

American Journal of Humanities and Social Sciences Research (AJHSSR)

e-ISSN :2378-703X

Volume-5, Issue-6, pp-295-299

www.ajhssr.com

Research Paper

Open Access

The Effect of Bundling Strategy, Price Perception, and Brand Image on Purchase Decisions (Study on Local Fast Food Retailers in Bali Indonesia)

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ABSTRACT : Purchasing decisions are the main focus of marketers. In order for purchasing decisions to be achieved, companies need to pay attention to the factors that influence purchasing decisions. The purpose of this study was to determine the effect of bundling strategy, price perception, and brand image on purchasing decisions. This research was conducted in Denpasar with a total sample of 90 respondents. The samples used were non-probability sampling, with a purposive sampling technique. The data analysis technique in this study used multiple linear regression analysis. The results showed that the bundling strategy had a positive and significant effect on purchasing decisions; Price perceptions have a positive but not significant effect on purchasing decisions; and Brand image has a positive and significant effect on purchasing decisions

Keywords: Bundling strategy, price perception, brand image, purchasing decisions.

I. INTRODUCTION

In this era of globalization, business competition is increasingly competitive, when the company does not have the right strategy in business competition, the risk that will be faced is losing the competition (Ningrat & Yasa, 2019). Purchasing decisions are the basis for determining whether a product is good or not (Kustiwan & Hadita, 2020). Companies need to know what consumers want so that the company can provide products that the market likes and has an advantage over competitors (Azthari, 2017). Companies are required not only to develop good products and offer them at attractive prices but to lead to purchasing decisions the company must also have a positive brand image in the minds of consumers so that the marketing aspects need to be examined carefully (Sanjaya & Ardani, 2020). Purchasing decisions are the process of evaluating, searching for, buying, using, or disposing of a product (Adinata & Suasana, 2016). Making consumer purchasing decisions is a process of selecting one of several alternative solutions to problems with real follow-up. Consumers can evaluate choices and then can determine the attitude to take next (Veronica & Wardana, 2020).

The increasingly dynamic business competition makes company managers be able to think creatively, innovatively to always provide differentiation and advantages for their company compared to its competitors. Consumers make purchasing decisions every day to make ends meet (Agustini & Suasana, 2020). Companies can take advantage of this with marketing activities, such as promotions (Mahendrayanti & Wardana, 2021). These activities are expected to influence consumer attitudes and behavior which are used to increase sales. A common marketing strategy is to combine and sell two or more products in one package, which is called bundling (Musa, 2017). The package menu (bundling) is something that is well known in general (Shao, 2016). In marketing, bundling is commonly applied to industries that have many product lines (Kaur & Kaur, 2019). Research on the bundling strategy of purchasing decisions has been done before. Bundling has a positive and significant effect on purchasing decisions. The better the bundling, the higher one's purchasing decision for the product (Dewi & Oktini, 2017). This result is also in line with Yan & Bandyopadhyay (2016). However Khandeparkar (2017) found that the bundling strategy does not affect purchasing decisions.

Other than the bundling strategy, which is an effort by the company to make purchasing decisions, the company can also build a positive price perception. Price is the amount of money that consumers have to pay as compensation for products obtained from the company. Each company, in general, will calculate the costs to be incurred before setting the price of its product. Perception is a process of an individual in selecting, organizing, and translating the information stimulus that comes into a comprehensive picture. Prices will be considered by consumers before making purchases, especially for daily needs products such as beverages, food, and other necessities. This price needs to be considered by the company because of the intense competition with competitors. If the price offered by a competitor is lower but has a quality that is not different or even better, the producer will lose the competition (Nilda et al., 2020)

The price of an item shows the value in the eyes of consumers if they are willing to pay, consumers consider that the benefits generated by the product offered are by the money spent. Price perceptions that are owned by each individual are different because price perceptions show a difference in the price perceived by consumers after buying or consuming a product (Prasada & Ekawati, 2018). Consumers certainly expect the money they spend according to what they get. Companies need to set prices that are appropriate or fair to the value of their products. Mujanah & Sumiati (2018) state that price perceptions have a positive and significant effect on purchasing decisions.

Another factor that can influence consumer purchasing decisions apart from company bundling efforts and positive price perceptions is the brand image. Consumer tastes are not rooted only in product quality, but there is marketer intervention in building and managing a brand. Brands can help consumers get to know more about a product (Sanjiwani & Suasana, 2019). Companies that sell products or services build a strong brand image by developing product or service excellence (Chinomona, 2016). Brand Image is the vision and belief that is buried in the minds of consumers, as a reflection of the associations that are held in the minds of consumers. Brand image can also be interpreted as the thoughts and feelings of consumers about the brand (Jeon, 2017). Consumers prefer to buy products from well-known brands with a positive brand image as a way to reduce purchase risk (Sallam, 2016). Companies are important to improve brand image because this is one of the advantages that consumers prioritize. Ekaprana et al. (2020) stated that brand image has a positive and significant effect on purchasing decisions. Differences in research results related to brand image on purchasing decisions were carried out by Alhaddar & Pamungkas (2017) who get the results of brand image does not have a positive effect on purchasing decisions. phenomena fast-food franchises are increasingly mushrooming in Indonesia.

The business of providing food and beverages can be one of the means for the emergence of a tourism icon in an area, this can be achieved using consumer purchasing decisions. The high consumer interest in food, especially fast food, is due to the taste of fast food that is easily accepted by many people, practical, and fast. Franchises of food products are often found in Denpasar. Local Balinese entrepreneurs responded to this by entering into the fast-food franchise competition industry. One of the local Balinese fast food product franchises that was founded in 2016 has 200 branches in Bali. Based on the results of an initial survey consisting of 15 people who have previously made purchases at the franchise, the majority agree that the bundling strategy, price perceptions, and brand image influence them in making purchasing decisions. Fast food businesses that are mushrooming today must have a clear strategy to be able to obtain optimal profits while surviving in the midst of intense competition.

Based on this empirical study, it can be built or arranged as follows

H1: The bundling strategy has a positive and significant effect on purchasing decisions

H2: Perception of fairness of price has a positive and significant effect on purchasing decisions

H3: Brand Image has a positive and significant effect on purchasing decisions

II. RESEARCH METHODS

This study is associative because this study aims to reveal the relationship between two or more variables through hypothesis testing, namely the effect of bundling strategy with purchasing decisions, the effect of price perception on purchasing decisions, and the influence of brand image on purchasing decisions. This type of research is causal research with a questionnaire that is given to respondents to obtain the required data. Causal research shows the causal relationship of one of the independent variables affects the dependent variable. The sampling technique used in this research was a purposive sampling technique with criteria such as a minimum age of 17 years and had once made a purchase at the franchise that was used as the research location. The ideal sample size is 5-10 times the number of indicators. The number of indicators in this study was 15. The number of samples used in this study was $15 \times 6 = 90$ samples. In this study, data collection was carried out using a questionnaire to the respondent.

Operational Definition of Variables

A **bundling strategy** is a marketing strategy by combining two or more products and priced cheaper than bundling. The strategy of selling products using bundling is increasingly being used because it provides benefits for both parties, producers, and consumers. The purpose of sales through bundling is to increase product sales by providing easy purchasing procedures, relatively lower prices, and greater added value. The bundle strategy indicator in this study are: Accuracy, Price, Attractiveness, How to combine products

Price is considered as one of the important factors for the company so that every company should carefully consider every decision in the matter of price. Perception is a process of an individual in selecting, organizing, and translating the information stimulus that comes into a comprehensive picture. Price perception is

how price information is fully understood by consumers and provides deep meaning to them. The indicators used in this study are: Attractiveness, Relative price levels, Fairness

Brand image can also be interpreted as consumers' thoughts and feelings about the brand. Consumers prefer to buy products from well-known brands with a positive brand image as a way to reduce purchase risk. The better the brand image of a product, the more purchasing decisions made by consumers, and vice versa, the worse the brand image of a product, the lower the purchasing decisions made by consumers. The indicators used are : Brand Strength, Brand Favorability, Brand Uniqueness

Buying decisions are thoughts made by consumers to plan the purchase of several products with certain brands. Companies can continue to exist if consumer stimuli in deciding to purchase products from a market get a positive response from the market itself. Two factors can influence purchasing decisions. The first factor is the position of the other person. The extent to which another person's stance influences one's preferred alternative. The second factor is unanticipated situations that can arise and change purchase intentions. The indicators used in including: Problem recognition, internal or external information, Alternative evaluation, Buying decision, Post-purchase behavior

III. RESULTS AND DISCUSSION

The data analysis technique used in this study is multiple linear regression. Multiple linear regression is used to obtain an overview of the effect of independent variables on the dependent variable. Multiple linear regression analysis in this study was used to determine the effect of bundling strategy, price perception, and brand image on consumer purchasing decisions. The results of the analysis calculations are explained using SPSS version 25.0 in the following table.

Table 1. Results of Multiple Linear Regression Analysis

| | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---------------------------|------------|-----------------------------|-------|---------------------------|-------|------|
| Model | B | Std. Error | Beta | | | |
| 1 | (Constant) | .494 | 1.781 | | .278 | .782 |
| | X1Total | .452 | .137 | .350 | 3.295 | .001 |
| | X2Total | .206 | .177 | .105 | 1.161 | .249 |
| | X3Total | .730 | .182 | .402 | 4.008 | .000 |
| Adjusted R square : 0.575 | | | | | | |
| FCount | | :41.060 | | | | |
| Sig F | | : 0.000 | | | | |

The value of Adjusted R^2 shows 0.575, where the independent variables such as bundling strategy, price perception, brand image can explain the dependent variable, namely the purchase decision by 57.5 percent, the remaining 42.5 percent is explained by other variables not included in the regression model in this study.

The Effect of Bundling Strategy on Purchasing Decisions

The effect of the bundling strategy on purchasing decisions in this study obtained a coefficient value of 0.350 and a sig value. $0.001 < 0.05$. The conclusion is that the bundling strategy has a positive and significant effect on purchasing decisions. Companies can improve the efficiency of the bundling strategy of their products according to the indicators in this study, namely emphasizing to consumers that packaged products provide more practicality for consumers because they get more benefits in terms of quantity, as well as giving the impression that packaged products can save more costs than buying food in bulk. separated so that consumers are more interested. Companies can innovate by providing a package menu that is always updated so that consumers are not bored and always curious about new food tastes, the company can also highlight the main product side that is more in the packaged product so that consumers can judge that purchasing the packaged product has indeed become a decision. This is in line with research conducted by Martins et al. (2021), Al-Salamin & Al-Hassan (2016), Hähnchen & Baumgartner (2020)

The Effect of Price Perception on Purchasing Decisions

The effect of price perceptions on purchasing decisions in this study obtained a coefficient of 0.105 and the value of Sig. equal to $0.249 > 0.05$. The conclusion is that price perceptions do not have a significant effect on purchasing decision , in other words, consumers' price perceptions on product purchasing decisions are fairly reasonable so that consumers no longer use the price perception indicator in this study as a consideration in purchasing. This is in line with research conducted by Mujanah & Sumiati (2018) and Rommy et al. (2018), which shows that price perceptions do not significantly influence purchasing decisions.

The Effect of Brand Image on Purchasing Decisions

The influence of brand image on purchasing decisions in this study obtained a coefficient of 0.402 and the value of Sig. equal to $0.00 > 0.05$. The conclusion is that the brand image has a positive and significant effect on product purchasing decisions, in other words, the more popular the company's brand image. Then the purchasing decision is getting higher. Consumers tend to prefer to buy products from well-known brands to reduce risk. Companies can get around by getting into consumer psychology by emphasizing that the Company is the right product to consume when in a happy mood and can be enjoyed by all groups with the tagline -local pride- so that consumers will have a sense of community with the Company accompanied by improving services that don't forget to smile. and provide purchase receipts to provide a sense of security to consumers. Companies can also aggressively promote that they are always making breakthroughs both from new menus with target markets according to the Indonesian tongue and enhancing their brand image by continuing to take social action in the community so that consumers feel close to the Company. This is in line with research conducted by Sulastrri (2017) which found that brand image has a positive and significant effect on purchasing decisions

Research Limitations

The scope of this research is limited to consumers located in Denpasar, so the results cannot be generalized to consumers outside the city of Denpasar. This research was conducted in a certain time (cross section) while the environment and needs are dynamic so that this research is important to do again in the future. The variables studied in this study only focused on the bundling strategy variable, perceived price fairness, brand image and purchase decisions.

IV. CONCLUSION

The bundling strategy has a positive and significant effect on purchasing decisions, this means that the better the bundling strategy will increase consumer purchasing decisions. Perceptions of the fairness of consumer prices have a positive but insignificant effect on purchasing decisions p, this prevents consumers from purchasing products already knowing that the price set is indeed a natural thing, proportional to the quality of the product. Brand image has a positive and significant effect on purchasing decisions on products, this negates the better the brand image will increase consumer purchasing decisions. Future research is expected to be able to add other variables that can influence purchasing decisions, and be able to expand the scope of research that is not only limited to Denpasar, thus providing a broader view.

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