

# The Impact of Digital Promotion, Product Quality, Product Price, and Business Location on Purchase in MSMEs in The Coastal Region

Bambang Saras Yulistiawana<sup>1\*</sup>, Rio Wirawan<sup>2</sup>, Catur Nugrahaeni Puspita Dewi<sup>3</sup>, Bayu Hananto<sup>4</sup>

<sup>1,2,3,4</sup>Sistem Informasi UPN Veteran Jakarta,

Jln RS. Fatmawati Raya, Pd. Labu Kec. Cilandak, Kota Depok, Jawa Barat 12450

<sup>1</sup>bambangsarasyulistiawan@upnvj.ac.id; <sup>2</sup>rio.wirawan@upnvj.ac.id; <sup>3</sup>catur.nugrahaeni@upnvj.ac.id;

<sup>4</sup>bayuhananto@upnvj.ac.id

\* Corresponding <sup>1</sup>bambangsarasyulistiawan@upnvj.ac.id

**Abstract** – This study aims to examine the influence of digital promotion, product quality, product prices, and business location on purchasing decisions for products produced by micro, small, and medium enterprises (MSMEs) in Pabean Udik village, Indramayu district. Pabean Udik village is located in a coastal area with relatively low levels of education and technological literacy. The study population includes MSME actors, community members, and stakeholders in the village. The measurement scale used is a Likert scale. If the model includes intervening or moderating variables, it can be analyzed using path analysis. Path analysis allows for the examination of direct and indirect relationships between variables. The analysis will help in making decisions based on hypothesis testing. The findings show that product quality has a positive effect on purchase decisions, product price does not significantly influence purchase decisions, digital promotion has a positive effect on purchase decisions, and business location does not significantly influence purchase decisions. Additionally, product quality, through business location, has a positive effect on purchase decisions, and product price, through digital promotion, also has a positive effect on purchase decisions. Digital promotion has the strongest influence on customers' purchasing decisions. To enhance the competitiveness of MSMEs in coastal areas, it is recommended to utilize digital promotions through platforms such as WhatsApp and Facebook. Additionally, programs for improving the digital literacy and skills of MSMEs' human resources are recommended to better adapt to social media and digital platforms. The aim is to increase their positive competitiveness in the market.

**Keywords** – digital promotion, product quality, product price, purchase decisions, Pabean Udik village

## I. INTRODUCTION

Current technological developments are pushing all business sectors to transform, switching to digital marketing <sup>[1]</sup>(Gretzel, 2000). Marketing is the heart for anyone as a business person. A marketing strategy that is able to adapt to current customer needs and behavior that determines the existence of a business<sup>[2]</sup>. Business people must be agile in adapting the marketing strategies they use<sup>[3]</sup>. Digital marketing is currently a marketing medium that is widely used by business people due to changes in the character and habits of customers. Observations made on MSMEs Pabean Udik village whose position is in the coastal area obtained conditions that are the focus of attention so that MSMEs products can be recognized and sell well in the market<sup>[4]</sup>. MSMEs products in Pabean Udik village have various variations such as types of food, handicrafts, products sourced from mangrove trees. Apart from digital marketing, there are several other variables that are very important to confirm, such as product quality, pricing that is affordable and in accordance with the value of the product, and business locations that are representative and easy for customers to find.

These variables will influence buying decisions from customers and of course if the business conditions in the area are getting better, the economic level of the community will also be getting better. The uniqueness of this research is to discuss the variables that influence customer buying decisions for coastal communities. MSMEs actors in Pabean Udik Village are dominated by generations who have low IT literacy, while the community

as customers are dominated by productive age with better IT literacy. The local government has made various efforts to introduce unique products to Pabean Udik village in various ways through regional and national events.

The results indicate that product quality has a significant positive impact on purchase decisions<sup>[5]</sup>. However, product price and business location do not significantly influence purchase decisions. On the other hand, digital promotion has a significant positive effect on purchase decisions <sup>[4]</sup>. Additionally, the mediating effect of product quality on the relationship between business location and purchase decisions do not significantly. Similarly, the mediating effect of product price on the relationship between digital promotion and purchase decisions is found to be significant.

These findings provide valuable insights into the factors influencing purchase decisions and highlight the importance of product quality and digital promotion in influencing consumers' buying behavior."

The results of this research are expected to be a guide and reference for regions with similar conditions to develop the potential of their regional products through the application of technology.

## II. RESEARCH METHODOLOGY

This research was conducted in a coastal area at Pabean Udik Village, Indramayu district. This study examines how the dependent variable Purchase Decision of MSMEs customers is influenced by four independent variables: Product Quality, Product Price, Digital Marketing, and



Business Location. The research consists of 6 hypotheses that will be tested, examining how product quality, product price, business location, and digital marketing influence purchase decisions. The following table presents the hypotheses for this study:

Table 1: Research Hypotheses

No.	Hypothesis
1.	H1: Product Quality (KP) has a positive effect on Purchase Decisions (KM)
2.	H2: Product Price (HP) has a significant effect on Purchase Decisions (KM)
3.	H3: Digital Promotion (PD) has a positive effect on Purchase Decisions (KM)
4.	H4: Business Location (LU) has an influence on Purchase Decisions (KM)
5.	H5: Product Quality (KP), through Business Location (LU), has a positive effect on Purchase Decisions (KM)
6.	H6: Product Price (PP), through Digital Promotion (PD), has a positive effect on Purchase Decisions (KM)

This study uses a structural equation modeling method that focuses on predictions and describes the model concept with latent variables (variables that cannot be measured directly) but are measured through their indicators (manifest variables). The reasons for using SEM-PLS as an analytical method in this study are:

The variables used in this study are latent variables

The form of the research model built is simultaneous with X and Y multi-variables.

To explain the relationship between direct and indirect latent variables mediated by intervening variables.

The processed data is also relatively small

Structural Equation Modeling (SEM) is a statistical technique that is able to analyze latent variables, indicator variables, and measurement errors directly. With SEM we are able to analyze the relationship between latent variables and their indicators (Outer Model), the relationship between one latent variable and another latent variable (Inner Model), also know the magnitude of measurement error. In addition to unidirectional causal relationships, SEM also allows us to analyze two-way relationships that often appear in the social and behavioral sciences. If a model is formed using intervening or moderating variables, we can complete it with path analysis. Path analysis allows us to examine direct and indirect relationships between variables and models. Path analysis will make a decision with the results of the hypothesis test, if the t-value > 1.96 and p-value < 0.05 then hypothesis 0 (H0) is rejected and the alternative hypothesis (H1) will be accepted.

### III. RESULTS AND DISCUSSION

The research hypothesis mentions several relationships and the influence of the independent variables on the dependent variable (Purchasing Decision).

#### 3.1 Demographic Data

The research includes respondents from various backgrounds and demographics. The sample for this study consists of individuals residing in Pabean Udik village, Indramayu district, which is located in a coastal area with relatively low levels of education and technological

literacy. The respondents were selected using a combination of random sampling and purposive sampling techniques. The random sampling method was used to select individuals from the community who represent the general population of the village. The purposive sampling method was employed to target MSME actors and stakeholders who have direct involvement in the local business activities.

The demographic characteristics of the respondents include age, gender, education level, occupation, and experience in the local market. These variables were considered to ensure a diverse representation of the community and capture a comprehensive understanding of the factors influencing purchase decisions in the coastal region. The total number of respondents in this study was 80, with a balanced distribution across different demographic groups. The data collected from the respondents were analyzed using appropriate statistical techniques to test the research hypotheses and draw meaningful conclusions.

From the respondents (community groups) as customers who used the sample, data were obtained with the percentage of educational qualifications as follows:

Table 2: Qualifications of Respondents (MSME customers)

No.	Characteristics	Category	Amount/%
1.	Community Group	Customer	80
2.	Formal education	primary school Junior high school	56%
		Senior High School	36.25%
		Bachelor	7.5%

From the qualification data, it can be said that the community group referred to as MSMEs customers is dominated by people with elementary/junior high school education (56%). Respondents from the MSMEs actor group by looking at the conditions for utilizing technology platforms as their digital marketing media can be seen as follows:

Table 3: Utilization of Technology Platforms as Digital Marketing Media

No.	Characteristics	Category	Lots (Person)
1.	Community Group	MSMEs	66
2.	Social Media Ownership	WA	100%
		Facebook	30.3%



		Instagram	0%
3.	Business Page Ownership	Website	0%

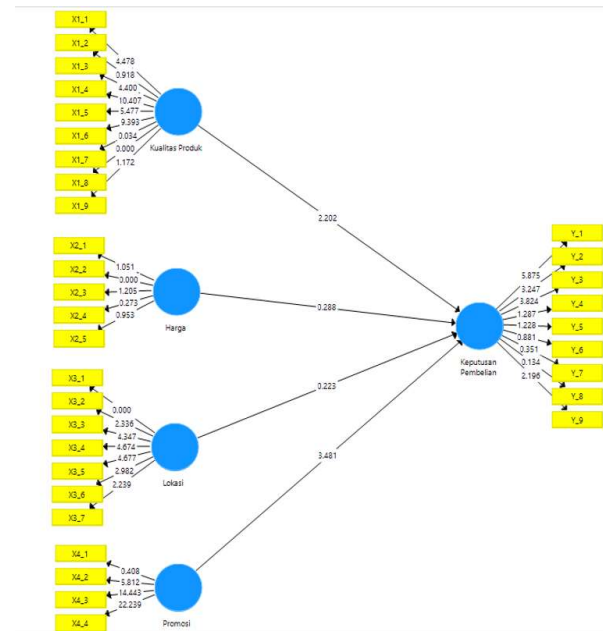
From the data on the utilization of these technology platforms, it can be said that MSME actors in coastal areas are still dominated by the use of WhatsApp and Facebook, while other media have not been empowered in their business.

### 3.2 Path Significance Test

In addition to the significance test for indicators in the bootstrap result variable, we can also use it to test the significance of the path between latent variables. The test results are presented in the following table, the results of the path significance test indicate that there are several alternative hypotheses that do not meet the criteria.

Table 4: Path Significance Test

No.	Track	p-values	t-value	Path Significance Test (t-value > 1.96)
1	KP >> KM	0.022	2019	Significant
2	HP >> KM	0.068	1,495	Not significant
3	PD >> KM	0.000	3,448	Significant
4	LU >> KM	0.466	0.085	Not significant
5	KP >> LU >> KM	0.466	6,932	Not significant
6	HP >> PD >> KM	0.000	6,964	Significant



Figures 1: Path Significance Test

The findings of the SEM PLS analysis based on the figures 1 are as follows. From the available figures, it can be observed that Product Quality has a significant positive influence on purchase decisions (indicated by the positive and significant path coefficients). However, Product Price does not have a significant effect on purchase decisions (indicated by the non-significant path coefficient). Similarly, Business Location does not have a significant impact on purchase decisions (indicated by the non-significant path coefficient). On the other hand, Digital Marketing has a significant positive effect on purchase decisions (indicated by the positive and significant path coefficient). These findings suggest that Product Quality and Digital Marketing play crucial roles in influencing consumer purchase decisions, while Product Price and Business Location do not significantly influence purchase decisions.

### IV. CONCLUSION

Digital Marketing has the strongest influence on determining buying decisions from customers, through secondary data obtained from questionnaires for people of productive age in coastal areas, stating that most of their people use the WhatsApp messaging application (100%) and Facebook social media 30.3%. Thus, in order to increase positive competitiveness for MSMEs in coastal areas, it is recommended to use digital marketing by creating content and product promotion through the WhatsApp messaging application and Facebook social media. In order to increase business potential and expand the reach of promotions and build brand awareness of MSMEs products in coastal areas, it is recommended to create a competency improvement program for MSMEs human resources to better adapt social media and digital platforms



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