

THE INFLUENCE OF PRICE, PROMOTION, AND INNOVATION ON PURCHASE DECISIONS OF WAKAROROS BATIK IN OLSABARA SANGATTA

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Wakaroros Batik is a motif inspired by the Dayak culture, which describes their views on the natural environment using shades of orange, green, pink, and red. In the price marketing system, promotion and innovation is a factor that has been sought by the company but has yet to be able to provide a maximum contribution to consumer decisions. This study aimed to determine the effect of price, promotion, and innovation on purchasing decisions for Batik Wakaroros at Olsabara Sangatta. The study results

indicate that price, and innovation positively and significantly impact purchasing decisions for Batik Wakaroros at Olsabara Sangatta. Only promotions whose results are not significant. **Keywords:** Price, Promotion, Innovation, Purchase Decision

Introduction

The relationship between price and decisions greatly influences decisions in making buying and selling transactions, where the higher the product price, the lower the purchase rate, conversely, if the price of a product is lower, the purchase rate will increase. Therefore, producers must be more careful in determining the price of their products so that the products they offer attract consumers and sell more quickly. Price greatly influences consumer decisions in purchasing a product offered. Discounts or price cuts are also attractions for consumers when purchasing a product.

Apart from prices and discounts, promotions are also essential in increasing sales. With promotions, producers can communicate with consumers regarding the advantages of the product being marketed, which makes consumers interested in trying it and then deciding to buy the product.

In the current era of free trade and global competition, every business sector is forced to be ready to face increasingly fierce business competition and consumers who are increasingly critical in choosing products. This requires entrepreneurs to be more innovative in producing products. Entrepreneurs should offer new products that are different and much better than products offered by competitors. Entrepreneurs must be able to make different products so that consumers are more interested in buying these products compared to competitors' products. If the entrepreneurs can pay attention to design and create innovations, consumers will feel decision choosing the products offered. From the discussion above, price, promotion, and innovation influence consumer purchasing in choosing a batik product for sale and purchase. Olsabara Sangatta is an activity unit

designed as a trading house that fosters various business opportunities, such as design and packaging services, distribution services, and the Olsabara souvenir outlet. Apart from having a role in collecting and marketing local products, it is also a center for Sangatta souvenirs. Olsabara also aims to increase the productivity of competitive local products.

The objectives to be achieved by conducting this research are as follows :

1. To determine the influence of price on purchasing decisions for Wakaroros Batik at Olsabara Sangatta
2. To determine the effect of promotions on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.
3. To determine the influence of innovation on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.
4. To determine the influence of price, promotion, and innovation simultaneously on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.

Theoretical Review

According to Tjiptono & Chandra (2012:315), price is the amount of money (monetary units) and other aspects (non-monetary) that contain certain utilities needed to obtain a product.

According to Kotler and Armstrong, translated by Sabran (2012:278), there are three price indicators, namely:

- a. Price match with product quality.
- b. Prices are competitive with other similar products.
- c. Prices are affordable according to consumer purchasing power.

(Kotler, 2010: 173) suggests that short-term incentive promotions encourage purchasing or selling a product or service. According to Danang (2018) promotion has several indicators as follows:

- a. Promotion reach.
- b. Quantity of updates on social media.
- c. Message quality.

Product Innovation is a process that starts from new ideas, discoveries, and developing a new market that influences each other. The results of introducing a new method in the form of innovation have a massive change in comparing the use value test of the benefits of a product produced by the company and the price set by the producer. (Kotler, 2016:454). Innovation has several indicators, as follows:

- a. Product quality includes quality control changes.
- b. Product features.
- c. Product design.

Kotler and Keller (2016: 194) state that consumer purchasing decisions are part of consumer behavior, namely the study of how individuals, groups and organizations choose, buy, use and how goods, services, ideas or experiences satisfy their needs and desires. According to Kotler & Armstrong (2008:181), purchasing decision indicators are as follows:

- a. Buying stability after knowing product information.
- b. Decided to buy because it was the most preferred brand.
- c. Buy because it suits your wants and needs.

d. Bought because of other people's recommendations

Hypothesis

The hypothesis of this research is:

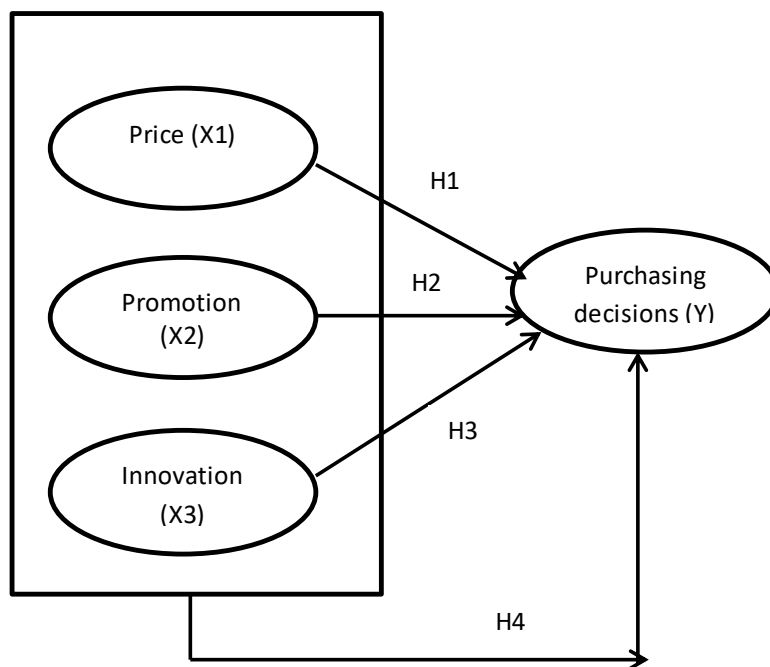
H1 = There is an influence of price on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.

H2 = There is an influence of promotion on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.

H3 = There is an influence of innovation on purchasing decisions for Wakaroros Batik at Olsabara Sangatta.

H4 = There is an influence on price, promotion, and innovation on purchasing decisions simultaneously for Wakaroros Batik at Olsabara Sangatta.

Picture. 1
Frame of Mne



Source : Sugiyono (2017:60)

Research methods

Time and Place

The author carried out this research for two months, from January to February 2023 at Olsabara Sangatta which is located on Jalan Dr. Sutomo, Swarga Bara, North Sangatta District, East Kutai Regency, East Kalimantan.

Population, Sample, and Sampling Techniques

The sampling technique used in this research is non-probability sampling in the form of accidental sampling, namely a method of determining samples by taking respondents who happen to be present or available in a place according to the research context. (Notoatmodjo, 2010). So, the sampling respondents were determined based on the consumers the author met when distributing the questionnaire, namely 71 people.

Data collection technique

The data was collected with questionnaires.

Data analysis technique

Data Instrument Test

The data instrument tests carried out were validity tests and reliability tests.

Classic assumption test

The classical assumption test is a requirement that must be carried out before conducting hypothesis testing. The classical assumption test consists of normality, multicollinearity, heteroscedasticity.

Multiple Linear Regression Analysis

Multiple linear regression is used if the researcher intends to predict how the value of the dependent variable will change if the value of two or more independent variables as predictors is increased or decreased in value (manipulated).

Coefficient of determination (R^2)

The coefficient of determination is a value that shows the magnitude of changes that occur due to other variables. The coefficient of determination is expressed in R^2 .

Hypothesis test

1) t-test

The t-test is used to determine the significance of the influence of independent variables partially or individually on the dependent variable.

2) F Test

The F test is carried out to see the significance of the influence of independent variables simultaneously on the dependent variable or is often called a linearity test of the regression equation.

Results and Discussion

Results

Data Quality Test

Based on the validity test analysis results, if the significance value is <0.05 , the conclusion is valid, and if the sig value is >0.05 , the conclusion is invalid. If Cronbach's alpha value is $>$ than the limit value "0.60," then the data can be said to be reliable. From the table above, it can be explained that Cronbach's alpha value is $>$ than the limit value, namely $0.914 > 0.060$, which indicates that the variables x_1 , x_2 , x_3 , and y are reliable.

Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression Test Results

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .560 | 1.107 | | .506 | .615 |
| Price | .213 | .101 | .190 | 2.097 | .040 |
| Promotion | .022 | .076 | .030 | .283 | .778 |
| Innovation | .693 | .108 | .667 | 6.440 | .000 |

$$Y=0.560+0.213x_1+0.22x_2+0.693x_3$$

The regression equation is as follows:

- 1) Constant = 0.560. If the promotion, price, and product innovation variables are considered equal to zero, then the purchasing decision variable is 0,560.
- 2) Price coefficient (x_1) = 0.213. If the price variable increases while promotion and product innovation are assumed to remain constant, then purchasing decisions will increase by 0.213.
- 3) Promotion coefficient (x_2) = 0.022 If the price variable experiences a promotion, while price and product innovation are assumed to be constant, then purchasing decisions will increase by 0.022.
- 4) Product Innovation Coefficient (x_3) = 0.693 If the product innovation variable increases while promotion and price are assumed to be constant, then purchasing decisions will increase by 0.693.

Determination Test (R^2)

Table 2. Coefficient of Determination Results

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .811 ^a | .657 | .642 | 1,138 |

Based on the output above, it is known that the R Square value is 0.657, this means that the influence of the price, promotion, and innovation variables to see how big the variables x_1 , x_2 , and x_3 are on the dependent variable of purchasing decisions (y) for Wakaroros Batik at Olsabara Sangatta is 65.7%, and the rest is influenced by other variables that are not included in this research.

t Test (Partial Test)

Table 3. t-test results

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .560 | 1.107 | | .506 | .615 |
| Price | .213 | .101 | .190 | 2.097 | .040 |
| Promotion | .022 | .076 | .030 | .283 | .778 |
| Innovation | .693 | .108 | .667 | 6.440 | .000 |

- 1) H1 = It is known that the sig for the influence of x1 on y is $0.04 < 0.05$ (significant), and t count is $2.097 > t$ table 1.670 (significant), so it can be concluded that price has a significant effect on purchasing decisions.
- 2) H2 = It is known that the sig for the effect of promotion (x2) on y is $0.778 > 0.05$ (non-significant) and t calculated ($0.283 < t$ table 1.670 (non-significant), so it can be concluded that promotion has no significant effect on purchasing decisions (y).
- 3) H3 = It is known that the sig for the influence of innovation (x3) on y is $0.000 < 0.05$ (significant) and t count is $6.440 > t$ table 1.670 (significant) so it can be concluded that innovation has a significant effect on purchasing decisions (y).

F Test

Table 4. F Test Result

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 166,425 | 3 | 55,475 | 42,841 | .000 ^b |
| | Residual | 86,758 | 67 | 1,295 | | |
| | Total | 253,183 | 70 | | | |

Based on the output above, it is known that the significance value for the influence of x1, x2, and x3 on y is $0.000 < 0.05$ (significant), and the calculated f value is $42.841 > F$ table 2.74 (significant), so it can be concluded that price, promotion, and innovation coincide—significant influence on purchasing decisions (y).

Discussion

The magnitude of the influence of these variables on purchasing decisions is 65,7%, so, by looking at the magnitude of the influence of these three independent variables on purchasing decisions, these three variables should be of special attention to batik managers in selling Wakaroros batik products at Olsabara Sangatta.

a. The Influence of Price on Purchasing Decisions for Wakaroros Batik at Olsabara Sangatta

The results of this research show that there is an influence of price on the decision to purchase Wakaroros Batik at Olsabara Sangatta. Based on the t-test results, it is clear that the price variable has a significant positive effect on purchasing decisions. This means that the better the price offered, the better the purchasing decision. The price of a product is always an essential factor in the process and context of every consumer. High prices need to be balanced with good quality to avoid consumer disappointment. So, producers must remain clever in setting the selling price of a product. The price set must be under the consumer's economy so that consumers can buy the goods, the price represents a person's perception of the product so that the price can make consumers make purchasing decisions.

b. The Influence of Promotion on Purchasing Decisions for Wakaroros Batik at Olsabara Sangatta

This research shows no influence of promotions on the decision to purchase Wakaroros Batik at Olsabara Sangatta. In this case, the author concludes that the promotions carried out cannot reach some consumers who are in the interior. So, promotion is essential in marketing management because promotions and affordable prices can make consumers who were initially not interested in a product change their minds and become interested in the product.

c. The Influence of Innovation on Purchasing Decisions for Wakaroros Batik at Olsabara Sangatta

This research shows a significant influence of product innovation on purchasing decisions for Wakaroros Batik at Olsabara Sangatta. Based on the t-test results, it is clear that the product variable has a significant positive effect on purchasing decisions. This means that the better the innovation, the better the purchasing decision. The magnitude of the influence of product innovation variables on purchasing decisions. This research is in line with research conducted by Tamamudin et (2012), which shows that innovation influences consumer purchasing decisions, the higher the product innovation, the higher the purchasing decision. Innovation is part of a framework that connects aspects of corporate culture with the ability to innovate and improve company performance through consumer purchasing decisions.

d. The Influence of Price, Promotion, and Innovation simultaneously on Purchasing Decisions for Wakaroros Batik at Olsabara Sangatta

This research shows a significant influence of price, promotion, and product innovation simultaneously on purchasing decisions for Wakaroros Batik at Olsabara Sangatta. What is known is that the significant value for the influence of x_1 , x_2 , and x_3 on y is $0.000 < 0.05$ (significant). The research results show that the innovation variable has the most substantial influence on purchasing decisions, while the promotion variable has the weakest influence on purchasing decisions. Based on these results, the promotion of wakaroros batik at Olsabara Sangatta must continue to be developed by utilizing existing social media as an effort to attract consumer interest in buying wakaroros batik at Olsabara Sangatta.

Closing

Conclusion

- a. Based on the research results, it has been observed that price influences the decision to purchase Wakaroros Batik at Olsabara Sangatta. It is known that the sig value for the influence of price (x_1) on purchasing decisions (y) is $0.040 < 0.05$ (significant). In this case, the author concludes that the higher or better the perception of the price offered results in a higher decision to purchase Wakaroros batik at Olsabara Sangatta.
- b. Based on the research results, it has been observed that promotions do not affect the decision to purchase Wakaroros Batik at Olsabara Sangatta. It is known that the sig value for the influence of price (x_2) on (y) is $0.778 > 0.05$ (non-significant). In this case, the author concludes that the promotions carried out cannot reach some consumers who are in the interior.
- c. Based on the research results, it has been observed that innovation has a significant influence on purchasing decisions for Wakaroros Batik at Olsabara Sangatta, which is known to be significant for the influence of innovation (x_3) on purchasing decisions (y) $0.000 < 0.05$ (significant), which means that the higher the innovation carried out, the higher the impact on the decision to purchase wakaroros batik at Olsabara Sangatta.
- d. Based on the research results, price, promotion, and product innovation have a simultaneous and significant influence on the decision to purchase wakaroros batik at Olsabara Sangatta. It is known that the significant value for the influence of x_1 , x_2 , and x_3 on y is $0.000 < 0.05$ (significant).

Suggestion

- a. Suggestions for Olsabara Sangatta
Based on the results of research that has been conducted using a questionnaire that has been distributed to consumers visiting Olsabara Sangatta, it can be concluded that Batik Wakaroros is quite good but is not yet able to compete with other products, so the researcher suggests to business owners of Batik Wakaroros Olsabara Sangatta to develop a product business that has existed by increasing product creativity, product innovation, product quality, and social media to increase competitive advantage over other competitors.
- b. Future Research Suggestions

Researchers hope that future research will use a broader range of respondents so that the information obtained can produce more detailed data. It is hoped that future researchers can research different subjects by limiting subjects who will buy the product once and not only looking at it from the manufacturer's point of view. The conclusion that means not being able to compete with other products is only non-significant results, not being able to compete from all aspects.

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