

THE INFLUENCE OF PRICE, PLACE, PROMOTION, PROCESS, AND PHYSICAL EVIDENCE ON PRODUCT PURCHASE DECISIONS IN THE CREATIVE INDUSTRY (CASE STUDY ON OOAA PUZZLE)

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Abstract: The creative industry has shown promising growth within the last few decades globally and locally in Indonesia. However, the Covid-19 pandemic has presented major challenges for businesses in the industry. Most of the businesses in this industry have experienced significant loss of revenue as an impact of the crisis. Efforts are made to recover from the crisis, one of them is the implementation of digital infrastructure and technology. OOAA Puzzle as a part of the creative industry has implemented digitalization in its operations but is still facing marketing challenges that result in poor sales. Hence, this research is initiated in order to understand the influence of marketing mix on OOAA Puzzle's customer purchase decision. This research is done by distributing questionnaires to 92 OOAA Puzzle's customers as samples. The data is then analyzed using linear regression equation. This research concluded that price, place, promotion, process and physical evidence are influential to OOAA Puzzle's customers' purchase decision. The result of data analysis shows that promotion is the most significant variable, followed by process, price, and lastly product, and physical evidence. These findings are then used as the basis of evaluation for this research's subject to formulate an effective marketing mix strategy.

Keywords: *price, place, promotion, process, physical evidence*

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1. Introduction

In 2019 the world experienced a crisis in the form of the Covid-19 pandemic, as well as crises covering economic, geopolitical, and environmental aspects that had a massive impact on life. These crises especially the Covid-19 pandemic have had adverse effects on the rate of economic growth, including the creative economy, which is dominated by micro-enterprises that are very vulnerable to disruption. A study conducted in the United Arab Emirates found that the impact of the Covid-19 pandemic on the creative and cultural industries is extreme. 41% of companies, including 51% of individual businesses experienced a decrease in revenue, and 20% of individual businesses experienced a complete loss of income. Only 13% of businesses and 9% of freelancers posted profits, as they used digital technology to reach new audiences and consumers. This phenomenon certainly contains the risk of failing to achieve the projection of the creative economy as a contributor to 10% of global GDP by 2030, but it also contains opportunities, especially in accelerating digitalization.

In Indonesia, the creative industry has posted progressive growth with an average of 7.8% to the creative economy sector in the period 2010 - 2020 although in 2020 it decreased to 1,100 trillion Rupiah from the specified target of 1,214 trillion Rupiah. This decline is a result of the crisis in the form of the COVID-19 pandemic, as well as crises covering economic, geopolitical, and environmental aspects. Nevertheless, the Ministry of Tourism and Creative Economy (Kementerian Pariwisata dan Ekonomi Kreatif, 2022) shows optimism by determining the creative industry's GDP target for 2024 at 1,846 trillion Rupiah. This is certainly synergistic with the commitment of the President of the Republic of Indonesia Joko Widodo to support the economic industry, which was expressed in 2015 during the formation of Bekraf (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2022). On that occasion, he was also confident about the potential of the creative industry, and expressed the government's intention to make political decisions so that the creative economy can become a pillar of the country's economy.

The subject of this research is OOAA Puzzle, a company established in 2020, and engaged in the creative industry. Digital news channel Kompas.com published an article in May 2021 about Jigsaw Puzzle's business opportunities. This article highlighted Cloudy Fields which was started with a similar background to OOAA Puzzle, namely in response to changes in community activity patterns that were directly affected by the Covid 19 pandemic and restrictions on activities implemented by the Indonesian government in 2020 where people could not do social activities as before. During this period, the term work from home began to be recognized where people who previously worked outside the home, then had to do their work at home. In addition to having an impact on the way people work, this event also changed people's habits in filling their free time and channeling their passions.

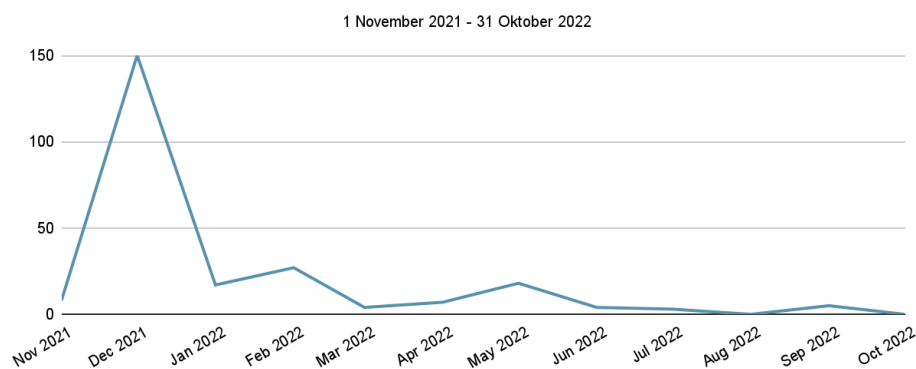


Figure 1. Grafik Pendapatan OOAA Puzzle 1 tahun terakhir

Responding to the sales phenomenon shown in Figure 1, the manager of OOAA Puzzle considers that the company has problems in the marketing aspect. Marketing mix is a set of marketing variables that are combined and controlled to produce the desired response from the target market. Marketing mix refers to a series of actions, or strategies used by companies in promoting products sold in the market. This concept consists of four variables, namely product, price, place, and promotion. Over time, there have been three additional variables that represent the service mix, namely people, process, and physical evidence. The seven marketing mix variables, if implemented properly, can help companies strengthen their strengths and minimize the impact of their weaknesses (Rommy et al., 2018). Good utilization of the marketing mix is crucial to the success of a company in selling its products

in the market (Gultom et al., 2022, p. 91). In addition, companies can also become more competitive and adaptable to the market, and be able to increase profitable collaboration for the company and its partners (Gultom et al., 2022, p. 92).

Arifin et al. (2022) and Prilano et al. (2020) proves that each variable product , price, place, promotion (promotion), process, people, and physical evidence partially has a significant positive influence on purchasing decisions at the company under study. All of these independent variables also have a simultaneous positive-significant influence on purchasing decisions at the company under study with a determination value of 98.7%. In line with research conducted by Sofiyani et al. (2022) the variables product , price, place, promotion (promotion), process, people, and physical evidence partially have a significant positive influence on purchasing decisions at the clinic under study. All of these independent variables also have a simultaneous positive-significant influence on purchasing decisions at the clinic under study with a determination value of 67.4%. Meanwhile, Tanjung (2021) found that the variables product , and price partially have a positive-significant influence on purchasing decisions (Fahrezzy, 2018; Kotler & Keller, 2016; Putranto & Qiyanto, 2020). However, the variables promotion, place, process, people and physical evidence do not have a partially significant positive effect on purchasing decisions at the store under study.

Based on the research phenomenon and previous research, this study has the following hypothesis formulation:

- H1 : The price variable has a positive influence on purchasing decisions for OOAA Puzzle products.
- H2 : The place variable (place / distribution channel) has a positive influence on purchasing decisions for OOAA Puzzle products.
- H3 : The promotion variable (promotion) has a positive influence on the decision to purchase OOAA Puzzle products,
- H4 : The process variable (process) has a positive influence on the decision to purchase OOAA Puzzle products.
- H5 : The physical evidence variable has a positive influence on the decision to purchase OOAA Puzzle products.

2. Research Method

This research is in Jakarta and Surabaya as the main base of OOAA Puzzle consumers. The population in this study consists of people who have purchased OOAA Puzzle products, namely 120 consumers with a composition of 104 female consumers (86.7%), and 16 male consumers (13.3%). The number of samples used in this study was determined using the Slovin formula. It is known that N (population) is 120 consumers, and e (margin of error) is 5%. So that n (sample) should be 92.3 or rounded up to 92 people (Ghozali, 2016). The type of data used in this study is ordinal data, namely data that can be categorized but has an order whose distance is not certain (Sugiyono, 2017). This type of data is measured using a Likert scale. The scale used is 1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Somewhat Disagree (ATS), 4 = Somewhat Agree (AS), 5 = Agree (S), 6 = Strongly Agree (SS). The independent variables in this study consist of price (X1), place (X2), promotion (X3), process (X4), and physical evidence (X5). While the dependent variable (Y1) is the purchase decision.

3. Results and Discussion

3.1. Results

Validity Test Results

This study uses Pearson correlation to test the validity of research data. The data is declared valid if in the Pearson correlation test the data has a sig value. $< 0,05$. Based on the results of data processing, the following are the results of the validity test processed using the IBM SPSS 25 program.

Table 1. Validity Test Results

Variabel	Pernyataan	Nilai Sig.	Keterangan
<i>Price (X₁)</i>	X1.1	0,000	Valid
	X1.2	0,000	Valid
	X1.3	0,000	Valid
<i>Place (X₂)</i>	X2.1	0,000	Valid
	X2.2	0,000	Valid
	X2.3	0,000	Valid
	X2.4	0,000	Valid
	X2.5	0,000	Valid
	X2.6	0,000	Valid
<i>Promotion (X₃)</i>	X3.1	0,000	Valid
	X3.2	0,000	Valid
	X3.3	0,000	Valid
<i>Process (X₄)</i>	X4.1	0,000	Valid
	X4.2	0,000	Valid
	X4.3	0,000	Valid
	X4.4	0,000	Valid
<i>Physical Evidence (X₅)</i>	X5.1	0,000	Valid
	X5.2	0,000	Valid
	X5.3	0,000	Valid
	X5.4	0,000	Valid
	X5.5	0,000	Valid
<i>Pembelian (Y₁)</i>	Y1.1	0,000	Valid
	Y1.2	0,000	Valid
	Y1.3	0,000	Valid
	Y1.4	0,000	Valid
	Y1.5	0,000	Valid
	Y1.6	0,000	Valid
	Y1.7	0,000	Valid

Based on the data displayed in Table 1, it is known that all independent and dependent indicators used in this study are valid.

Reliability Test

Table 2. Reliability Test Price

Indikator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Price			
X1.1	0,659	0,791	Reliabel
X1.2	0,664		Reliabel
X1.3	0,844		Reliabel

This study uses the Cronbach Alpha (α) method where reliability is achieved if the Cronbach's Alpha value is > 0.6 . Based on the results of data processing, the following are the results of the reliability test processed using the IBM SPSS program. It is known that the Cronbach's Alpha value of this variable is $0.791 > 0.6$, so that the respondents' answers regarding this variable are reliable (reliable).

Table 3. Reliability Test Place

Indikator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Place			
X2.1	0,751	0,726	Reliabel
X2.2	0,798		Reliabel
X2.3	0,663		Reliabel
X2.4	0,628		Reliabel
X2.5	0,659		Reliabel
X2.6	0,603		Reliabel

It is known that the Cronbach's Alpha value of this variable is $0.726 > 0.6$, so that the respondents' answers regarding this variable are reliable.

Table 4. Reliability Test Promotion

Indikator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Promotion			
X3.1	0,787	0,767	Reliabel
X3.2	0,613		Reliabel
X3.3	0,630		Reliabel

It is known that the Cronbach's Alpha value of this variable is $0.767 > 0.6$, so that the respondents' answers regarding this variable are reliable.

Table 5. Reliability Test Process

Indikator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Process			
X4.1	0,718	0,770	Reliabel
X4.2	0,670		Reliabel
X4.3	0,712		Reliabel
X4.4	0,758		Reliabel

It is known that the Cronbach's Alpha value of this variable is $0.770 > 0.6$, so that the respondents' answers regarding this variable are reliable.

Table 6. Reliability Test Physical Evidence

Indikator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Physical Evidence			
X5.1	0,790	0,789	Reliabel
X5.2	0,773		Reliabel
X5.3	0,721		Reliabel
X5.4	0,706		Reliabel
X5.5	0,734		Reliabel

It is known that the Cronbach's Alpha value of this variable is $0.789 > 0.6$, so that the respondents' answers regarding this variable are reliable.

Table 7. Reliability Test Purchase Decision

Indicator	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	Description
Purchase Decision			
Y1.1	0,694	0,733	Reliabel
Y1.2	0,696		Reliabel
Y1.3	0,812		Reliabel
Y1.4	0,688		Reliabel
Y1.5	0,688		Reliabel
Y1.6	0,658		Reliabel
Y1.7	0,670		Reliabel

It is known that the Cronbach's Alpha value of this variable is $0.733 > 0.6$, so that the respondents' answers regarding this variable are reliable (reliable).

Hypothesis Test

1) F Test

The F test is carried out to test the suitability of the analysis model or it can be called goodness of fit. This test shows the relationship between the independent variables price, place, promotion, process and physical evidence with the dependent variable purchasing decisions simultaneously. The limit used in the F test is 0.05 or 5%. If the sig value. < 0.05 , it means that the independent variables simultaneously affect the dependent variable. If the sig value. > 0.05 , it means that the independent variables simultaneously do not affect the dependent variable. The following are the results of the F test in this study:

Table 8. Result F Test
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.666	5	.133	45.751	.000 ^b
	Residual	.251	86	.003		
	Total	.917	91			

a. Dependent Variable: Total_Y1

b. Predictors: (Constant), X1, X2, X3, X4, X5

Based on the F test results displayed in Table 8, it is known that the sig value. Is equal to $0.000 < 0.05$. This means that the price, place promotion, process, and physical evidence variables simultaneously influence the purchasing decision variable.

t Test

The t test has a function to test the effect of each independent variable partially or independently on the dependent variable. If the sig. value resulting from t count < 0.05 , then H_0 is rejected. This means that the independent variable has a partially significant effect on the dependent variable. If the sig. value resulting from t count > 0.05 , then H_0 is accepted. This means that the independent variable has no significant effect partially on the dependent variable. The following are the results of this study's t test:

Table 9. Result t Test
Coefficients^a

Unstandardized Coefficients				Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
Model		B	Std. Error				Tolerance	VIF
1	(Constant)	2.967	.076		39.284	.000		
	X1	.005	.003	.148	2.047	.044	.611	1.637
	X2	.004	.002	.134	2.019	.047	.717	1.395
	X3	.009	.004	.164	2.181	.032	.563	1.776
	X4	.006	.003	.151	2.035	.045	.580	1.725
	X5	.004	.001	.483	6.126	.000	.511	1.958

Dependent Variable: Total_Y1

Hasil Uji t menunjukkan Hipotesis X1 memiliki pengaruh signifikan positif terhadap Y1 □ Fulfilled. This can be seen from the significance value of variable X1, which is $0.044 < 0.05$, so it can be concluded that X1 has a significant influence on Y1. Meanwhile, the positive form of this influence can be seen from the coefficient B on the X1 variable which is positive.

The X2 hypothesis has a significant positive effect on Y1 □ Fulfilled. This can be seen from the significance value of the X2 variable, which is $0.047 < 0.05$, it can be concluded that X2 has a significant effect on Y1. Meanwhile, the positive form of this influence can be seen from the coefficient B on the X2 variable which is positive.

Hypothesis X3 has a significant positive effect on Y1 □ Fulfilled. This can be seen from the significance value of the X3 variable, which is $0.032 < 0.05$, it can be concluded that X3 has a significant effect on Y1. Meanwhile, the positive form of this influence can be seen from the coefficient B on variable X3 which is positive.

Hypothesis X4 has a significant positive effect on Y1 □ Fulfilled. This can be seen from the significance value of the X4 variable, which is $0.045 < 0.05$, it can be concluded that X4 has a significant effect on Y1. Meanwhile, the positive form of this influence can be seen from the coefficient B on variable X4 which is positive.

Hypothesis X5 has a significant positive effect on Y1 □ Fulfilled. This can be seen from the significance value of the X5 variable, which is $0.000, < 0.05$, it can be concluded that X5 has a significant effect on Y1. Meanwhile, the positive form of this influence can be seen from the coefficient B on variable X5 which is positive.

Correlation Coefficient (R) and Coefficient of Determination (R^2)

The correlation coefficient is used to assess the closeness of the relationship between two variables, or in the context of this study the strength of the relationship between the independent variable (X) and the dependent variable (Y). The correlation coefficient R has a range ($-1 \leq R \leq 1$). If the correlation coefficient r is positive ($0 < R \leq 1$), then the relationship between variables X and Y is unidirectional, where if variable X moves up or down, variable Y will move in the same direction. If the correlation coefficient r is negative ($-1 \leq R < 0$), then the relationship between variables X and Y is not unidirectional, where if variable X moves up or down, variable Y will move in the opposite direction. If the correlation coefficient $r = 0$, then variables X and Y have no relationship.

Is a value that reflects the amount of influence a variable has on other variables, in this study it means X on Y. The range used in assessing the coefficient of determination is zero to one ($0 \leq R^2 \leq 1$) with the meaning that the greater the R^2 value, the more the independent variable provides almost all the information needed to predict the dependent variable. The following are the results of testing the correlation coefficient and the coefficient of determination in this study:

**Table 10. Result T Test
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853^a	.727	.711	.05397

c. Predictors: (Constant), X5, X2, X4, X1, X3

Based on the test results of the correlation coefficient and the coefficient of determination, the coefficient R is $0 < 0.853 < 1$, which means that the relationship between variables X and Y is unidirectional. The R^2 coefficient is 0.727 or equal to 72.7%. These results mean that the variables X1, X2, X3, X4, and X5 simultaneously affect the variable Y1 by 72.7%, where the rest are other variables outside the variables studied by the researcher.

3.2. Discussion

The effect of Price on Purchasing Decisions

The price variable has a significant positive effect on consumer purchasing decisions for OOAA Puzzle. This is evidenced by the significance value of this variable t test, which is $0.044 < 0.05$. This variable has a regression value of 0.005, which means that every one unit change that occurs in this variable, there is a unidirectional change of 0.005 units on purchasing decisions assuming other independent variables are constant. The significance of this variable ranks third after the promotion variable, and process.

The Effect of Place on Purchasing Decisions

The place variable has a significant positive effect on consumer purchasing decisions for OOAA Puzzle. This is evidenced by the significance value of this variable t test, which is $0.047 < 0.05$. This variable has a regression value of 0.004, which means that every one unit change that occurs in this variable, there is a unidirectional change of 0.004 units in purchasing decisions assuming other independent variables are constant. The significance of this variable ranks last along with the physical evidence variable.

The Effect of Promotion on Purchasing Decisions

The promotion variable has a significant positive effect on consumer purchasing decisions of OOAA Puzzle. This is evidenced by the significance value of this variable t test, which is $0.032 < 0.05$. This variable has a regression value of 0.009, which means that every one unit change that occurs in this variable, there is a unidirectional change of 0.009 units on purchasing decisions assuming other independent variables are constant. This variable has the highest significance value among the five variables tested, so the research subject should pay more attention to it.

The Effect of Process on Purchasing Decisions

The process variable has a significant positive effect on consumer purchasing decisions for OOAA Puzzle. This is evidenced by the significance value of this variable t test, which is $0.045 < 0.05$. This variable has a regression value of 0.006, which means that every one unit change that occurs in this variable, there is a unidirectional change of 0.006 units in purchasing decisions assuming other independent variables are constant. The significance of this variable ranks second after the promotion variable.

The Effect of Physical Evidence on Purchasing Decisions

The physical variable has a significant positive effect on consumer purchasing decisions for OOAA Puzzle. This is evidenced by the significance value of this variable t test, which is $0.000 < 0.05$. This variable has a regression value of 0.004, which means that every one unit change that occurs in this variable, there is a unidirectional change of 0.004 units on purchasing decisions assuming other independent variables are constant. The significance of this variable ranks last along with the variable place.

4. Conclusion

The results obtained from this study are Price (price) has a significant positive effect on purchasing decisions for OOAA Puzzle products with a regression coefficient of 0.005 and a t test significance value of 0.044. Place (place / distribution channel) has a significant positive effect on purchasing decisions for OOAA Puzzle products with a regression coefficient of 0.004 and a t test significance value of 0.047. Promotion (promotion) has a significant positive effect on purchasing decisions for OOAA Puzzle products with a regression coefficient of 0.009 and a t test significance value of 0.032. Process has a significant positive effect on purchasing decisions for OOAA Puzzle products with a regression coefficient of 0.006 and a t test significance value of 0.045. Physical evidence has a significant positive effect on purchasing decisions for OOAA Puzzle products with a regression coefficient of 0.004 and a t test significance value of 0.000. So it is known that the promotion variable has the most significant positive influence on the decision to purchase OOAA Puzzle products, followed by the process variable, price, and finally the place variable, and physical evidence.

This research is limited to examining jigsaw puzzle products with premium prices or value-driven so that it cannot be generalized, especially with craft products that are cost-driven. The sample of this study comes from a population that is a consumer of OOAA Puzzle so that the results of this study cannot be generalized to a population that is not a consumer. In addition, this study only aims to determine the effect of price, place, promotion, process, and physical evidence without including a detailed implementation strategy.

Suggestions for further research can explore variables beyond those used in this study. This research uses quantitative methods. Future researchers can use qualitative methods on a focus group to get new and exploratory results. Given that promotional variables have the

greatest influence on purchasing decisions, future researchers can conduct research with variables related to promotional channels and media, especially in the digital realm (digital marketing). Future researchers can also continue this research by developing purchasing decision variables into repeat purchase decisions.

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