

THE EFFECT OF PROMOTION, QUALITY OF SERVICES AND PRICES ON CUSTOMER'S PURCHASE INTENTION IN CHOOSING CONTRACTOR SERVICES (CASE STUDY IN CV. ARIELLA JAYA COMPANY)

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ABSTRACT

Demand for housing needs increases every year. Company CV. AJ is a company engaged in building construction services and was established in 2006. The company can, among others, build hospitals, offices, homes, warehouses, tower foundations and so on. Contractor service sales have fluctuated so researchers need to know about things that affect customer purchase intention in selecting contractor services. This study aims to analyze whether the promotion variable, service quality, and price have an influence on customer purchase intention in choosing a contractor service. This study uses quantitative techniques by collecting data through an offline questionnaire. The object in this study used is the community who live in Surabaya with a range of ages 20-50 years. The total number of research objects that fit the criteria in this study was 100 people. Therefore a purposive sample technique was used in this study. Data uses multiple regression analysis with the SPSS application to process data. The results of this study indicate that promotion, service quality and price significantly influence purchase intention.

Keywords: Promotion, Quality Of Service, Price And Purchase Intention.

INTRODUCTION

The growth of the Indonesian population which is increasing every year has an impact on the increasing human need to have their own place of residence is increasing. According to the Head of the National Population and Family Planning Agency (BKKBN) Surya Chandra Surapaty, the rate of population growth in Indonesia is still very high at around four million per year. And this also affects the need for housing or shelter until 2025 is estimated to reach more than 30 million units so it can be estimated that 1.2 million units per year are needed (Julianto, 2016) that will have an impact on the development of the existing property business in Indonesia which will make it grow.

Company CV. AJ is an individual company founded in 2006 by Ir. Ari Suhadi. Company CV. AJ is located on Karang Pilang Barat road no. 61 Surabaya, East Java. This company is engaged in building construction services. The buildings that have been done by this company include building hospitals, offices, houses, warehouses, tower foundations and so on. Company CV. AJ has been working on projects originating from B2B and B2C. Based on data from the company, the number of projects carried out in 2012 to 2017 has fluctuated.

The company experienced a shortage of projects due to lack of promotional activities aimed at looking for projects. With the lack of promotional activities to look for projects and only rely on the power of word of mouth, employees in the company CV. AJ. According to Marbun, et al. (2016) promotion is a communication activity used by companies to convey information or messages in order to exchange information between sellers and buyers. According to Dewi, et al. (2015) word of mouth marketing is a

phenomenon that will be a conversation from one individual to another or a chain communication that spreads so quickly delivered by word of mouth in the context of marketing.

LITERATURE REVIEW

Promo

According to Shintarani (2016) promotion is an effort initiated by the seller to build various channels of information to sell goods or services by introducing an idea. Indicators of promotion are advertising (advertising), sales promotion (sales promotion), interactive marketing, public relations and direct marketing (direct marketing).

Quality of Service

According to Gulla, et al (2015) that quality is a condition that is directly related to services, products, people, processes, and environments that meet or exceed expectations. Quality of service is a model of customer condition in the form of an expectation with something they feel or accept. According to Fernando (2017) indicators of the quality of the services are based on five main characteristics, namely tangibles, reliability, responsiveness, assurance, and empathy.

Price

According to Setyo (2017: 758) prices are a number of values or some of the money exchanged by consumers with a product or service that has benefits when the consumer uses or owns a product or service. Indicators are related to prices, namely affordability of prices, price compatibility with quality, price competitiveness and price discounts.

Theory of Marketing Mix

According to Kotler & Keller (2007) Marketing mix is a marketing tool that can be used by companies to achieve their corporate goals. It can be concluded that the marketing mix is one of the devices consisting of promotional products, prices and distribution which can determine the level of marketing and all that is needed to get the desired response from the target market.

Purchase Intention

According to Dama (2016) purchase intention includes part of one component of behavior in the attitude of consumption, the tendency of respondents to act before making a decision to buy really happens. according to Ferdinand (2002; 129), in (Arifin & Fachrodji, 2015) purchase intention can be identified through the following indicators: transactional interests, referential interests, preferential interests, and explorative interests.

Referring to the main problem described above, the following is the hypothesis in this study.

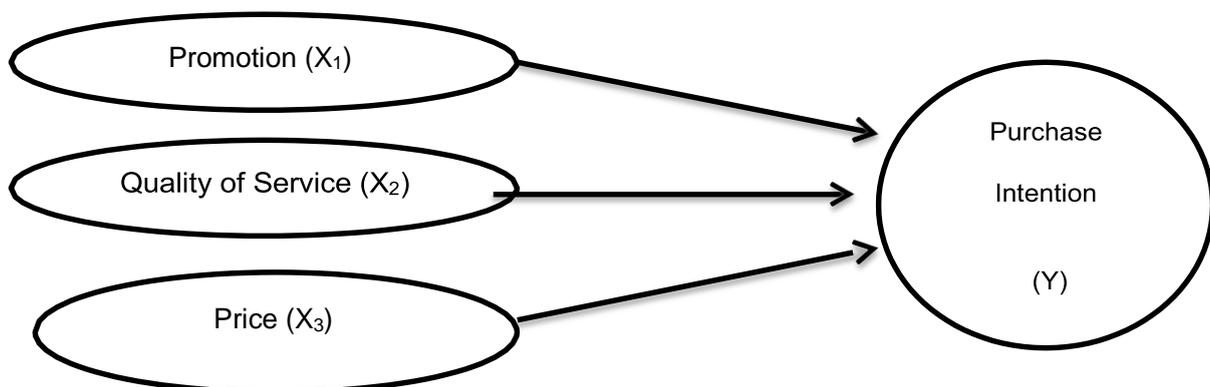


Figure 1. Analysis Model

H1 : The promotion has a significant effect on consumer purchase intention in choosing contractor services on the CV. AJ.

H2 : Quality of service significantly influences customer purchase intention in choosing a contractor service on the CV. AJ.

H3 : Price has a significant effect on customer purchase intention in choosing a contractor service on the CV. AJ.

RESEARCH METHODS

The population in this study is prospective customers who will use the services of CV. Aj in Surabaya, the number is 1,465,438 based on the number of women and men who are targeted by companies ranging in age from 20 years - 49 years in Surabaya (BPS, 2018). This study uses a non-probability sample using the purposive sample as a sampling technique. Based on the calculation of the Slovin formula the sample used for this study was 100 people. This research was conducted using a method of collecting data in the form of a questionnaire with a choice of alternative answers in the form of a Likert Scale. The questionnaire used was an offline questionnaire. The Likert Scale in this study uses five alerts for the inclusion of a statement from very negative to very positive conditions. The variables used are independent variables (promotion, quality of service and price) and the dependent variable (purchase intention). This study uses multiple linear regression analysis because the independent variables are more than one. According to Priyatno (2014: 148), multiple linear regression can be used to determine the effect of two or more independent variables on the dependent variable.

Validity Test and Reliability Test

According to Priyatno (2014; 51) This study, researchers measured the validity of the Pearson Correlation measuring instrument with the criteria used in the significance value is $<5\%$ (0.05) then it can be said to be valid. In reliability testing using criteria If the Cronbach Alpha value <0.6 can be declared less good and if > 0.7 can be accepted and will be considered good > 0.8 .

Table 1. Results of Validity and Reliability

No	Variabel Penelitian	Status	Status
1	Promotion (X_1)	Valid	Reliable
2	Quality of service (X_2)	Valid	Reliable
3	Price (X_3)	Valid	Reliable
4	Purchase Intention (Y)	Valid	Reliable

F Test Results

The test results show a significance level of $0.000 < 0.05$ so that the promotion variable (X_1), quality of service (X_2) and price (X_3) together (simultaneously) have a significant effect on contractor service purchase intention (Y).

T Test Results

The test results show that the promotion variable (X_1) has a significance value of $0.028 < 0.05$. So that it can be said that promotion has a significant effect on consumer purchase intention in choosing contractor services on the CV. AJ. Quality of service variable (X_2) has a significance value of $0.005 < 0.05$. So that it can be said that quality of service significantly influences customer purchase intention in choosing a contractor service on the CV. AJ. Price variable (X_3) has a significance value of $0.000 < 0.05$. So that it can be said that prices have a significant effect on consumer purchase intention in choosing contractor services on the CV. AJ.

Results of the Coefficient of Determination (R^2) and Correlation Coefficient (R)

The test results show that the statistical value of the correlation coefficient (R) is 0.734 which means that there is a fairly strong relationship between promotion (X_1), quality of service (X_2) and price (X_3) with purchase intention (Y). While the coefficient of determination (R^2) of 0.538 or 53.8%. The coefficient of determination shows that the variable between promotion (X_1), quality of service (X_2) and price (X_3) is able to contribute to changes that occur in the customer's variable purchase intention in using contractor services (Y) of 53.8%, while the remaining 46.2% is explained by other variables outside of this study.

Discussion

1. Before doing this research, the company in conducting promotional activities is by direct e-mail and relies on the power of word of mouth and provides additional tasks to all employees to become salespeople if needed. In the future the company CV. AJ will consider adding special employees to become salespeople as well as marketing so that promotional activities carried out by the company are more directed and carried out in a sustainable manner. CV. AJ will also plan to create a website and social media so that the range of information provided about contractor services sold by CV. AJ is getting wider, the company will also present testimonials and the results of photos of projects that have been done to the company profile and the company will maintain good relations with the surrounding community in order to work on the project smoothly.
2. Before this research is done the company in providing supporting facilities (project aids) sometimes experiences obstacles such as project aids that must be rented to third parties because the company has not owned it so that it will have an impact on the project that takes longer. In the future the company CV. AJ will add and expand relations to the distributor or provider of project tools so that they are not dependent on one distributor. CV. AJ. Also, plans to research the project aids so that in the future in working on projects or responding to consumer complaints can be done quickly and the company will maintain a level of sensitivity to consumers and provide guarantees to consumers so that consumers feel confident using the services of CV AJ contractor.
3. Before this research is done the company when giving prices to consumers only offers one type of price with the quality determined by the company. The price offered by the company is based on the type of building quality with SNI (Indonesian National Standard). CV. AJ only gives discounts to certain consumers. In the future the company CV. AJ will consider giving prices to consumers and prospective consumers and the company in the future will try to provide a number of price options to consumers adjusting to the budget and type of material quality desired by consumers. CV.AJ will conduct market research regularly to find out about the advantages of existing competitors in the market so that in the future the company can compete more with existing competitors.

Research Limitations

The limitations of current research are that each respondent has a different educational background or knowledge and has a different economic background so that the answers given by the respondents in this study can be biased.

Conclusions

1. The promotion has a positive and significant effect on customer purchase intention in choosing a contractor service on the CV. AJ. So that the first hypothesis is accepted. Increased Promotion variables can increase Customer 's purchase intention in choosing contractor services on the CV. AJ.
2. Quality of service has a positive and significant effect on customer purchase intention in choosing a contractor service on the CV. AJ. So that the second hypothesis is accepted. Increasing the Quality of service variable can increase Customer 's purchase intention in choosing a contractor service on the CV. AJ.
3. Price has a positive and significant effect on customer purchase intention in choosing a contractor service on the CV. AJ. So that the third hypothesis is accepted. Increased price variable can increase a customer 's purchase intention in choosing contractor services on the CV. AJ.

RECOMMENDATION

Recommendations to CV. AJ: The company is expected to continue to improve and improve promotional activities within the company so that companies can better compete with existing competitors. The company is also expected to improve the quality of service and provide competitive prices. So, that with competitive prices and good quality of service will be able to increase customer purchase intention in choosing a contractor service.

Recommendations for future researchers. : For further research, those who want to do research with the same theme are advised to look for other variables and add other variables that can affect customer's purchase intention in choosing contractor services such as product quality variables, company location and

other factors not included in this study so also useful for similar business actors and other business industries.

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