

The Effect of Promotion, Product Quality, Price, and Viral Marketing to Buying Decision through Brand Awareness:

Case study on Local Business Instagram Page @sangpisang2017

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Abstract: The development of communication and information technology has developed at a very surprising speed. Media communication and interaction in the world have been dominated by the role of the internet. In just 45 years, the internet which at the beginning was only a closed network created for security reasons, and only used by a closed defense organization, has penetrated the world and become the main communication channel that connects the whole world. The development of communication and internet technology not only changes the rules of business, but also in terms of marketing. This study aim to test the effect of Promotion, Product Quality, Price, and Viral Marketing to Buying Decision through Brand Awareness on local business instagram page, @sangpisang. This study is using Structural Equation Modelling for data analysis and using Smart PLS as statistical software.

Keywords: Brand Awareness, Buying Decision, Price, Product Quality, Promotion.

I. INTRODUCTION

Currently, the development of communication and information technology has developed at a very surprising speed. Media communication and interaction in the world have been dominated by the role of the internet. In just 45 years, the internet which at the beginning was only a closed network created for security reasons, and only used by a closed defense organization, has penetrated the world and become the main communication channel that connects the whole world. The development of communication and internet technology not only changes the rules of business, but also in terms of marketing. The development of internet users, especially in Indonesia is also very fast. The Indonesian Internet Service Providers Association has released national study results related to the number of users and internet penetration in Indonesia for 2017. According to research results that internet users in Indonesia have reached 143.26 million people or 54.7% from the total population of 262 million people. By looking at the consumer behavior in the digital era, most companies also switch to running business activities through the internet network by conducting promotional activities that have an impact on purchasing decisions. One of them is by doing Social Media Marketing. In 2017, there are more than 100 million of active social media users in Indonesia. This progress was considered an opportunity and potential for business people to utilize social media as a marketing tool because with relatively low costs compared to other marketing media, social media is considered a means of marketing communication. One of the motivations for marketers using social media as a medium of marketing communication is because in Social Media Marketing there is one strategy that becomes an advantage of social media compared to others [1]. One of the strategy is viral marketing.

Imagine a virus is used as a marketing program, the marketing messages will be spread only by using very little time, cut unnecessary budget, and wide impact. So viral marketing can be a medium for disseminating information about a product to many consumers and also a means of communication to consumers by utilizing social media to inform about a product so that the brand of the product will appear in the minds of consumers or create brand awareness [2]. One of the local

business that utilizes social media through viral marketing is a food and beverages, is "Sang Pisang", a banana nugget owned by Kaesang Pangarep, the youngest son of current Indonesian President, Joko Widodo.

This study aim to test the effect of Promotion, Product Quality, Price, and Viral Marketing to Buying Decision through Brand Awareness on local business instagram page, @sangpisang. This study divided into three parts, first part is introduction, second part is results and findings, and third part is the conclusion.

A. Problem Statement:

This study have multiple problem statement as follows:

1. Is promotion activity affect brand awareness?
2. Is product quality affect brand awareness?
3. Is price affect brand awareness?
4. Is viral marketing affect brand awareness?
5. Are promotion, product quality, price, and viral marketing simultaneously affect brand awareness?
6. Is promotion affect buying decision?
7. Is product quality affect buying decision?
8. Is price affect buying decision?
9. Is viral marketing affect buying decision?
10. Is brand awareness affect buying decision?
11. Are promotion, product quality, price, viral marketing, and brand awareness simultaneously affect buying decision?

B. Research Design:

1. Research Framework:

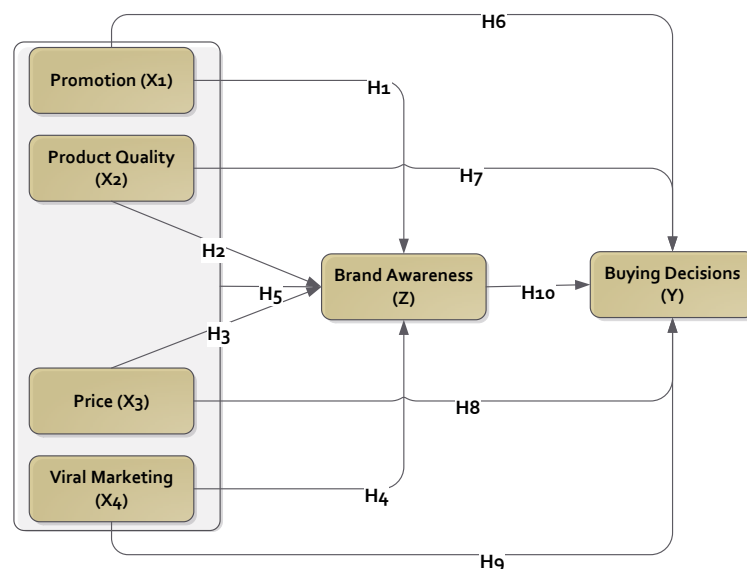


Fig 1: Research Framework

2. Population, Sample Selection, and Dataset:

The population in this study is all active follower of local business instagram page @sangpisang, 47.300. Sample selection in this study is rounded to 400 follower based on Slovin sample calculation formula. Data used in this study is collected by using questionnaire as a result from the 400 follower.

3. Variables:

This study is using Buying Decision (Y) as dependent variable, and Brand Awareness (Z) as moderate variable. And also a total of four independent variables are used in this study which is Promotion (X₁), Product Quality (X₂), Price (X₃), and Viral Marketing (X₄).

4. Data Validity, Analysis, and Hypothesis Testing:

This study is using Structural Equation Modelling (SEM) to analyze the data. Data validity is test by using Pearson Correlation Product Moment, and Cronbach’s Alpha value as reliability test. The model is evaluate by using Confirmatory Factor Analysis (CFA) with Goodness of Fit Indices (GFI) test, Root Mean Square Error of Approximation (RMSEA), Adjust Goodness of Fit (AGFI), and Trucker Lewis Index (TWI).

II. RESULTS AND FINDINGS

A. Data Validity and Reliability:

Data validity in this study is test by using Pearson Correlation Product Moment. All construct is valid when the r – value is bigger than r – table. On this case, r – table value for 400 sample is 0.1875. Table I below show the result for data validity.

TABLE: I

Item	r - value	r - table	Item	r - value	r - table
PR1	0,489	0,188	H1	0,535	0,188
PR2	0,458	0,188	H2	0,460	0,188
PR3	0,599	0,188	H3	0,503	0,188
PR4	0,428	0,188	H4	0,454	0,188
PR5	0,448	0,188	VM1	0,524	0,188
PR6	0,554	0,188	VM2	0,462	0,188
PR7	0,495	0,188	VM3	0,589	0,188
PR8	0,482	0,188	BA1	0,605	0,188
KP1	0,530	0,188	BA2	0,419	0,188
KP2	0,730	0,188	BA3	0,543	0,188
KP3	0,535	0,188	BA4	0,434	0,188
KP4	0,615	0,188	PK1	0,416	0,188
KP5	0,475	0,188	PK2	0,431	0,188
KP6	0,506	0,188	PK3	0,629	0,188
KP7	0,755	0,188	PK4	0,470	0,188
KP8	0,781	0,188	PK5	0,520	0,188

Table I provide the result of data validity test. From the table above, it can be shown that r – value for all items are above r – table, therefore it can be concluded that the data used in this study is valid.

Data reliability in this study is test by using Cronbach’s Alpha value. All construct is reliable when Cronbach’s Alpha value is larger than 0,600 [3].

TABLE: II

No	Construct	Cronbach's Alpha Value	Critical Value
1	Promotion (X ₁)	0,620	0,600
2	Product Quality (X ₂)	0,651	0,600
3	Price (X ₃)	0,647	0,600
4	Viral Marketing (X ₄)	0,648	0,600
5	Brand Awareness (Z)	0,646	0,600
6	Buying Decision (Y)	0,665	0,600

Table II prove the result of data reliability test. It can be shown that all construct have Cronbach’s Alpha value bigger than its critical value or bigger than 0,60. Therefore the conclusion is all construct used in this study are reliable.

B. Model Evaluation:

The inner model is evaluated by using Confirmatory Factor Analysis (CFA) with Goodness of Fit Indices (GFI) test, Root Mean Square Error of Approximation (RMSEA), Adjust Goodness of Fit (AGFI), and Tucker Lewis Index (TLI).

TABLE: III

Goodness of fit index	Results	Cut-off Value	Remarks
Chi Square (χ^2)	707,66	-	-
χ^2 – Probability	0,105	$\geq 0,05$	Fit
DF	702	positive	Fit
CMIN/DF	1,008	$< 2,0$	Fit
GFI	0,991	$\geq 0,90$	Fit
AGFI	0,923	$\geq 0,90$	Fit
CFI	0,959	$\geq 0,90$	Fit
RMSEA	0,017	$\leq 0,08$	Fit
TLI	0,966	$\geq 0,90$	Fit

Table III provide the evaluation result to test the fitness of the model. GFI test is considered fit because the result is above the critical level of 0,90. RMSEA test also shows the result below the critical level of 0,08, this indicates that RMSEA test is considered fit with the research model. AGFI test also results in above critical level of 0,90, therefore AGFI test is considered pass. The TLI test is also considered fit because the result is above the critical level of 0,90.

C. Hypothesis Testing:

TABLE: IV

Vairable / Construct			Coefficient	S.E	C.R	P	Remarks
Promotion	-->	Brand awareness	0,421	0,073	5,774	0,010	Significant
Promotion	-->	Buying Decision	0,753	0,240	3,138	0,040	Significant
Product Quality	-->	Brand awareness	0,495	0,145	3,415	0,030	Significant
Product Quality	-->	Buying Decision	0,779	0,244	3,192	0,040	Significant
Price	-->	Brand awareness	0,530	0,140	3,789	0,020	Significant
Price	-->	Buying Decision	0,448	0,170	2,636	0,044	Significant
Viral Marketing	-->	Brand awareness	0,428	0,145	2,951	0,040	Significant
Viral Marketing	-->	Buying Decision	0,769	0,144	3,692	0,044	Significant

Based on table 4 above, it can be shown that only hypothesis H₁, H₂, H₃, H₄, H₆, H₇, H₈, H₉ are accepted.

III. CONCLUSION

Based on table II above, the conclusion is, from multiple hypothesis that were test in this study, only H₁, H₂, H₃, H₄, H₆, H₇, H₈, H₉ are accepted. And the rest of the hypothesis were rejected. Moderate variables, Brand Awareness (Z) was not be able to provide enough evidence for moderating role to variable Buying Decision (Y).

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