




# The Influence of Promotion and Product Quality on Purchasing Decision

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## Abstract.

This study examines the effect of promotion and product quality on purchasing decisions. One of Indonesia's most popular smartphone products is experiencing a drastic decline in market share sales. This condition will not change if the promotion program and product quality are not improved. Smartphone products can be effectively promoted and marketed by mentioning product sophistication. Researchers used a descriptive quantitative method on 30 respondents online to obtain data on purchasing decisions in Indonesia. The data collection process for this study used a cross-sectional survey approach. The data collected was then analyzed with multiple regression methods using SPSS software. Based on the results of data analysis, there is a partial promotion effect on purchasing decisions. Furthermore, there is a partial effect of product quality on purchasing decisions. Finally, there is a simultaneous influence of promotion and product quality on purchasing decisions. After the variables are compared, the effect of product quality on purchase decisions is more significant than promotion. Thus, the promotion program's efforts to improve the condition of purchasing decisions are more vital. Purchase decisions will increase with an effective promotion program. The weakness of this study is that it does not test the relationship between promotion and product quality.

**Keywords:** Product Quality, Promotion, Purchasing Decisions.

## 1 INTRODUCTION

This research is about the important role of two main factors influencing purchasing decisions: promotion and product quality. Promotions include various marketing strategies such as discounts, advertising, and sales promotions to influence consumer perceptions of products, while product quality is related to product durability and effectiveness. This research is important because it can provide a better understanding of the influence of promotions and product quality on purchasing decisions, which can help companies improve marketing strategies, competitiveness and consumer satisfaction. Previous research confirms that promotions and product quality influence purchasing decisions. <sup>1</sup>. The decline in sales of Xiaomi brand smartphones is thought to be caused by various factors related to purchasing decisions, such as promotions and product quality. According to a survey conducted by Counterpoint in May 2023, there was a

decline in Xiaomi smartphone products compared to the previous year, which accounted for -24.8% of the Indonesia Smartphone Shipments Market Share (Table 1)<sup>2</sup>.

**Table 1.** Indonesia Shipments Market Share by Sales 2023.

No	Brand	Q1
1	Infinix	36,4%
2	Others	8,4%
3	Realme	8,1%
4	Samsung	-6,5%
5	Oppo	-6,7%
6	Vivo	-24,7%
7	Xiaomi	-24,8%

The main difference between this research and previous research lies in removing the variable Z, which allows our research to focus more on analyzing the interactions between variables X1, X2, and Y in the context of decision-making. 1. The aim is to understand the focused relationship between promotions and product quality on purchasing decisions.

### **1.1 Purchasing Decisions and Promotion**

When making a purchase, consumers tend to consider the brands mentioned in their criteria and are likelier to buy the ones they prefer<sup>3</sup>. *Purchasing decisions* are processes consumers go through to buy a product that depends on needs and expectations that can be expected to increase satisfaction with the product<sup>4</sup>. Consumers decide when buying a product or service based on their wants and needs. This process includes various considerations before making the final purchasing decision.<sup>5</sup> Promotion is one factor influencing purchasing decisions as a material consideration for consumers<sup>1</sup>. Based on previous research, the proposed research hypothesis is *H1: Promotion influences consumer decisions*. Purchasing decisions are influenced by thorough, limited, and routine decision-making<sup>6</sup>. Purchasing decisions have three factors: stability in purchasing, the desire to repurchase, and following consumer desires<sup>7</sup>. Besides that, purchasing decisions have five dimensions in the form of tangible, capability, responsiveness, warranty, and empathy<sup>8</sup>. In this study, promotion is crucial in predicting purchasing decisions and achieving the company's desired goals. It is an essential factor that helps to reach the targeted objectives<sup>9</sup>. Promotion involves communicating information about products or services to appeal to potential customers.<sup>10</sup> *Promotion* is an essential sales process that will affect the level of engagement and involvement in a company<sup>11</sup>. The promotion has several dimensions: discounts, shopping cards, and purchasing programs<sup>11</sup>. In addition, promotions can be carried out through image media, offline, and giving gifts<sup>12</sup>.

### **1.2 Purchasing Decisions and Product Quality**

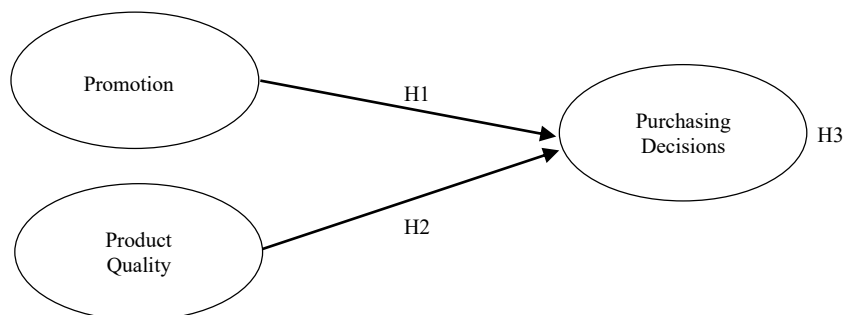
Improving product quality can enhance purchasing decisions beyond the influence of promotions.<sup>1</sup> Product quality is the ability of a product to provide adequate performance to satisfy consumers<sup>13</sup>. Product quality refers to a product's ability to perform its functions effectively, encompassing factors such as durability, reliability,

and ease of use during operation and repair.<sup>14</sup> Product quality is the quality that exists in a product to meet or even exceed consumer expectations<sup>15</sup>. Based on this description, the researchers propose hypothesis *H2: Product quality influences purchase decisions*. Product quality has several indicators: performance, suitability, reliability, and ease of repair<sup>16</sup>. Product quality has several indicators: performance, product features, reliability, suitability, durability, ease of service, product aesthetics, and quality consumers can feel<sup>17</sup>. In this study, the indicators used to measure product quality variables are product performance, product durability, product features, product reliability, and product quality impressions<sup>1</sup>. *H3: Promotion and product quality affect purchase decisions*

## 2 METHODS

### 2.1 Hypothesis

Researchers used quantitative descriptive methods. The population of this study were Xiaomi smartphone users from Indonesia. The sample for this research consisted of 30 online respondents to obtain data on purchasing decisions in Indonesia. The research used is to solve research problems. The data analysis technique in this quantitative research uses a statistical approach. The data analysis technique in this research is regression. According to the literature review, this study was conducted based on the grand theory of marketing management, purchasing decisions, promotion, and product quality<sup>1</sup>, as shown in Fig. 1.



**Fig. 1.** Relationship Between Promotion, Product Quality, and Purchasing Decisions

### 2.2 Sample and Data Collection

The program used to analyze the data with the regression method was Statistical Product and Service Solution (SPSS). It allowed the researchers to perform arithmetic calculations on the data collected from respondents<sup>18</sup>. The measurement does not have zero value because the measurement of consumer attitudes used in marketing research was the Likert scale. It asks respondents whether they agree or disagree about the perceived object. To ensure clarity in analyzing and interpreting the title sentence and research variables, we have designated the variables as follows: promotion (first independent variable), product quality (second independent variable), and purchasing decision (dependent variable).

## 3. RESULT & DISCUSSION

### 3.1 Result

The promotion description of Xiaomi’s users was based on four dimensions: promotion frequency, promotion quality, number of promotions, and promotion suitability. Promotion was at a very high level. The average value obtained from promotion on Xiaomi's users was 4,25. Besides, the dimension with the highest value was the promotion quality 4,43. Meanwhile, the dimension with the lowest score was promotion quantity 4,13. Data shows that Xiaomi smartphone promotions influence 53.33% of consumer purchase decisions, with 56.66% believing they add extra value. About one-third find the number of promotions appropriate, while another third appreciate the promotional periods for Xiaomi products. Nearly half of promotions accurately describe product advantages, and 40% of consumers frequently encounter these promotions on social media. In conclusion, Xiaomi smartphone users' purchase decisions have a very high average value of 4.23, specifically 4.25 based on promotions. Xiaomi smartphones offer several strengths to consumers, including compelling performance at 43.33%, durability at 36.66%, product diversity at 46.66%, good battery life at 40%, and easy repair access at 36.66%. Consequently, the overall value of Xiaomi smartphone purchase decisions among users was exceptionally high at 4.23. From the data collected on Xiaomi smartphone users, 33.33% gain confidence in purchasing Xiaomi brand smartphones, while another 33.33% are satisfied and would repurchase the brand. Additionally, 30% make quick purchases, 46.66% decide personally, 46.66% know the product's advantages before buying, and 40% consider Xiaomi smartphones as necessary products. The highest dimension score was 4.43, while the lowest was 4.00, as shown in Table. 4.

**3.2 Discussion**

**The Analysis of the Influence of Product Promotion on Purchase Decision**

The first analysis was conducted to determine the level of relationship between promotions and purchasing decisions. The test uses the coefficient of determination in Table 2, *Model summary*<sup>19</sup>.

**Table 2.** Model Summary

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.663 <sup>a</sup>	.440	.420	2.076	.440	22.006	1	28	.000

a. Predictors: (Constant), Purchasing decision

b. Dependent Variable: Promotion

Based on Table 2, the coefficient of the relationship between promotions and purchasing decisions is indicated by an R-value of 0.663. If the coefficient interval is 0.41-0.70, it indicates a significant relationship between promotion and purchasing decisions. Additionally, the R<sup>2</sup> value of 0.440 signifies a 44% influence of promotions on purchasing decisions, with the remaining 56% attributed to other independent variables outside the regression model. Based on Table 2, if the significance value is  $0.001 \leq 0.05$ , then H<sub>1</sub> is accepted. Promotion significantly impacts purchasing decisions, and the study's results are assumed to have broader applicability beyond its

original focus on the effect of promotion on purchasing decisions for Xiaomi brand smartphones by yielding consistent findings across diverse samples. This study's results are similar to the opinion of <sup>1</sup>, which states that promotions significantly influence purchasing decisions. Based on the analysis results, the promotion dimensions influencing purchasing decisions are the frequency and quality of promotions.

**The Analysis of the Influence of Product Quality on Purchase Decision**

The first analysis was conducted to determine the level of relationship between product quality and purchasing decisions. The test is carried out using the value of the relationship coefficient and the coefficient of determination in Table 4 of the Summary Model<sup>19</sup>.

**Table 3.** Model Summary

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.744 <sup>a</sup>	.554	.538	2,276	.554	34,775	1	28	.000

a. Predictors: (Constant), Product Quality

b. Dependent Variable: Purchasing decision

In Table 3, the coefficient of the relationship between product quality and purchasing decisions is indicated by an R-value of 0.744 <sup>18</sup>. Promotions significantly affect purchasing decisions, with a coefficient interval of 0.71-0.90 indicating a high relationship between product quality and purchasing decisions. An R<sup>2</sup> value of 0.554 represents the coefficient of determination, signifying that promotions influence purchasing decisions by 55.4%, while the remaining 44.6% accounts for unmodeled independent variables. Based on Table 3, if the significance value is  $0.001 \leq 0.05$ , then H<sub>12</sub> is accepted, indicating that product quality significantly impacts purchasing decisions. These findings extend beyond Xiaomi smartphone purchases, offering insights for diverse samples, aligning with <sup>1</sup>, which supports the influence of product quality on purchasing decisions.

**The Analysis of the Influence of Promotion and Product Quality on Purchase Decision**

The first analysis was conducted to determine the level of relationship between promotion and product quality with consumer satisfaction. The test is carried out using the value of the relationship coefficient and the coefficient of determination. The relationship between promotion and product quality with purchasing decisions is expressed by an R-value of 0.805, falling within the coefficient interval of 0.71-0.90, indicating a strong association. Additionally, the coefficient of determination R<sup>2</sup> for product quality and purchasing decisions is 0.648, signifying that promotions influence purchasing decisions by 64.8%, while 35.2% remains another independent variable outside the regression model. The subsequent analysis aimed to assess if the six dimensions of promotion and the five dimensions of product quality significantly impact the six dimensions of purchasing decisions, testing the main hypothesis H<sub>13</sub>:

promotion and product quality significantly influence purchasing decisions. The test is carried out using the significance values listed in Table 10. ANOVA<sup>19</sup>.

**Table 4.** ANOVA

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	210,752	2	105,376	24,860	,000 <sup>b</sup>
	Residual	114,448	27	4,239		
	Total	325,200	29			

a. Dependent Variable: Purchasing decision

b. Predictors: (Constant), Product Quality, Promotion

According to Table 4, if the significance value is between 0.001 and 0.05, then  $H_1$  3 is considered valid. These findings suggest that promotion and product quality notably impact decisions when purchasing Xiaomi smartphones. These results can be helpful for future research on the effect of similar factors on purchasing decisions across different samples. The results of this study have similarities with the opinion of<sup>1</sup>, which states that the main factors influencing smartphone purchasing decisions are battery life, service life, features, and promotions offered by this company are appropriate.

#### 4. CONCLUSION

Promotions impact purchasing decisions, but product quality exerts a stronger influence, emphasizing the importance of prioritizing product features, durability, and design. This study, based on a Xiaomi smartphone user sample, offers valuable insights for companies to enhance promotion and product quality strategies for increased sales, encouraging further research with larger sample sizes on these aspects.

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