The Effect of Promo Price and Product Variation on Purchasing Decision at Grabfood, OVO Payment as an Intervening Variables

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ABSTRACT

The use of devices to transact anywhere and anytime makes consumers not have to bother to meet their needs. Payment methods can be cash or e-money, in this case, Grab applies for non-cash payments in collaboration with the OVO digital payment. The purpose of this study was to determine whether there was an effect of promo prices and product variations on buying decisions on the Grabfood application through the OVO payment method. The research method used is descriptive quantitative with multiple linear regression, with the stages of collecting data with a questionnaire given to Grabfood customers who use OVO. This research reveals that digital OVO payments can boost transactions in online businesses. The results of this study indicate an analysis of the effect of product variation through the OVO payment method on purchasing decisions. It can be explained that the direct effect of product variation on buying decisions is 0.323. Meanwhile, the indirect effect of product variation through the OVO payment method on purchasing decisions was 0.778, while the total effect was 1.101. So it can be concluded that indirect product variations through the OVO payment method have a significant effect on purchasing decisions.

Keywords: Promo, product, OVO payment

Introduction

The development of internet technology makes it easier for people to shop. Consumers no longer need to come to a shopping center or shop to shop, but simply by using gadgets, consumers can shop by visiting various websites which are often referred to as online shopping. Through online buyers can see various products offered through the web promoted by the seller. Online shopping allows buyers and sellers not to meet face to face, so this allows sellers to have the opportunity to find buyers from abroad. Payment for buying and selling internet-based goods and services can be done quickly and easily, along with these developments, business people are competing to market their products and services through the internet with the hope that information about their products can spread more widely to all levels of society. As well as the attractive offers provided by e-commerce service providers.

Discounts are a strategy that companies undertake to reduce prices from predetermined prices to create impulse buying to increase sales of products or services (Selda, 2011). Their research results prove that discounted products can induce impulse buying. Discounts are a strategy that companies undertake to reduce prices from predetermined prices to create impulse buying to increase sales of products or services (Selda, 2011). Their research results prove that discounted products can induce impulse buying. Discounts are a strategy that companies undertake to reduce prices from predetermined prices to create impulse buying to increase sales of products or services (Selda, 2011). Their research results prove that discounted products can induce impulse buying.

In today's technological developments, several alternatives have emerged related to the ease of online purchases, one of which is the Grab application. Grab is a Singapore-based company that serves

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applications for transportation service providers and other services. The Grab application provides a variety of services, including GrabFood. The convenience that users of the GRAB application get besides cash payments can also pay with e-money, in this case, digital payment with OVO. OVO application. This application was launched in early 2017 by providing many conveniences and benefits in transacting online. Consumers have a variety of different behaviors and often change in deciding a purchase. In terms of planning, consumer purchases can be categorized into planned purchasing and unplanned purchasing. Planned purchases are purchasing behavior in which decisions about the items to be purchased have been taken before consumers enter the store (Semuel, 2015). Impulse Buying is defined as the act of buying that was not previously recognized consciously as a result of a consideration or purchase intention that was formed before entering a store (Mowen & Minor, 2012).

From the background description above, it is necessary to consider the ease of internet access and the various tantalizing offers the research team is interested in conducting a study entitled: "The Effect of Promo Prices and Product Variations on Purchasing Decisions at Grabfood, OVO Payment as an Intervening Variable"

Problem Formulation (1) Is there any effect of promo price on OVO payment method on Grabfood? (2) Is there any effect of product variations on the OVO payment method on Grabfood? (3) Is there any effect on the promo price on buying decisions at Grabfood? (4) Is there an effect of product variation on buying decisions at Grabfood? (5) Does the payment method affect the buying decision at Grabfood? (6) Is there an effect of the promo price on buying decisions at Grabfood with the OVO payment method as an intervening variable? (7) Is there an effect of product variation on buying decisions at Grabfood with the OVO payment method as an intervening variable?

In the formulation of the dominant problem above, namely how effect of product variation on buying decisions at Grabfood with the OVO payment method as an intervening variable?

Literature Review

Buying decision

The purchase decision is a series of processes that start with the consumer recognizing the problem, looking for information about a particular product or brand, and evaluating the product or brand how well each of these alternatives can solve the problem, which then leads to a purchase decision (Sutisna, 2011). Furthermore, Kotler and Armstrong (2012) added that the purchase decision process is a five-stage process that consumers go through, starting from problem recognition, information search, evaluation of alternatives that can solve the problem, purchasing decisions, and post-purchase behavior, which begins long before the purchase, which is done by the consumer and has an impact long after that. There are five stages that buyers go through to reach a purchase decision, starting from problem recognition, information search, evaluation of alternatives, purchasing decisions, and post-purchase behavior.

Producers must understand that consumers have their way of dealing with the information they get by limiting the alternatives that must be selected or evaluated to determine which products to buy. If the purchased item does not provide the expected satisfaction, the buyer will change his attitude towards the brand of the item into a negative attitude, maybe even refuse from the list of choices. Conversely, if consumers can give satisfaction from the goods they buy, the desire to buy these brands of goods tends to be stronger.

This model assumes that consumers carry out five stages in making a purchase. However, the five stages above do not always occur, especially in purchases that do not require high involvement in purchases. Consumers may go through several stages and the order does not match. There are three indicators in determining purchasing decisions (Kotler & Armstrong, 2012), namely: Consistency in a product, Habits in buying a product, and speed of buying a product.

Previous research related to buying decisions was carried out by Suh (2015) which stated that the dominant factor of consumers in deciding to purchase this product is driven by the need and the way the seller offers the product attractively. Also, Goodrich and Mooij (2014) in his research revealed the role of social media in helping consumers in buying decisions. Goodrich compares offline and online
purchasing culture in buying decisions. The results show that social media supports a more practical buying culture.

Promo price
According to Kotler and Amstrong (2012) states that "The company will adjust its price list and provide discount prices, discounts and allowances for faster payments, bulk purchases, and off-season purchases". Meanwhile, according to Tjiptono (2015) Discount is a discount given by the seller to the buyer as an appreciation for certain activities of the buyer which are fun for the seller. According to Kotler and Amstrong (2012) there are four forms of discount, including:
1. Quantity Discount
   Quantity Discounts are discounts given to encourage consumers to buy in larger quantities, thereby increasing overall sales volume. Also, quantity discounts can provide the benefit of reducing unit costs as a result of large orders and products.
2. Seasonal Discounts
   A seasonal discount is a discount that is given only at certain times. Seasonal discounts are used to encourage consumers to buy goods that will be needed for some time to come. Thus, seasonal discounts affect consumer purchasing patterns, so that the inventory or storage function shifts to consumers.
3. Cash Discounts (Cash Discount)
   A cash discount is a discount given if the buyer pays cash for the goods purchased or pays for them within a certain period following the transaction agreement.
4. Trade (functional) Discount
   Trade discounts are given by producers to distributors (wholesalers and retailers) who are involved in the distribution of goods and the implementation of certain functions, such as sales, storage, and record-keeping.
   Previous research on discounts, one of which was carried out by Grewal et al. (2013), in their research stated that the strategy to increase the number of sales was by modeling the price variations of goods through discounts with terms and conditions, by doing this consumer would be interested.

Product variations
According to Sutisna (2011) the more diverse the number and types of products sold in one place, the consumer will feel satisfied if he makes a purchase at that place and he does not need to make purchases elsewhere. And the same thing he will repeat for the next purchase. So, it is concluded that the product is a competitive strategy, to attract consumers so as not to move to another place because, with the availability of many kinds of products, it is easier for consumers to shop in one place.
   A product according to Kotler and Amstrong (2012) is anything that can be offered to the market to get attention, buy, use, or consume that can satisfy a desire or need. Conceptually the product is a subjective understanding from the producer of something that can be offered to achieve organizational goals through meeting the needs and activities of consumers, according to the competence and capacity of the organization as well as market purchasing power. Products, in general, can be defined as everything both tangible and intangible that is produced by producers to fulfill intangibles, produced by producers to meet the needs and desires of consumers.
   A study was conducted by Bao (2011) on product variety and quality to increase purchases in consumer personal brands. This study states that a large variety of products can motivate consumers to choose products that suit their desires.

Material and Methods
Research design
This research uses a descriptive research type with a quantitative approach. Quantitative descriptive research is data obtained from a sample of the research population analyzed according to the sta-
tistical method used (Kuncoro, 2015). Descriptive research in this study is intended to get an overview and information about the buying decision in the GRAB application. The variables in this study are as follows:

1) The dependent variable is the buying decision in the GRAB application
2) The independent variables are promo prices and product variations
3) The intervening variable is the OVO serving method

**Population, sample, and data collection techniques**

The data collection method in this study is to use the documentation method, namely by viewing and recording data on the data in the questionnaire results obtained from the respondents. The sample was determined by random sampling of 200 respondents using the GRAB application and the OVO payment method.

**Data analysis technique**

The use of regression analysis as a data analysis technique begins with a test of classical assumptions to determine the feasibility of the data for regression analysis. The results of the regression analysis will be tested for the hypothesis to determine the significance of the effect of the independent variables on the dependent variable. The regression model must pass the classic assumption test which includes: normality test, autocorrelation, multicollinearity, and heteroscedasticity. Partial tests (t-test) and coefficient of determination (R2) are used to test the proposed hypothesis.

Hypothesis testing is done in the following manner:

The Regression Equation

H1: \[ KP = \alpha + b_{1\text{HP}} + e \]
H2: \[ OV = \alpha + b_{1\text{HP}} + e \]
H3: \[ KP = \alpha + b_{1\text{HP}} + b_{2\text{OV}} + e \]
H4: \[ KP = \alpha + b_{1\text{VP}} + e \]
H5: \[ OV = \alpha + b_{1\text{VP}} + e \]
H6: \[ KP = \alpha + b_{1\text{VP}} + b_{2\text{OV}} + e \]
H7: \[ KP = \alpha + b_{1\text{HP}} + b_{2\text{VP}} + b_{3\text{OV}} + e \]

Information
KP = Purchase decision
HP = promo price
VP = product variation
OV = OVO payment method

**Results and Discussion**

**Results**

The number of respondents in this study was 400 respondents consisting of buyers, sellers, and Grab drivers. From the results of data processing, it can be concluded that the questionnaire for all variables (X1, X2, X3, and Y) was obtained as reliable or trustworthy because all the variable alpha reliability coefficients were obtained, greater than the standard value of Cronbach’s Alpha, namely 0.60. Thus the questionnaire for each variable (both independent and dependent variables) from this study can be used for further research. Reliability test results from SPSS 20 data processing found that for each variable the Kolmogorov-Smirnov value > 0.06, namely 1.641 for Promo Price (X1), 1.830 for product variations (X2), 1.446 for OVO Payment Method (X3), 1.824 for Purchase Decisions (Y). The results of the validity of the items obtained results from the 40 item items declared significant or valid. (Ghozali, 2016).
The results of the normality test with a normal probability plot show the data spread around the diagonal line. The Kolmogorov-Smirnov test results showed a significance value > 0.05, namely 0.997. From the available data, it is concluded that the regression model residuals are normally distributed.

Table 2 multicollinearity test

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>X1</td>
<td>0.630</td>
<td>0.341</td>
</tr>
<tr>
<td>X2</td>
<td>0.636</td>
<td>0.321</td>
</tr>
<tr>
<td>X3</td>
<td>0.522</td>
<td>0.254</td>
</tr>
</tbody>
</table>

a. Dependent Variable: y

The multicollinearity test results show that each variable does not have a multicollinear element, with the result that the tolerance value of each variable is between 0.1 and less than 10. From the results of the scatterplot, it can be seen that the dots are spread out and do not form a certain clear pattern. Also, the significance value of the Spearman Rho correlation of the independent variables is all > 0.05. So it can be concluded that there is no heteroscedasticity in the regression model.

The results of the regression analysis will be tested for the hypothesis to determine the significance of the effect of the independent variables on the dependent variable. The regression model must pass the classical assumption test which includes: normality, multicollinearity, and heteroscedasticity tests. The partial test (t-test) and the coefficient of determination (R2) are used to test the proposed hypothesis (Sugiyono, 2010). Hypothesis testing is done in the following manner:

Model path coefficient 1

Table 3 test of the coefficient of determination for model 1

| Model Summary |
|---------------|----------------|
| Model         | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | 0.542a | 0.294 | 0.291 | 5.28121 |

a. Predictors: (Constant), x2, x1
Table 4 partial test of model 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>11,450</td>
<td>2,225</td>
<td>5,146</td>
<td>0.000</td>
</tr>
<tr>
<td>I</td>
<td>x1</td>
<td>0.296</td>
<td>0.072</td>
<td>4.134</td>
</tr>
<tr>
<td></td>
<td>x2</td>
<td>0.430</td>
<td>0.065</td>
<td>6.598</td>
</tr>
</tbody>
</table>

a. Dependent Variable: y

Based on the results of the analysis above, shows that there are 2 path models to prove the hypothesis. It can be explained that the path coefficient of model 1 is based on the results of the regression output in the coefficient section table. It can be seen that the significance value of the two variables, namely promo price = 0.000 and product variation = 0.000 is smaller than 0.05. Thus, it shows that regression model 1, namely the promo price variable and product variations, has a significant effect on the OVO payment method. The amount of the R square value contained in the model summary table is 0.294 indicating that the contribution of the influence of promo price variables and product variations is 29.4%, while the remaining 70.6% is the contribution of other variables not included in the study.

Meanwhile, for the value of e, the result is 0.840 (Ghozali, 2016).

Model path coefficient 2

Table 5 test the coefficient of determination model 2

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>0.733a</td>
<td>0.538</td>
<td>0.534</td>
<td>3.47177</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), y, x1, x2

Table 6 partial test of model 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>6,223</td>
<td>1,511</td>
<td>4,119</td>
<td>0.000</td>
</tr>
<tr>
<td>I</td>
<td>x1</td>
<td>0.349</td>
<td>0.048</td>
<td>7.258</td>
</tr>
<tr>
<td></td>
<td>x2</td>
<td>0.308</td>
<td>0.045</td>
<td>6.831</td>
</tr>
<tr>
<td></td>
<td>y</td>
<td>0.174</td>
<td>0.033</td>
<td>5.272</td>
</tr>
</tbody>
</table>

a. Dependent Variable: z

The path coefficient of model 2, can be shown by the results of the regression output, it can be seen that the significance value of the three variables, namely promo price = 0,000 and product variation = 0,000, and the payment method OVO = 0,000 is less than 0.05. Thus, it shows that regression model 2, namely the promo price variable, product variation, and OVO payment methods have a significant effect on buying decisions. The amount of the R square value contained in the summary model table is 0.538, indicating that the contribution of the variable effect of promo prices, product variations, and OVO payment methods is 53.8%, while the remaining 46.2% is the contribution of other variables not included in the study. Meanwhile, for the value of e, the result is 0.679 (Ghozali, 2016).

Hypothesis testing results

H1 : Analysis of the effect of promo prices on the OVO payment method obtained a promo price significance value of 0.000 <0.05. So, it can be concluded that there is a significant effect of promo prices on the OVO payment method.
H2 : Analysis of the effect of product variations on the OVO payment method obtained a significant value of product variation 0.000 <0.05. So, it can be concluded that there is a significant effect of product variation on the OVO payment method.
H3 : Analysis of the effect of promo prices on buying decisions, it is found that the promo price significance value is 0.000 <0.05. So, it can be concluded that there is a significant effect of promo prices on buying decisions.
H4 : Analysis of the effect of product variations on purchasing decisions obtained a significant value of product variation 0.000 <0.05. So, it can be concluded that there is a significant effect of product variation on purchasing decisions.
H5 : Analysis of the effect of the OVO payment method on the purchase decision, the significance value of the OVO payment method is 0.000 <0.05. So, it can be concluded that there is a significant effect of the OVO payment method on buying decisions.
H6 : Analysis of the effect of promo prices through the OVO payment method on buying decisions can be explained that the direct effect of promo prices on buying decisions is 0.333. While the indirect effect of promo prices through the OVO payment method on buying decisions is 0.449 while the total effect is 0.782. So, it can be concluded that the promo price indirectly through the OVO payment method has a significant effect on buying decisions.
H7 : Analysis of the effect of product variations through the OVO payment method on purchasing decisions can be explained that the direct effect of product variations on purchasing decisions is 0.323. Meanwhile, the indirect effect of product variation through the OVO payment method on purchasing decisions is 0.778 while the total effect is 1.101. So, it can be concluded that indirect product variations through the OVO payment method have a significant effect on buying decisions.

Discussion

Based on the results of the analysis above, it shows that part there is a significant effect on the independent variable on the dependent variable. Also, there is also influence simultaneously or collectively the independent variable on the dependent variable.

Based on the results of statistical analysis in this study, it was found that the first hypothesis (H1) and the third hypothesis (H3) concluded that the promo price had a significant effect on payment methods and buying decisions. This means that the promo price given to consumers who buy food through the GrabFood application pays attention to the promo price. To strengthen the research results, the researchers conducted interviews with several consumers about promo prices and as a result, the consumer's answer concluded that the promo price on the Grabfood application made consumers interested in buying even though sometimes they did not need these items. At Grabfood, promo prices will have an impact on consumer decisions, because promo prices can attract buyers who are not initially interested to have the intention to buy products, besides that promo prices are what consumers are waiting for, as evidenced by the test results that show a significant effect. In line with Fretizen's (2019) research which states that promotional prices have a significant effect on consumer buying decisions for Drinking Water products.

Furthermore, the results of statistical analysis in this study found that the second hypothesis (H2) and the fourth hypothesis (H4) concluded that product variations had a significant effect on payment methods and buying decisions. This means that the product variations given to consumers who buy food through the GrabFood application pay attention to product variants. In line with the research of Nurrahman (2016) which states that product variation has a positive influence on the purchase decision of the Nokia series X smartphone with a 63.5% level of relationship which is in the strong category, while for the influence of other variables not studied. This shows a positive effect that the higher the product variation in a product, the higher the consumer will decide to buy.

Furthermore, the statistical results in this study found that the fifth hypothesis (H5) concluded that the payment method had a significant effect on buying decisions. This means that the payment method
given to consumers who buy food through the GrabFood application makes it easier for consumers to make transactions to buy products. In line with Ramadani’s research (2016) which states that there is a positive and significant influence between the use of electronic money (e-money) on the consumption expenditure of students of Development Economics, Malang State University of 2014.

Based on the results of statistical analysis in this study it was found that the sixth hypothesis (H6) and the seventh hypothesis (H7) found the effect of promo prices through the OVO payment method on buying decisions which can be explained that the direct effect of promo prices on buying decisions is smaller than the indirect effect. Promo price through the OVO payment method on the decision to buy. So, it can be concluded that the promo price indirectly through the OVO payment method has a significant effect on buying decisions. Likewise, the effect of product variation through the OVO payment method on buying decisions can be explained that the direct effect given by product variations on buying decisions is smaller than the indirect effect of product variations through the OVO payment method on buying decisions. So, it can be concluded that indirect product variations through OVO payment method have a significant effect on buying decisions. In line with the research conducted by Dirgantara (2019) which states that price discounts have a positive and significant effect on purchasing decisions where purchase interest is an intervening variable for consumers of Matahari Department Store Mall Panakukang Makassar.

Conclusion

Based on the results and discussion, it is shown that it is concluded that the promo price has a significant effect on payment methods and buying decisions. This means that the promo price given to consumers who buy food through the GrabFood application pays attention to the promo price. Besides, product variations have a significant effect on payment methods and buying decisions. This means that the product variations given to consumers who buy food through the GrabFood application pay attention to product variants. Based on the test results, it is concluded that the promo price has a more dominant effect on buying decisions compared to product variations. It is also concluded that the OVO payment method has a significant effect on buying decisions. This means that the payment method given to consumers who buy food through the GrabFood application makes it easier for consumers to make transactions to buy products.

It can be concluded that indirectly promo prices through the OVO payment method have a significant effect on purchasing decisions at Grabfood and indirectly product variations through the OVO payment method have a significant effect on the decision to buy Grabfood.

References


