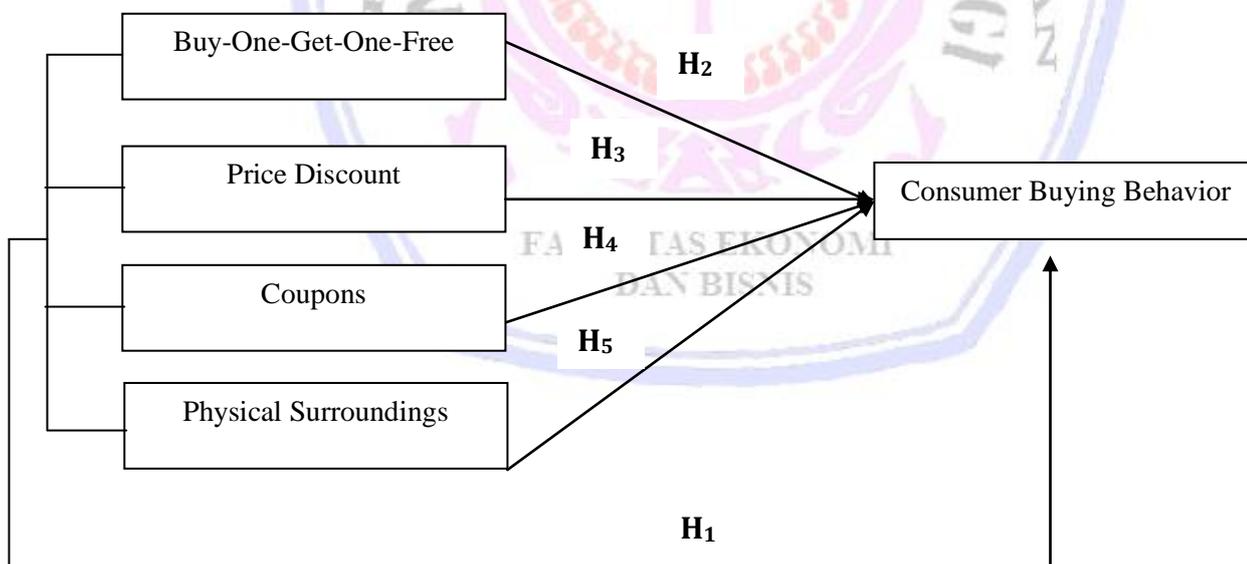
Purchase decision process at every person is basically the same, except that all the processes are not implemented by the consumer. Based on the purpose of purchase, consumers can be classified into two groups: end users or individual and organizational consumers or industrial consumers. Purchase decision process by Setiadi (2006:57) consists of five stages: need recognition, information search, alternative evaluation, purchase decision, post purchase.

**Relationship between Buy One Get One Free, Price Discount, Coupon, and Physical Surroundings of Consumer Buying Behavior**

Buy one get one free is one of the sales promotion technique where additional product are offered to the customers at normal price but with greater enhance in package. The customers could easily persuade to purchase the produce because there is no requirement of any additional price and it should be more valued by the customer to perceived (Sinha & Smith, 2008). Price discount is famous tool for offering price reduction, openly applies on the product or point of purchase display. Ndubisi and Chew (2006) stated that product trial can be increased through offering great price discount. The word of coupon advertisings is related to those customers who get vouchers are entitled to concession on the products at regular price (Ndubisi & Chew, 2006). Coupons are defined as vouchers or certificates, which allow consumers to get a price reduction on a particular product. Throughout the sales advertising, retail shops frequently changes in physical surrounding with various kinds of music, decor and sales discount ranging from 25 to 75 per cent. The picture of the shopping center encourages consumer store condescending (Sit et al., 2008). This “front line” picture attraction is useful to retail stores.

**Previous Research**

(Rizwan, et al 2012). Buy one get one free has significant relationship with the buying behavior; 2). Price discount has strong significant positive relationship with the buying behavior; 3). Physical surroundings also have an important situational factor; 4). Free samples and coupons have not significant relationship with the buying behavior. Rangsan Nochai and Titida Nochai (2011) the sales promotion factors “Offer member card for discount” , “Extend warranty period” , “Bundled with scanner” , “Billboard, radio, leaflet, and magazine”, and “Able to pay by installments” are the important factors that impact on consumers’ purchasing decision. The marketer can enhance more effectiveness of customers need, increase customer base and make more market shares in this segmentation by using sale promotion strategies about developing member card for discount, increasing the number of advertising media, warranty period conditions.



**Figure 1. Conceptual Framework**

*Source: Data Processes, 2013*

## Research Hypothesis

- H1 : Promotional Tools influences Consumer Buying Behavior at Matahari Department Store Manado Town Square simultaneously
- H2 : Buy One Get One Free influences Consumer Buying Behavior at Matahari Department Store Manado Town Square partially
- H3 : Price Discount influences Consumer Buying Behavior at Matahari Department Store Manado Town Square partially
- H4 : Coupon influences Consumer Buying Behavior at Matahari Department Store Manado Town Square partially
- H5 : Physical Surroundings influences Consumer Buying Behavior at Matahari Department Store Manado Town Square partially

## RESEARCH METHOD

### Types of Research

This research is associative research. Creswell (1994) stated associative research is a research aimed to determine the effect of two or more variable.

### Place and Time of Research

Research object was at Matahari Department Store Manado Town Square Manado. The research was conducted in Manado between September -November 2013.

### Population and Sample

Population is the entire group of people, events or things of interest that the researcher wishes to investigate (Zikmund, 1997). The population in this research is the consumers of Matahari Department Store Manado Town Square Manado. Hair et alt (2006) which said when the population is not known with certainty, then the sample is determined by multiplying the number 4 or 5 times the amount of the item in question. Number of item questions in this study was 15 questions, and then the number of samples used in this study is  $15 \times 5 = 75$  respondents. The total sample of 75 respondents considered relevant to be used as the study sample.

### Data Collection Method

Primary data refer to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study. Individual provide information when interviewed, administered questionnaires, or observed. Secondary data refer to the data gathered for some other purpose than the immediate study.

### Operational Definitions and Measurement of Research Variables

The general explanations about variables in this current research that will be analyzed are stated as follows :

1. Buy One Get One Free (X1) is promotion undertaken Matahari Department Store by providing additional products when consumers buy products that are sold.
2. Price Discount (X2) is promotion undertaken Matahari Department Store by giving discounted price set.
3. Coupon (X3) is promotion undertaken Matahari Department Store by providing grocery coupons to consumers.
4. Physical surroundings (X4) are Matahari Department Store environment where consumers make purchases.
5. Consumers buying behavior (Y) is related to the interests / needs and potential of the consumer's desire to buy products at Matahari Department Store is measured with a Likert scale

The variables of this research will be measured using a Likert scale as a widely used rating scale is designed to examine how strong subjects agree or disagree with statements on a five point scale.

## Data Analysis Method

### Validity and Reliability Test

The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set, Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran and Bougie 2009). Since reliable scales are not necessarily valid, researchers also need to be concerned about validity. It assesses whether a scale measures what is supposed to be measured. Thus validity is a measure of accuracy in measurement (Hair et, al 2010).

### Multiple Regressions Analysis

Multiple regression analysis is the appropriate technique to use when there are several independent variables that need to be examined for their influence on a dependent variable (Malhotra 2007:37).

The formula for multiple regression analysis method is as follows:

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

Where

|                  |   |  |
|------------------|---|--|
| Y                | = | Consumer buying behavior   |
| X <sub>1</sub>   | = | Promotion of buy one get one free  |
| X <sub>2</sub>   | = | Promotion of price discount  |
| X <sub>3</sub>   | = | Promotion of coupon  |
| X <sub>4</sub>   | = | Physical surroundings  |
| B <sub>1-4</sub> | = | Partial coefficients for each variable X <sub>1</sub> , X <sub>2</sub> X <sub>3</sub> , X <sub>4</sub> |

(Source: Malhotra, 2007: 37)

## RESULT AND DISCUSSION

### Result

#### Validity and Reliability

Validity test is used to know whether the instrument valid or not with the score is 0.3 ( $r \geq 0.3$ ). The result shows that instruments value is above 0.3 it means that the instruments used are valid. Based on the result that the validity of the test results for the buy one get one free (x1), price discount (x2), coupon promotion (x3) physical surroundings (x4) and consumer buying behavior (y) are valid because the value are above 0.3.

The reliability test in this research uses Cronbach's Alpha. If Alpha is more than 0.5 means the data is reliable. For the value of Cronbach's Alpha of X<sub>1</sub> is 0,668, X<sub>2</sub> is 0.918, X<sub>3</sub> is 0,884, X<sub>4</sub> is 0,688 and for Y is 0,867. It can be concluded that instrument used in this research is reliable the entire variables.

#### Multiple Regression Analysis

Table 1. Results of Multiple Linear Regression Analysis

| Variable<br>(Constant)                  | B     | t<br>value | Sig.  | Information    |
|---|-------|------------|-------|----------------|
| Buy one get one free (X <sub>1</sub> )  | 0.251 | 2.310      | 0.004 | Significant    |
| Price discount (X <sub>2</sub> )        | 0.570 | 5.221      | 0.008 | Significant    |
| Coupon promotion (X <sub>3</sub> )      | 0.212 | 2.930      | 0.003 | Significant    |
| Physical Surroundings (X <sub>4</sub> ) | 0.062 | 1.447      | 0.152 | No Significant |

Source: Data processed SPSS, 2013

The equation is as follows :

$$Y = 7.655 + 0.251 X_1 + 0.570 X_2 + 0.212 X_3 + 0.062 X_4 + e$$

1. The value of constant which are 7.655 means that the variable of buy one get one free ( $X_1$ ), price discount ( $X_2$ ), coupon promotion ( $X_3$ ) and physical surroundings  $X_4$  are constant, then the value of purchase decision is 7.655
2. The value of  $X_1$  which are coefficient regression of buy one get one free ( $X_1$ ) means that if variable buy one get one free increase 1% then the variable will increase 0.251% of consumer buying behavior assuming other variables remain or equal to zero.
3. The value of  $X_2$  which are coefficient regression of price discount ( $X_2$ ) means that if variable price discount increase 1% then the variable will increase 0.570% of consumer buying behavior assuming other variables remain or equal to zero.
4. The value of  $X_3$  which are coefficient regression of coupon promotion ( $X_3$ ) means that if variable coupon promotion increase 1% then the variable will increase 0.212% of consumer buying behavior assuming other variables remain or equal to zero.
5. The value of  $X_4$  which are coefficient regression of physical surroundings ( $X_4$ ) means that if variable physical surroundings increase 1% then the variable will increase 0.062% of consumer buying behavior assuming other variables remain or equal to zero.

### Classical Test Assumptions

Normality test is intended to determine whether the data used was normally distributed. Normality test results were processed with SPSS graphs, the result is the data is spread around the diagonal line and follow the direction of the diagonal line and then the data is normally distributed with a regression model that can be said to have met the assumption of normality. Heteroscedasticity is a state in which the variance of residual inequality in the regression model. Good regression models require no heteroscedasticity problem. If the points spread with no clear pattern above and below the 0 on the Y axis does not happen heteroscedasticity and the result is the regression equation are not heteroscedasticity. This is evident from the spread of the points that do not have a clear pattern, and the points are spread above and below the 0 on the Y axis, so that equation is not a case of symptoms heteroscedasticity. Autocorrelation test aims to test whether a linear regression model there is a correlation between the error bullies in period t with no errors in period t-1 (previous). A good regression model is a regression model that is free of autocorrelation. And from the result is the value of the Durbin-Watson (DW) was obtained for 1,173 so there is no autocorrelation. Multicollinearity test aims to test whether the regression model found a correlation between the independent variables. If there is a correlation between independent variables is high (generally above 0.90), then this is an indication of multicollinearity. The value which is commonly used to indicate the presence of multicollinearity is tolerance values  $> 0.10$  or VIF values  $< 10$ . Based on the results of statistics collinearity coefficient that no symptoms of multicollinearity if the VIF value  $< 10$ . VIF value calculation produces results for buy one get one free ( $X_1$ ) of 9.401  $< 10$ , price discount variable ( $X_2$ ), amounting to 2.814  $< 10$ , the variable coupon promotion ( $X_3$ ) of 1.130  $< 10$  and physical surroundings variable ( $X_4$ ), amounting to 7.020  $< 10$  so no symptoms of multicollinearity in the regression model.

### Discussion

#### Impact of Promotional Tools on Consumer Buying Behavior

Promotional tools at Matahari Department Store Manado Town Square influence consumer to buy. Because with the promotional tools, there are many products sold. Customers prefer and interest to buy if there is a promotion at the store. The promotion that effect customer to buy which is buy one get one free, price discount, coupon promotion, and physical surroundings. Chandon et al (2000) indicated that sales promotion may be attractive for highly promotion prone consumers for reasons beyond price savings.

### **Impact of Buy One Get One Free on Consumer Buying Behavior**

Buy one get one free at Matahari Department Store Manado Town Square Manado, products that are promoted through buy one get one free influence consumer to buy. The result of this research explain that buy one get one free is significantly linked with consumer buying behavior, therefore the more products are included at no extra cost than it can influence customers to purchase products for test. . It revealed that buy one get one free can appeal and persuade customer's favorable attitude on buying behavior. Therefore, it can be explained that buy one get one free is one of the essential element persuading buying behavior of customers, particularly in the repurchase of new product. Sinha & Smith (2008) stated buy one get one free is one of the sales promotion technique where additional product are offered to the customers at normal price but with greater enhance in package.

### **Impact of Price Discount on Consumer Buying Behavior**

Price discount at Matahari Department Store Manado Town Square Manado influence consumers to make purchases, customer interested in products that are promoted through price discount because products are promoted in price discount at Matahari Department Store Manado Town Square Manado are quality product. Customers feel free to buy many products that they want as long as they will get a price discount. And customers will feel satisfy because there are so many price discounts start from discount 20% up to 50%. Ndubisi and Chew (2006) stated price promotion refers to reduction in price for a limited time, which offered to customers. Price discount is famous tool for offering price reduction, openly applies on the product or point of purchase display. The customers are more attracted to price-off promotions.

### **Impact of Coupon Promotion on Consumer Buying Behavior**

Coupon promotion at Matahari Department Store Manado Town Square Manado also influence consumers to buy the products although not as much as buy one get one free promotion and promotion price discount. In fact there are some interested customers with promotional coupons, it is proven with every purchase with a minimum purchase they will receive such promotional coupon voucher for the next purchase. And customers feel curious and driven to make purchases again to get more vouchers for discounted in the next purchases. The word of coupon advertising is related to those customers who get vouchers are entitled to concession on the products at regular price (Ndubisi & Chew, 2006). Coupons are defined as vouchers or certificates, which allow consumers to get a price reduction on a particular product.

### **Impact of Physical Surroundings on Consumer Buying Behavior**

Interior, store layout, general interior and store exterior at Matahari Department Store Manado Town Square Manado influence consumers to make purchases. Customers today are not only shopping to meet their needs, but customer will look for stores that provide a pleasant experience. Thus the customer has to have expectations that are influenced by their previous purchasing experience. The results showed that at the time of evaluation of the store environment consisting of design, social and environmental ambient carried out by the customer, they are the assurance that this environment provides information about product related attributes such as quality, price and shopping experience. A store that provides comfort and attractive decor will attract customers through the store, the layout and musical accompaniment that not only give an idea of the store, but will encourage customers to stay longer in the store. Good store design will attract customers desire to know everything contained in those stores. Atmosphere can be built through the store layout arrangement and structuring of products sold. Stores that provide fun and attractive environment through approaches will create a feeling of a competitive environment between stores in providing in-store customer experience and can certainly attract a lot of customers in the store. Sit et al., (2008) defines now a day's shopping centers had various kinds of store and most of countries grasp similar sales advertisings yearly. Throughout the sales advertising, retail shops frequently changes in physical surrounding with various kinds of music, decor and sales discount ranging from 25 to 75 per cent.

## CONCLUSION AND RECCOMENDATION

### Conclusion

The results on this research can be concluded that:

1. Buy one get one free, price discount, coupon promotion and physical surroundings the same positive influences on consumer buying behavior at Matahari Department Store Manado Town Square.
2. Testing hypothesis partially, buy one get one free, price discount and coupon promotion influence on consumer buying behavior at Matahari Department Store Manado Town Square. And physical surroundings variable does not influence on consumer buying behavior at Matahari Department Store Manado Town Square.
3. Simultaneous hypothesis testing, four variables simultaneously affect the consumer buying behavior at Matahari Department Store Manado Town Square.
4. Most consumer buying behavior at Matahari Department Store Manado Town Square is influenced by buy one get one free, price discount, coupon promotion and physical surroundings while also influenced by other causes which are not examined in this study.
5. The buy one get one free, price discount, coupon promotion and physical surroundings has a positive relationship to consumer buying behavior at Matahari Department Store Manado Town Square.

### Recommendation

Based on the results of the discussion in this research, as for the suggestion that the researcher suggested, there are:

1. In connection with promotional tools consisting of a buy one get one free, discount price, promotion coupon that Matahari Department Store run so far, the research related to consumer behavior, especially on the effect of promotional tools on the purchase decision if it can be used as a reference in company policy.
2. Matahari Department Store Manado Town Square continues to maintain and improve the marketing strategies that have been carried out which one of them is through promotional activities in order to attract more consumers to continue making purchases at the store, especially through discounts or rebate program which is the reason most selected consumer in making a purchase.

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