

Analysis of the Influence of Online Promotion, Product Packaging and Price on Purchasing Decisions with Price as a Moderating Variable (Study: Home Culinary Industry "Cau Nugget", Bandung City)

Edi Firdaus^{1*}, Ratih Hurriyati², Dwi Puspo Dirgantari³, Karina Devi Murugesu⁴

edi.firdaus@email.unikom.ac.id^{1*}

Universitas Komputer Indonesia^{1*}, Jl. Dipatiukur No.112-116, Bandung, Jawa Barat, Indonesia
Universitas Pendidikan Indonesia^{1*,2,3}, Jl. Dr. Setiabudi No.229, Bandung, Jawa Barat, Indonesia
University of California⁴, Berkeley, California 94720, USA

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ABSTRACT

This study aims to find out how online promotions, product packaging and prices affect purchasing decisions for culinary products "Cau Nugget" and to determine the effect of price moderation on online promotions in determining purchasing decisions. This study used a quantitative method involving consumer Instagram followers 'Cau Nugget' as a population and a sample of 121 respondents. The results of the study found that, of the three existing factors, online promotions did not have a significant influence on purchasing decisions. Meanwhile, product packaging and price have a significant effect on purchasing decisions. This study proves that price negatively moderates online promotions on purchasing decisions, as well as being the indicator that has the highest impact on purchasing decisions.

Keywords : **Online Promotion; Product Packaging; Price; Buying Decision; Home Industry**

ABSTRAK

Penelitian ini bertujuan untuk mengetahui bagaimana promosi online, kemasan produk dan harga mempengaruhi keputusan pembelian produk kuliner "Cau Nugget" serta untuk mengetahui efek moderasi harga terhadap promosi online dalam menentukan keputusan pembelian. Penelitian ini menggunakan metode kuantitatif dengan melibatkan follower Instagram konsumen 'Cau Nugget' sebagai populasi dan sampel sebanyak 121 responden. Hasil penelitian menemukan bahwa, dari tiga faktor yang ada, promosi online tidak memberi pengaruh signifikan terhadap keputusan pembelian. Sementara kemasan produk dan harga berpengaruh signifikan terhadap keputusan pembelian. Penelitian ini membuktikan bahwa harga secara negatif memoderasi promosi online pada keputusan pembelian, sekaligus merupakan indikator yang memiliki dampak tertinggi terhadap keputusan pembelian.

Kata Kunci : **Promosi Online; Kemasan Produk; Harga; Keputusan Pembelian; Industri Rumahan**

INTRODUCTION

The existence of the Internet plays a very important role in increasing a company's ability to run the business more quickly, and accurately, and covers a wider range of time and space (Sugiarti et al., 2018). "Cau Nugget" is a brand name for one of the culinary home industries in the city of Bandung, which already uses the internet to promote and market its products. Namely by using Instagram, as well as several links such as; gokuliner.com and ayobandung.com, to communicate their brands and products to the public. This condition is one of the changes in supplier or consumer behaviour that is one of the drivers of changes in the field of marketing strategy carried out by companies (Tjahjono & Subagio, 2013).

In the culinary business, packaging has a very important role, therefore the manufacturing process must pay attention to selling values for consumers and product promotion values for businesses. The packaging does not only function as a product wrapper, according to (Wijayanti, 2012) there are approximately four aspects related to the function and purpose of making packaging, namely 1) the aesthetic aspect to beautify the product; 2) the safety aspects so that the product is not damaged either when it is displayed in the store or when it is distributed; 3) information aspects for consumers to know, and; 4) aspects of product design that show the condition of the product.

Packaging that has been designed according to the function and purpose of a product, even taking into account the four aspects above, will not have the impact expected if it is not promoted. As with packaging, product promotion activities as a means of communication between producers and consumers also have a very important role. (Rangkuti, 2009) in his book says, "Promotion is one of the elements in the company's marketing mix that is utilized to notify, persuade, and remind about the company's products". Concerning promotion, "Cau Nugget" has implemented it through online promotion as explained above.

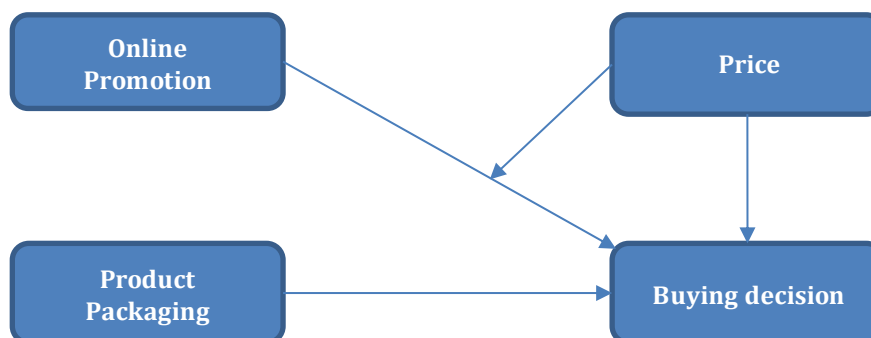
In addition to packaging, price is also a material consideration for research, how does price affect purchasing decisions price plays a very important role and determines the occurrence of a transaction. As explained by Kotler and Armstrong in their book, that price is a value or nominal amount of money billed and exchanged for a product or service by customers to get the benefits of the product or service (Kotler & Armstrong, 2008). This price becomes one of the attributes in determining the decision-making of purchasing a product by a consumer. The important position of price like this affects competition in every type of business so that there is a term price war between business actors and their competitors to get the attention of consumers.

Purchasing decision is a decision taken by consumers and is influenced by factors: economics, finance, technology, politics, culture, product, price, location, promotion, physical evidence, people and process, thus forming an attitude in consumers to process all information and draw conclusions in the form of a response that appears what product to buy (Alma, 2011). Based on this understanding, it can be seen that purchasing decisions are closely related to consumer behaviour, especially the relationship with the factors that influence a consumer's purchasing decision.

Analysis of the factors that influence consumer purchasing decisions on a product will provide clear information to producers as evaluation material regarding consumer expectations for the products they produce. So that the manufacturer can guarantee that the product it offers meets consumer expectations. In general, there are five roles that a person plays in making a buying decision. The five roles according to (Kotler & Armstrong,

2008, p. 203) are: the role of the initiator, the influencer, the decision maker, the buyer and the user.

Based on the explanation above, the purpose of this study is illustrated in Figure 1., which is to evaluate how online promotions, product packaging and prices affect purchasing decisions, and whether prices can mediate the relationship between online promotions and purchasing decisions.



Source: Processed data, 2022

Figure 1. Research Model

RESEARCH METHOD

Data, Population, and Sample

The data needed in this study consisted of primary data and secondary data. Primary data was obtained from respondents' answers to questionnaires made using the Google form and distributed directly on Instagram "Cau Nugget". Secondary data is in the form of a literature review of other similar studies as well as source books related to the theme of this research. The main target population in this study is Instagram followers as well as "Cau Nugget" customers. Selection of the sample using a simple random sampling technique taken from the target population. In this study, the samples analyzed as input totalled 121 samples (Ferdinand, 2002), based on 122 questionnaires collected but one questionnaire was invalid for processing.

The primary data in the form of the questionnaire above was adapted and developed from previous studies and adapted to the context of this study. Assessment of the variables and or constructs of this study uses a five-point Likert scale item. This research questionnaire consists of five main parts. The first part involves questions regarding the respondent's description, including gender; age; occupation; and place of residence as well as screening questions in the form of confirmation whether or not the respondent has seen the promotion on Instagram "Cau Nugget". The second part concerns online promotion, adapted from research (Kuspriyono, 2017) which consists of seven statements: 3 statement items regarding personal relevance, 1 item regarding online interactivity, 2 item statement Message and 1 item statement regarding brand familiarity. The third section regarding product packaging was adapted from research (Badjamal, 2013), consisting of 7 statement items, namely: 2 statement items regarding portability, memorable 2 statement items, 1 statement item about easy to read and 2 statement items regarding visual protection. Furthermore, the fourth section concerns product prices, (Zeithaml, 1988) explains that there are 3 dimensions of price, namely price acceptance, price evaluation, and perceived worth. Statements related to the price dimension consist of 5 statement items, namely: 3 statements for price acceptance and 1 statement item each for

price evaluation and perceived worth. The fifth section concerns purchasing decisions with 7 item statements consisting of attention 1 item statement; interest 2 item statements; search 2 item statements; and action 2 item statements.

Data analysis

The process of an initial analysis of primary data obtained through questionnaires is following the provisions, namely by conducting validity tests which aim to ensure valid data by looking at the Loading factor values of indicators that measure constructs and reliability testing to measure respondent consistency. According to (Ghozali, 2014) in testing validity, the criteria for a significant loading factor are worth more than 0.5. As for reliability testing, in PLS there are two testing methods, namely Cronbach alpha and Composite reliability. The Composite reliability value must be > 0.7 even though a value of > 0.6 is still acceptable (J.T. Roscoe, 1971) (Imani, Nugroho, & Winarno, 2017).

RESULTS AND DISCUSSION

Respondent Profile

Respondents in this study were Instagram followers as a promotional media for the culinary home industry "Cau Nugget", after previously the authors distributed questionnaire forms via Google form. Based on the results of processing the questionnaire form data, the profile of the respondents is shown in Table 1., where the majority of respondents are mostly male (60.3%). Based on age, most respondents were aged 15 -25 years (39.7%), followed by 26-35 years (24.8%), then 36-45 years (21.5%) and finally over 45 years 14%. Meanwhile, based on occupation, most respondents work as private employees (43.8%), followed by students with student status (36.4%), then self-employed (9.1%), and civil servants (8.3%). Based on the place of residence, the majority of respondents came from the city of Bandung (70.2%)

Table 1. Profile of Respondents

No	Characteristics	Total	Percentage
1	Gender :		
	Male	73	60,30%
	Female	48	39,70%
2	Age :		
	15 – 25 Years	48	39,70%
	26 – 35 Years	30	24,80%
	36 – 45 Years	26	21,50%
	Over 45 Years	17	14,00%
3	Work :		
	Civil servants	10	8,30%
	Private Employees	53	43,80%
	Entrepreneur	11	9,10%
	Student	44	36,40%
	Not filling	3	2,50%
4	Residence (Domicile)		
	Bandung City	85	70,20%
	Outside Bandung City	36	29,80%

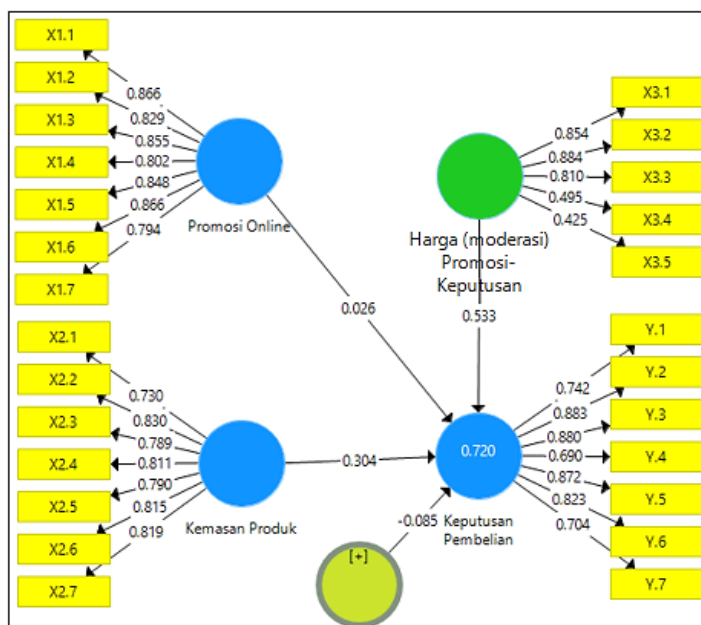
Source: SPSS Outputs, 2022

Validity and Reliability of the Research Model

Variante-based Structural Equation Modeling (SEM) application or Partial Least Square (PLS) known as Smart-PLS is used in measuring validity and reliability testing. The

SEM validity technique used is convergent validity, which is measured by determining whether each estimated indicator validly measures the dimensions of the concept being measured, (Minto Waluyo, 2016, p. 34) says, an indicator shows significant convergent validity if the coefficient of the indicator variable greater than twice the standard error (C.R > 2. SE). Furthermore, the results from the structural model will also be used to test causality, such as testing a hypothesis with a predictive model. In Smart-PLS, to test the construct validity and reliability of the instrument using the outer model value.

Figure 2. and Table 2. are the results of the Smart-PLS program used to measure validity using the convergent validity method.



Source: SmartPLS, 2022

Figure 2. Loading Factor First Iteration Diagram

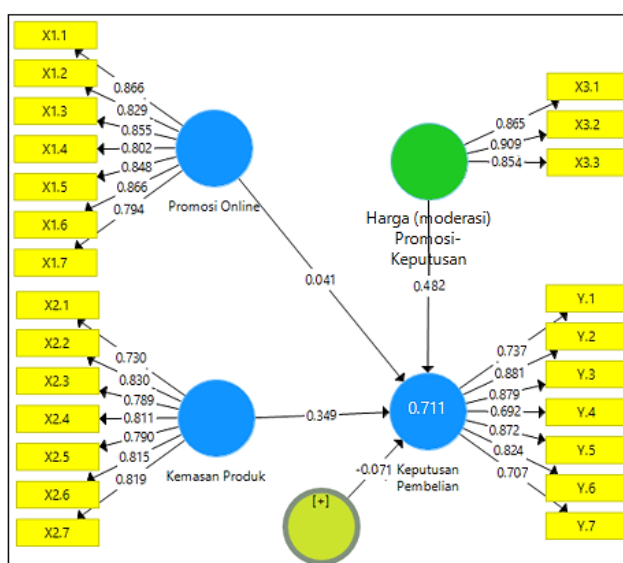
Table 2. First Iteration of Loading Factor

Variable	Indicator	Items	Loading Factor
Online Promotion	<i>Personal Relevance</i>	1. X1.1	0,866
		2. X1.2	0,829
		3. X1.3	0,855
		4. X1.4	0,802
		5. X1.5	0,848
		6. X1.6	0,866
		7. X1.7	0,794
Product Packaging	<i>Portability</i>	8. X2.1	0,73
		9. X2.2	0,83
		10. X2.3	0,789
		11. X2.4	0,811
		12. X2.5	0,79
		13. X2.6	0,815
		14. X2.7	0,819
Price (moderation)	<i>Price Acceptance</i>	15. X3.1	0,854
		16. X3.2	0,884
		17. X3.3	0,81
		18. X3.4	0,495
	<i>Price Evaluation</i>	19. X3.5	0,425
	<i>Perceived Worth</i>		

Buying decision	<i>Attention</i>	20. Y.3	0,742
	<i>Interest</i>	21. Y.4	0,883
		22. Y.5	0,88
	<i>Search</i>	23. Y.6	0,69
		24. Y.7	0,872
	<i>Action</i>	25. Y.3	0,823
		26. Y.4	0,704

Source: Results of Construct Reliability and Validity SmartPLS, 2022

From Table 2., it can be seen that not all loading factor instrument values have a value above 0.5. It can be seen that X3.4 and X3.5 instruments must be removed because they have a loading factor value below 0.5. Further measurements were taken again, the results of which are shown in Figure 3. and Table 3.



Source: SmartPLS, 2022

Figure 3. Loading Factor Second Iteration Diagram

Table 3. Second Iteration of Loading Factor

Variable	Indicator	Items	Loading Factor
Online Promotion	<i>Personal Relevance</i>	1. X1.1	0,866
		2. X1.2	0,829
		3. X1.3	0,855
	<i>Online Interactivity</i>	4. X1.4	0,802
		5. X1.5	0,848
	<i>Message</i>	6. X1.6	0,866
		7. X1.7	0,794
Product Packaging	<i>Portability</i>	8. X2.1	0,73
		9. X2.2	0,83
	<i>Memorable</i>	10. X2.3	0,789
		11. X2.4	0,811
	<i>Easy to Read</i>	12. X2.5	0,79
		13. X2.6	0,815
		14. X2.7	0,819
Price (moderation)	<i>Price Acceptance</i>	15. X3.1	0,865
		16. X3.2	0,909
		17. X3.3	0,789
Buying decision	<i>Attention</i>	18. Y.1	0,737
	<i>Interest</i>	19. Y.2	0,881

	20. Y.3	0,879
Search	21. Y.4	0,692
	22. Y.5	0,872
Action	23. Y.6	0,824
	24. Y.7	0,707

Source: Smart PLS Outer Loading Results, 2022

Table 3. shows the convergent validity test with the second loading factor measurement. The test results show that all loading factor values are above 0.5. After the validity test, then the reliability test was carried out. Reliability testing is intended to prove the level of accuracy, level of consistency and accuracy of the instrument when measuring the construct reliability of each indicator (Latan & Ghozali, 2012). Construct reliability is determined by looking at the value of the composite reliability criteria and Cronbach alpha from the indicator block that determines the construct. And the construct is declared reliable if the value of composite reliability or Cronbach alpha is greater than 0.6 (Permanasari, Setyaningrum, & Sundari, 2014).

Based on Table 4., it can be seen that the composite reliability and Cronbach alpha values all show numbers above 0.6, meaning that all instruments are reliable. Thus it can be said that the questionnaire is valid and reliable, and therefore the hypothesis testing process can be carried out.

Table 4. Reliability Test

Indicator	Composite Reliability	Cronbach Alpha	Average Variance Extracted (AVE)
Online Promotion	0,943	0,929	0,702
Product Packaging	0,925	0,905	0,637
Price (moderation)	0,854	0,849	0,768
Buying decision	0,911	0,906	0,645

Source: Results of Construct Reliability and Validity SmartPLS, 2022

Table 5. is the result of this study, which shows that the diagonal elements are taller than the off-diagonal elements in the row and column respectively. The results confirm that discriminant validity is valid because the square root of each AVE construct is higher than the other constructs.

Table 5. Discriminant Validity Results (Fornell-Larcker Criterion)

	Price (moderation)	Product Packaging	Buying decision	Moderating Effect 1	Online Promotion
Price (moderation)	0.876				
Product Packaging	0.673	0.798			
Buying decision	0.786	0.733	0.803		
Moderating Effect 1	-0.341	-0.242	-0.390	1.000	
Online Promotion	0.681	0.746	0.688	-0.477	0.838

Source: Discriminant Validity SmartPLS results, 2022

Hypothesis testing

Hypothesis testing is done by running Bootstrapping on SmartPLS, the results of which are shown in Table 6.

Table 6. Hypothesis Testing

No	Connection	Original Sampel (O)	Std. Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Decision
1	Online Promotion à Buying decision	0,041	0,100	0,409	0,683	Rejected
2	Product Packaging à Buying decision	0,349	0,109	3,306	0,001	Accepted
3	Price (moderation) à Buying decision	0,482	0,087	5,531	0,000	Accepted
4	Moderating Effect à Buying decision	-0,071	0,038	1,854	0,064	Rejected

Source: Smartpls bootstrapping results, 2022

Table 6. shows, the effect of online promotion on purchasing decisions has a direct positive effect but is not significant with the original sample value or beta value = 0.041, $t = 0.409$, $p > 0.05$. The finding rejects H_1 , which indicates that online promotions do not influence purchase decisions. The results of other studies show that product packaging directly has a positive and significant influence on purchasing decisions with values: original sample or beta (β) = 0.349, $t = 3.306$; $p < 0.05$. The findings support H_2 , which indicates that product packaging positively influences purchasing decisions. Furthermore, price directly has a positive and significant influence on purchasing decisions with a value of original sample or beta value (β) = 0.482; $t = 5.531$; $p < 0.05$. The finding supports H_3 , which indicates that price positively influences purchasing decisions. Meanwhile, the price that moderates online promotions has a negative and insignificant effect on purchasing decisions ($\beta = -0.071$, $t = 1.854$, $p > 0.05$). This finding rejects H_4 , which indicates that price negatively affects the relationship between online promotions and purchase decisions.

CONCLUSION

The results of this study can be concluded that: 1) With results that show no significance, online promotion is now a natural thing because respondents are followers of Instagram "Cau Nugget" so for other entrepreneurs, it can be a reference that online promotion is a must as a current promotional medium. 2) What is more important in online promotion is the content and services in the online promotion itself as evidenced by product packaging and prices that show results or provide accurate effects that can influence purchasing decisions. 3) Price as a moderating variable negatively affects the purchasing decision of a prospective "Cau Nugget" buyer. 4) Price shows the strongest influence on purchasing decisions because it is an important factor besides packaging and deserves special attention from other culinary entrepreneurs.

RECOMMENDATION

The findings recommend product packaging and prices that are proven to positively influence purchasing decisions. This is important to maintain even if possible so that the quality of the packaging can be further improved. Likewise, with prices, they always pay attention or be adjusted to competitors. Regarding online promotions, the manager of "Cau Nugget" always updates the content and adds several alternative online promotion media by participating in advertising and selling in several marketplaces that are well known to the public, such as Lazada, Tokopedia, Shopee, etc.

This study is still in the form of a mini-research with a narrow scope and scope of research objects. Therefore, for subsequent research to consider taking a broader research object, to be able to find the right online marketing patterns, especially for home industries.

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