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The Influence Of Product Differentiation And Price Discounts On Purchasing Decisions At PT. Hindo Medan

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ABSTRACT

This study aims to determine and analyze the effect of product differentiation and price discounts on purchasing decisions at PT Hindo Medan. There are still people who think that this store is quite expensive for the price of each product. The product differentiation found in the company is considered to be less effective with other companies and does not have a significant difference. Price Discounts provided are still relatively low compared to discounts from other competing products and consumers cannot decide to shop at this store. This study uses quantitative data types and multiple regression analysis to obtain answers to the research hypothesis, the sample size is 71 respondents, with the sampling technique being a saturated sample. The results of the t test analysis show that there is an effect of product differentiation on purchasing decisions at PT. Hindo Medan can be seen from tcount> t_{tabel} (2.384> 1.667) with a significance of 0.000 <0.05. Price Discount on Purchasing Decisions at PT Hindo Medan can be seen from tcount> t_{tabel} (3,865>1,667) with a significance of 0.001 <0.05 F test together between the Effect of Product Differentiation and Price Discount on Purchasing Decisions at PT Hindo Medan. obtained the value of Fcount> F_{tabel} (13.365> 3.13) which shows simultaneously the Effect of Product Differentiation and Price Discount on Purchasing Decisions at PT. Hindo Medan It can be seen from the R-square result of 0.282 or 28.2% which indicates that around 28.2 Purchasing Decision variables (Y) can be explained by the Product Differentiation variables (X_1) and Price Discount (X).$_2$

Keywords: Product Differentiation, Price Discount, Buyer Decision

I. INTRODUCTION

Background of the Problem

PT. Hindo Medan is one of the companies engaged in *fashion*, such as clothes, pants, shoes and others. this company is known for its *stores* that already exist in every mall throughout Indonesia. Medan is one of the cities that has many malls where there are H&M *stores* in all malls in the city of Medan.

As we know a lot in this day and age the development of *fashion* continues to increase, ranging from Korean fashion to *fashion* that follows the western style. Not only in clothing but with other *fashion* equipment such as shoes and others. By following the *fashion* models that are being favored by the community, this company is the choice of the community by doing product *differentiation* or making a difference between the products in the company and the products in other companies. product *differentiation has a* big influence on the development of the company because people can distinguish products in this company from other companies.

More broadly, product *differentiation* is the activity of modifying a product to make it an attractive item. Differentiation requires considerable market research, in order to be truly different, it also requires knowledge of competing products. Product *differentiation* usually only slightly changes the form of the product, including packaging and promotional themes without changing the physical specifications of the product, although it is allowed.

The leadership of H&M must be able to compete with other companies in order to become a mainstay company for the people of Indonesia. One way that the company can continue to run is that the company provides large discounts and price reductions on every product from this *store*.

With discounts and price reductions at each H&M *store*, it will be easier for people to make decisions to continue shopping at this *store*. *Price discount* is a pricing strategy that involves a long-term plan to systematically reduce prices after introducing high-priced products. In terms of customer satisfaction, this is very important in determining customer loyalty, through satisfaction with the results of the product and its services or price discounts that are often given in bulk up to 50%, which is expected that customers will make repeat purchases continuously. Until now, many customers are familiar with H&M products and they have often used several products from H&M.

This is able to continue to increase the sales volume of the company. Consumer decisions to choose the store have a good impact on the development of the company so that it can compete with brands that are well known to the public first. In accordance with the wishes and goals of the company, namely gaining consumer confidence in choosing products in the store.

Based on the description stated above, the researcher made a study of the problem with the title **"The Effect of Product *Differentiation* and *Price Discount* on Purchasing Decisions at PT Hindo Medan."**

II. LITERATURE REVIEW

Product Differentiation

Madura (2017: 42), product *differentiation* is an attempt by a company to distinguish its products from competitors' products in a way that makes them more desirable. Some products are distinguished by competitors from their quality.

Sudaryono (2016: 214), product *differentiation* is the activity of modifying products to make them attractive goods. Differentiation requires sufficiently tested market research, in order to be truly different, knowledge of competitors' products is also required. Product *differentiation* usually only slightly changes the form of the product, including packaging and promotional themes without changing the physical specifications of the product, although that is allowed.

Widjojo et al (2016: 86), *differentiation* can be interpreted as a change that is another "differentiator" for products, services and forms that are owned with other companies from competitors.

Benefits of Product Differentiation

Kotler (2014: 77), the benefits of companies implementing a product *differentiation* strategy, namely:

1. *Differentiation* will extend the life cycle of products that will experience a cycle of decline.
2. *Differentiation* will make the product or service more remembered by consumers, because of the *point of interest* that the company has.
3. *Differentiation* will make our products or services look better than other products or services.
4. *Differentiation* will make the selling value of the product or service marketed higher.

Product Differentiation Group Indicator

Madura, (2017: 44), indicators of product *differentiation,* namely:

1. *Important*, that is, it must be of value to consumers.
2. *Superior*, which is providing product advantages over competing products.
3. *Pre-emptive*, i.e. difficult for competitors to copy.

Price Discount

Tjiptono & Chandra (2016: 37), a discount is a discount given by the seller to the buyer as a reward for certain activities of the buyer that are pleasing to the seller.

Peter & Olson (2013: 52), *Price discount* is a pricing strategy that involves a long-term plan to systematically lower prices after introducing high-priced products.

Types of Price Discount

Kotler (2012), types of discounts or rebates, namely:

1. Cash rebates, price reductions for buyers who pay their bills promptly.
2. Quantity discounts, price reductions for buyers who purchase in bulk (Group Price).
3. Functional rebates, offered by manufacturers to trade channel members if they perform certain functions.
4. Seasonal discounts are price reductions for shoppers who purchase items out of season.
5. Rebate (reduction from the list price).

Price Discount Indicator

Sutisna (2012: 77), *Price Discount* indicators are:

1. The amount of *discount*, given at the time of product *discount*.
2. *Discount* period, the period of time given at the time of the *discount*.
3. Types of products that are discounted.

Purchase Decision

Swastha in Silalahi (2018: 84), purchasing decisions are real actions and are not just one action, but consist of several actions which include the type of product, brand, price, quality, quantity of payment time and payment method in order to collect the information obtained ".

Factors Affecting Buyer Decisions.

Malau (2017: 225), Consumer purchases are strongly influenced by several factors, namely:

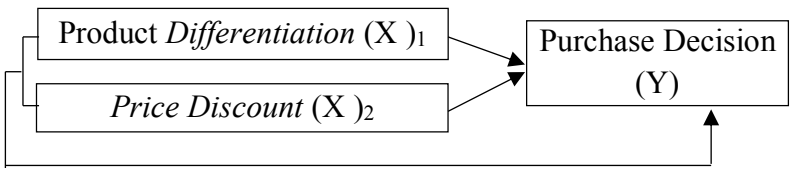
1. Cultural Factors
2. Social Factors

Purchase Decision Indicator

Kotler and Keller (2012: 184), Indicators of purchasing decisions, namely:

1. Product selection
2. Brand choice
3. Choice of dealer
4. Purchase time
5. Purchase amount

Picture of the Thinking Framework



Research Hypothesis

H_0 : There is no effect of product *differentiation* on purchasing decisions at PT Hindo Medan.
H_1: There is an Effect of Product *Differentiation* on Purchasing Decisions at PT. Hindo Medan.
H_0: There is no effect of *Price Discount on* Purchasing Decisions at PT. Hindo Medan.
H_2 : There is an Effect of *Price Discount* on Purchasing Decisions at PT. Hindo Medan.
H_0 : Not available The Effect of Product *Differentiation* and *Price Discount* on Purchasing Decisions at PT. Hindo Medan.

H_3 : There is an Effect of Product *Differentiation* and *Price Discount* on Purchasing Decisions at PT. Hindo Medan.

III. RESEARCH METHODS

Sugiyono (2014: 148), Population is a generalization area consisting of: objects / subjects that have certain quantities and characteristics set by researchers to study and then draw conclusions.

This research was conducted at Sun Plaza Mall, Jalan K.H. Zainul Arifin No. 7, Medan. The population of this study amounted to 250 consumers. The sample of this study was determined using the Slovin formula with a 95% confidence level:

$$n = \frac{N}{N.e^2 + 1}$$

Description:
n = Sample size
N = Population size
e = *Error tolerance*

$$n = \frac{250}{250.0{,}1^2 + 1} = n = 71$$

Data collection methods: interviews, questionnaires or questionnaires. Data Analysis Techniques: validity test, reliability test, statistics, multiple linear regression, classical assumption test, hypothesis testing (t test, f test, determination test).

Variable Operational Definition Table

No.	Variables	Definition	Indicator	Scale
1	Product *Differentiation* $(X)_1$	A company's attempt to differentiate its product from competitors' products in a way that makes it more desirable. Madura (2017:42)	1. *Important* 2. *Superior* 3. *Pre-emptive* Madura, (2017: 44)	Likert
2	*Price Discount* $(X)_2$	a pricing strategy that involves a long-term plan to systematically lower prices Peter & Olson (2013:52)	1. Discounted price. 2. Discount period. 3. Product type Sutisna (2012: 77)	Likert
3	Purchase Decision (Y)	action and is not a single action, but consists of several actions. Swastha in Silalahi (2018: 84)	1. Product selection 2. Brand choice 3. Purchase time Kotler and Keller (2012: 184)	Likert

IV. RESULT AND DISCUSSION

This study presents a questionnaire from variable X_1 , namely Product *Differentiation*, variable X_2 , namely *Price Discount* and variable Y, namely Purchasing Decisions which were distributed to 71 respondents as research samples....

Respondent Identity Table

		Total	(%)
Gender	Male	44 people	62%
	Female	27 people	38%
	Total	**71 people**	**100%**

Age	20-30	25 people	35%
	31-40	27 people	38%
	>41	19 people	27%
	Total	**71 people**	**100%**

Source: Research Results 2023

Table of Product *Differentiation* Variable Validity Test Results

No.	Question	rcount	r_{tabel}	Ket
1	I feel that this company really knows what consumers want	0,546	0,233	Valid
2	The products in the store always follow the trends.	0,643	0,233	Valid
3	I think many of the products sold have good quality compared to products from other stores.	0,430	0,233	Valid
4	I like shopping here because the items sold have different models from other stores.	0,451	0,233	Valid
5	I think the company is very knowledgeable and considers what consumers want.	0,440	0,233	Valid
6	Many of my friends have made this company their choice in buying clothes.	0,695	0,233	Valid
7	The company has many branches spread across malls in Indonesia.	0,299	0,233	Valid
8	I prefer to shop at this store compared to other stores.	0,342	0,233	Valid
9	The quality of all products seems to be of great concern to the company.	0,486	0,233	Valid

Source: Research Results 2023

Based on the table above, it can be seen that all the values of r count> r_{table} indicate that all question items for the respondent's answer questionnaire from the Product *Differentiation* variable (X_1) can be declared valid.

***Price Discount* Validity Test**

No.	Question	rcount	r_{tabel}	Ket
1	The company provides large discounts to consumers at certain events.	0,433	0,233	Valid
2	I like shopping here compared to other places because the products here are reasonably priced.	0,710	0,233	Valid
3	Many of my family members shop at this company because it provides a considerable discount.	0,332	0,233	Valid
4	The company provides discounts with a fairly long period of time compared to other stores.	0,429	0,233	Valid
5	I think the products sold by this company always provide large discounts for consumers of the company.	0,684	0,233	Valid
6	This store can be found easily because it is available in all malls in Indonesia.	0,823	0,233	Valid
7	I really enjoy shopping at this store because the discounts given are in line with the event.	0,359	0,233	Valid
8	Not all products are discounted, so I only choose products with high discounts.	0,500	0,233	Valid
9	I think this store provides products with good quality and quantity but has a large discount for its customers.	0,823	0,233	Valid

Source: Research Results 2023

Based on the table above, it can be seen that all the values of r count> r $_{table}$ indicate that all question items for the respondent's answer questionnaire from the *Price Discount* variable (X_2) can be declared valid.

Purchasing Decision Validity Test

No.	Question	rcount	rtabel	Ket
1	I can buy the things I need at this store.	0,566	0,233	Valid
2	I think out of all the brands available, this is the only company that provides a wide variety of products.	0,643	0,233	Valid
3	All the products in the store always make me interested in buying them.	0,430	0,233	Valid
4	The company only sells products under the company's brand.	0,451	0,233	Valid
5	There are not many brands to choose from in this store.	0,440	0,233	Valid
6	The products in the company are favored by teenagers to adults.	0,695	0,233	Valid
7	I looked for this shop because it was close to my house.	0,299	0,233	Valid
8	The company provides many stores that have a wide variety of products for sale.	0,442	0,233	Valid
9	Many consumers choose this shop because it has complete items at the right price.	0,456	0,233	Valid

Source: Research Results 2023

Based on the table above, it can be seen that all the values of r count> r $_{table}$ indicate that all question items for the respondent's answer questionnaire from the Purchase Decision variable (Y) can be declared valid.

***Reliability* Test Results Table**

Variables	Cronbach's Alpha	N	Description
Product *Differentiation*	0,723	9	Reliable
Price Discount	0,787	9	Reliable
Purchase Decision	0,777	9	Reliable

Source: Research Results 2023

Based on the table above, it can be assessed that *Cronbach's alpha*, namely the variable *Product Differentiation* (X1), *Price Discount* (X2), Purchasing Decision (Y)> 0.6, can be said that the data is ***reliable.***

Multiple Regression Analysis Test Table

Coefficients[a]								
Model		*UnStandardized Coefficients*		*Standardized Coefficients*	t	Sig.	*Collinearity Statistics*	
		B	Std. Error	Beta			*Toll*	VIF
1	(*Constant*)	16,192	4,812		3,365	,001		
	Product *Differentiation*	,242	,102	,253	2,384	,020	,940	1,064
	Price_Discount	,355	,092	,410	3,865	,000	,940	1,064
a. Dependent Variable: Purchase Decision								

Source: Research Results 2023

In the table above, in column B on *Constant* (a) is 16.192, while the X value of$_1$ is 0.242 and the X value of$_2$ is 0.355, so the regression equation is: **Y = 16.192 + 0.242X$_1$ + 0.355X$_2$**

Normality Test

The normality test is intended to check whether the data of the research variables are distributed or not and also to determine whether the regression analysis technique is suitable for analyzing research data.

Data Normality Test Table

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		71
Normal Parameters[a,b]	*Mean*	,0000000
	Std. Deviation	1,95175775
Most Extreme Differences	*Absolute*	,079
	Positive	,079
	Negative	-,040
Test Statistic		,079
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Research Results 2023

From the results above, it can be seen in Kolmogrov-Smirnov and it can be seen that the significance value> α 0.05 is 0.200> 0.05 so it can be concluded that the data is normally distributed.

Multikilinerity Test

Multicollinearity test is a test conducted to ascertain whether in a linear regression model there is intercorrelation or collinearity between independent variables (independent variables). Intercorrelation is a strong relationship between an independent variable and other independent variables in a regression model.

Multikilinerity Test Table

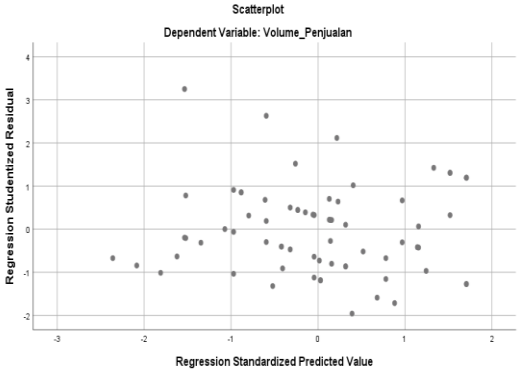
Coefficients[a]								
		UnStandardized Coefficients		*Standardized Coefficients*			*Collinearity Statistics*	
Model		B	Std. Error	Beta	T	Sig.	*Tolerance*	VIF
1	(*Constant*)	16,192	4,812		3,365	,001		
	Product *Differentiation*	,242	,102	,253	2,384	,020	,940	1,064
	Price_Discount	,355	,092	,410	3,865	,000	,940	1,064
a. Dependent Variable: Purchase Decision								

Source: Research Results 2023

Note in the coefficient table, that the value range is narrow, namely at X1 = 0.242 to 1.068. While in X2 also happens to be the same result, namely X2 = 0.355 to 1.064. Because the range is narrow, multicollinearity is not detected.

Heteroskendasticity Test

This method aims to test whether in the regression model there is a *variabce* discomfort from the residuals of one observation to another observation. If the residual variation from one observation to another observation is fixed, it is called homoscedasticity and if the variant is different it is called heteroscedasticity.



Source: Research Results 2023

From the SPSS output above, it can be seen that the points do not form a clear pattern and the points spread above and below the number 0 on the Y axis. So it can be concluded that there is no Heteroscedasticity problem.

Partial Test (t-test)

To test the first and second hypotheses, partial correlation is used to determine the pure relationship between other variables. To test the significance of persial creation, the t test formula proposed by Sudjana is used.

Test Table t

Coefficients[a]								
Model		*UnStandardized Coefficients*		*Standardized Coefficients*	t	Sig.	*Collinearity Statistics*	
		B	Std. Error	Beta			*Toll*	VIF
1	(*Constant*)	16,192	4,812		3,365	,001		
	Product *Differentiation*	,242	,102	,253	2,384	,020	,940	1,064
	Price_Discount	,355	,092	,410	3,865	,000	,940	1,064
a. *Dependent Variable*: Purchase Decision								

Source: Research Results 2023

Based on the results of the SPSS output above, we can see where the t value of variable X1 is greater than the t table value (2.384> 1.667) with a significant level below 0.05, namely 0.000 and t count variable X2 is greater than the t table value (3.865> 1.667) with a significant level below 0.05, namely 0.001 .

Simultaneous Test (F Test)

The F (Simultaneous) test is carried out to determine whether the independent variables together have a significant effect on the dependent variable and at the same time test the second hypothesis. The test criteria are:

Reject H_0 if $<F_{hitung} - F_{tabel}> -F_{tabel}$.

Accept H_0 when $F_{hitung} > F_{tabel}$ or $- F_{hitung} < F_{tabel}$.

Simultaneous Test Table (F Test)

ANOVA[a]						
Model		*Sum of Squares*	Df	*Mean Square*	F	Sig.
1	*Regression*	116,461	2	58,230	13,365	,000[b]
	Residuals	296,272	68	4,357		
	Total	412,732	70			
a. Dependent Variable: Purchase Decision						
b. Predictors: (*Constant*), *Price_Discount*, Product_Differentiation						

Source: Research Results 2023

Simultaneous testing of X1 and X2 on Y

Based on the results of the F (Simultaneous) test above obtained F_{hitung} for variables X1 and X2 of 13.365 for an error of 5% for a 2-party test, obtained F_{tabel} 3,13. If $F_{hitung} > F_{tabel}$ then there is a significant influence between X1 and X2 on Y, and vice versa if $F_{hitung} < F_{tabel}$ then there is no significant influence between X1 and X2 on Y. In this case F_{hitung} = 13,365 > F_{tabel} = 3,13.

Furthermore, it can also be seen the probability value of F, namely sig is 0.000 while the significant level α previously set is 0.05, then the sig value of 0.000 < α 0.05 so that Ho is accepted so it can be concluded that the Effect of Product *DIFFERENTiation* and *PRICE DISCOUNT* on Purchasing Decisions is very influential on PT. Hindo Medan .

Coefficient of Determination

Identification of determination (R^2) serves to determine the significance of the variable, the coefficient of determination (R^2) must be sought. The coefficient of determination shows the magnitude of the contribution of the independent variable to the dependent variable. The greater the coefficient of determination, the better the ability of the independent variable to explain the dependent variable. If the determination (R^2) is greater (close to one), it can be said that the influence of the independent variable is large on the dependent variable. This means that the model used is stronger to explain the effect of the independent variables studied on the dependent variable.

Coefficient of Determination Table

Model Summary[b]					
Model	R	R *Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	,531[a]	,282	,261	2,087	1,846
a. *Predictors*: (*Constant*), *Price_Discount*, Product_Differentiation					
b. *Dependent Variable*: Purchase Decision					

Source: Research Results 2023

It can be seen from the R value which shows that the correlation regression value is 0.531, which means that in general Product *Differentiation* and *Price Discount* on Purchasing Decisions at PT. Hindo Medan. And it can also be seen that the R *square* value shows 0.282. This indicates that the contribution of the Product *Differentiation* (X_1) and *Price Discount* (X_2) variables to the Purchasing Decision variable is 28.2%, while 53.1% is determined by other factors. Then the *Adjusted R Square* value is 0.261 so that it can be interpreted that 26.1% of the independent variables, namely Product *Differentiation* and *Price Discount,* can explain Purchasing Decisions, while the rest is influenced by other variables.

V. CONCLUSIONS

1. Based on the results obtained tcount> t_{tabel} (2.384>1.667) then H_1 is accepted for the Product *Differentiation* variable. Thus, partially that the Product *Differentiation* variable has a significant effect on Purchasing Decisions at PT. Hindo Medan.
2. Based on the results obtained tcount> t_{tabel} (3.865>1.667) then H_2 is accepted for the *Price Discount* variable. Thus, partially that the *Price Discount* variable has a significant effect on Purchasing Decisions at PT. Hindo Medan
3. It can be concluded that the value of Fcount> F_{tabel} (13.365> 3.13) simultaneously the influence of *product differentiation* and *price discount* has a significant effect on purchasing decisions at PT. Hindo Medan.

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