

The Influence of Promotion and Service Quality on Purchasing Decisions (Study At One of The Car Dealers in Bandung)

Puput Rahayu Astuti¹, Anton Tirta Komara²
Sekolah Tinggi Ilmu Ekonomi Pasundan, Bandung ^{1,2}
Email: puputra@gmail.com¹, anton@stiepas.ac.id²

Abstract

The researcher conducted a study to assess the influence of promotion and service quality on purchasing decisions at a car dealership in Bandung. The study's objective was to examine the primary determinant of service quality on purchasing decisions at the dealership in Bandung. The research involved 95 consumers as participants, who were asked to complete questionnaires. The path analysis research demonstrates the validity of the advertising and service quality variables in influencing purchasing decisions at the vehicle dealership in Bandung. The research results underscore prioritizing promotion and service quality to improve purchasing decisions. The research findings suggest that promotion (X1) has a considerable influence on purchase decisions (Y), and Service Quality (X2) also has a significant impact on purchasing decisions (Y).

Keywords : Promotions, Service Quality, Purchasing Decisions, Dealers

INTRODUCTION

Globalization has brought out novel economic prospects and difficulties for enterprises in Indonesia. Globalization broadens Indonesian companies' product market and heightens rivalry between native and foreign companies. Business competition motivates organizations to endeavor to achieve market dominance. Every company must develop innovative business tactics to attract and secure a significant portion of the market effectively. (Waluya et al., 2019)

The automotive sector is highly desirable due to a cultural shift in urban Indonesian society. The contemporary way of living, marked by efficiency and the rising need for automobiles, has expanded car dealerships. The number of dealerships in Indonesia, both local and international, is increasing. As the number of dealerships continues to rise, competition is also intensifying. The proliferation of dealerships leads to more consumer discernment in their decision-making process.

Understanding and responding to consumer behavior is a critical aspect for organizations in the automotive sector. (Supriadi et al., 2023) It enables them to tailor their strategies to meet the expectations and needs of their target market, influencing the purchasing decisions of consumers. Therefore, it is crucial for enterprises to actively shape consumers' purchase decisions by providing relevant information and aligning their offerings with those decisions.

Consumer purchasing decisions are impacted by a company's capacity to lure buyers and aspects like promotion and service quality that consumers consider when purchasing. (Jasmani & Sunarsi, 2020; Supriadi et al., 2023) When operating a business, whether it offers services or goods, business operators must utilize effective and appealing promotional strategies to promote their items to existing and potential clients.

Due to technological advancements, promotions now extend beyond traditional

methods such as advertisements or pamphlets. Technological advancement leads to the development of applications that enable fast and effortless transactions and a range of promotions and discounts. Consumers' varied preferences for ease in all services drive corporations to explore methods of satisfying these preferences, resulting in the extensive utilization of the Internet for promotional purposes.

Service quality is a key factor that influences consumer decisions, standing shoulder to shoulder-with marketing. (de Oña, 2022) The maximization of service quality is not just important, it's crucial. It's the cornerstone for fostering customer loyalty and driving company success. (Shen & Yahya, 2021)

The main objective of the automotive sector is to deliver exceptional and optimal service that fulfills consumer expectations, to influence consumer choices, and to cultivate a robust relationship between automotive dealers and consumers. Companies must ensure they are adequately equipped to fulfill consumer needs and effectively react to changing market conditions. This can be achieved by improving service quality to discourage clients from switching to other car dealers. The impact of excellent promotion and service quality will convincingly showcase to consumers that the service quality is unparalleled, resulting in values that foster consumer choices, motivating them to consistently utilize the service in the long term and generate the desired consumer selections.

Service quality and consumer attention are essential to a company's culture, which is evident in its vision, goal, and fundamental values. (Abror et al., 2019) This allows the organization to provide exceptional services, regularly

evaluate consumer choices, and cultivate consumer loyalty. Awareness is crucial in delivering exceptional service quality, influencing consumer choices, cultivating customer loyalty, and attaining competitive advantage in the automobile dealer industry.

Based on an initial survey, there was a decrease in sales at a dealership in Bandung during the period from January to June 2022. The notable decline suggests multiple things have impacted it, leading the organization to assess and determine the root causes. Within marketing operations, particularly in sales, there exist seven essential components that organizations must consider to attain marketing objectives. The seven essential components of marketing strategy are product, price, place, promotion, process, physical environment, and people. Comprehending these fundamental components of marketing strategy enables organizations to fulfill consumer wants, preferences, and demands efficiently.

The initial survey findings from a sample of 20 participants at a Bandung dealership suggest that the implemented promotions still need to achieve maximum effectiveness. The initial step in attracting consumers to visit a Bandung dealership is to provide them with pertinent information about the dealer in question. As defined by Gedenk, (2022), promotion is the strategic action marketers take to communicate information about their products and influence consumers to purchase.

Companies must prioritize providing exceptional service quality to establish and maintain consumer trust. Implementing high service quality can yield advantages such as cultivating a harmonious rapport between the

Company and Consumers, promoting customer loyalty, shaping consumer choices, and generating positive word-of-mouth endorsements that are advantageous for the Company. Prentice et al., (2020) defines Service Quality as meeting client wants and criteria while ensuring timely delivery to meet consumer expectations. Service Quality encompasses all aspects of the services offered by the organization while clients are physically present at the location. According to Balinado et al., (2021), quality refers to the extent to which a product or service possesses all the necessary features to fulfill a requirement. Service quality is crucial for firms since it directly affects consumer satisfaction. When service quality is given effectively, people think it adds the expected value, resulting in higher satisfaction. (Riyani et al., 2021)

Companies utilize promotions to promote transactions and increase demand for a product while also ensuring the provision of high-quality services. By improving the effectiveness of promotions, companies can attract more consumers to test a product and motivate existing customers to make more purchases. This, in turn, can lead to a significant increase in the sales volume of the Company's products, motivating the audience to enhance their promotional strategies.

Companies must diligently monitor the swift changes in consumer wants and preferences. Purchasers will make their buying choices based on the items they acquire. Supriadi et al., (2023) states that customer purchasing decisions are influenced by elements such as the emotional connection established between consumers and producers, which occurs when consumers utilize

products and services from a company and perceive them to offer additional value. Hence, enterprises must offer optimal service and product quality to their consumers in order to foster repeat purchases that would ultimately yield advantages for the organization.

Reiterating the research problem formulation, the aim is to determine the degree of impact that promotion and service quality have on purchase decisions, taking into account the backdrop of the issue. This reinforcement of the study's focus helps the reader keep track of the research's direction. The aim of this study is to ascertain the extent of the influence of promotion and service quality on consumers' purchase choices.

METHOD

The research employed a descriptive and verificative methodology, utilizing a quantitative approach. Utilizing this research methodology will uncover the substantial correlation between the variables being examined, resulting in results that will elucidate the portrayal of the research subject.

Data Testing Method

Validity test

Validity testing evaluates how accurately a test tool (such as a questionnaire) measures the specific concept the researcher intends to evaluate based on the degree of measurement. A measuring instrument is considered legitimate if it accurately performs its intended function by measuring the specific quantity it is designed to measure. The validity test will be conducted by connecting the score of each item with the overall score of all items. The correlation computation

yields a correlation coefficient, which is utilized to assess the item's level of validity.

Reliability Test

Following the completion of the validity test in this research, the subsequent step will involve conducting the reliability test, also known as Reliability. Reliability pertains to the precision of measuring tools. The accuracy can be evaluated by statistical analysis in order to ascertain any measurement inaccuracies. Reliability can be better comprehended by focusing on stability, accuracy, and uniformity. An instrument is deemed dependable when it can be relied upon to measure research data.

Data analysis method

Verification Analysis

This text aims to substantiate the veracity of the author's hypothesis. The verification analysis method is the systematic investigation conducted on a specific population or sample to test a pre-established hypothesis. Verification research aims to empirically examine the validity of a hypothesis by gathering data in the field.

In order to assess the impact of variable X on variable Y, researchers employed several statistical methodologies, such as simple linear regression analysis and analysis of the coefficient of determination. The calculating processes involved in these techniques are as follows:

Path analysis

Path analysis is a statistical method used to demonstrate the extent of influence that a specific variable has, both directly and indirectly, on other variables. Therefore, the problem revolves around the relationship between cause and effect. The term employed in this path analysis is an exogenous variable, which refers to the causal

variable (X). Endogenous variables (Y) are outcomes influenced by other factors, while implicit variables (ϵ) are factors that are different from exogenous variables.

RESULT AND DISCUSSION

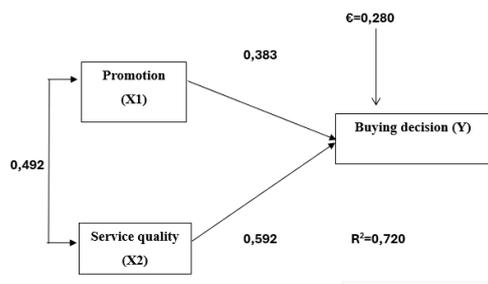
The data studied in this research is derived from both primary and secondary sources. The primary data for the research consists of the outcomes of a questionnaire issued to 95 respondents. This dataset consists of fundamental information that is supplemented by secondary data. The analysis is based on observations made in the field and information gathered from various library sources. These additional sources are utilized to enhance and further substantiate the findings of the analysis. The data collected from the questionnaire has two types: respondent data and variable research data.

Table 1. Validity Test and Reliability Test

Promotion		Service quality		Buying decision	
Item	Correlation	Item	Correlation	Item	Correlation
1	0,629	1	0,328	1	0,522
2	0,568	2	0,390	2	0,720
3	0,573	3	0,616	3	0,558
4	0,530	4	0,700	4	0,681
5	0,542	5	0,607	5	0,671
6	0,672	6	0,705	6	0,692
7	0,518	7	0,649	7	0,662
8	0,669	8	0,736	8	0,727
9	0,562	9	0,747	9	0,567
10	0,640	10	0,714	10	0,582
11	0,603	11	0,776	11	0,612
12	0,659	12	0,651	12	0,680
13	0,613	13	0,452	13	0,671
14	0,623	14	0,479	14	0,618
15	0,692	15	0,491	15	0,661
Cronbach Alpha					

Promotion	0,910
Service quality	0,909
Buying decision	0,924

Table 1 shows that each variable includes 15 statement items with a correlation value above 0.300, indicating validity. The reliability test yielded a Cronbach alpha value that exceeded 0.700, indicating its validity.



According to the provided table, the path coefficient for the Promotion Variable (X1) is 0.383 (beta), while the route coefficient for the Service Quality Variable (X2) is 0.592 (beta).

The Influence of Promotions on Purchasing Decisions at a dealer in Bandung

According to the research and data analysis, the Promotion variable (X1) has a significant but not dominant impact on vehicle purchasing decisions. It has a direct influence of 0.146% and an indirect influence of 0.111%, resulting in a total influence of 0.257%. The preceding conclusion is reinforced by the path analysis findings, which demonstrate a significant influence of Promotion on vehicle purchasing decisions, as indicated by a p-value of $0.000 < 0.05$. This provides evidence of the substantial

impact of the service quality variable on vehicle product purchasing decisions, with a path coefficient value of 0.383. These results support the notion that Promotion significantly impacts Vehicle Purchase Decisions.

The Influence of Service Quality on Purchasing Decisions at a dealer in Bandung

Based on the results of research and data processing, the Service Quality variable (X2) has an influence on vehicle purchasing decisions at Toyota Dealer PT. Mitradeka Mandiri (Merdeka Motor) Bandung and very dominant, with a direct influence of 0.350% and an indirect influence of 0.111% so that the total influence is 0.461%, this conclusion is strengthened by the results of the path analysis of the influence of service quality on vehicle purchase decisions at PT Toyota Dealers . Mitradeka Mandiri (Merdeka Motor) Bandung is shown with a significant value of $0.000 < 0.05$, proving the significant influence of the service quality variable on vehicle purchase decisions with a path coefficient value of 0.592. Based on these results, the hypothesis stated that service quality has a significant effect on vehicle purchasing decisions is accepted.

The Influence of Promotion and Service Quality on Purchasing Decisions at a dealer in Bandung

The coefficient of determination (R^2) is a measure that quantifies the contribution of independent variables, specifically Promotion (X1) and Service Quality (X2), in determining Vehicle Purchase Decisions (Y). The R^2 value obtained is 0.720 or 72%, indicating that these variables account for 72% of the variation in the outcome. The remaining variation is attributed to other factors not included in the analysis.

Furthermore, it has been demonstrated that it also impacts the decisions made while purchasing a vehicle, as indicated by the value: The value of β_6 is 0.280, equivalent to 28%.

CONCLUSION

According to the research findings, both marketing and service quality play a crucial role in influencing consumers' decisions to purchase vehicles. Therefore, it is recommended that the company focus on improving its promotional strategies and ensuring the provision of high-quality service. Providing high-quality service will likely attract and please customers, particularly when accompanied by appealing promotional tactics. Undoubtedly, this will generate customer interest in making judgments regarding automobile purchases.

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