Effect of Product Display and Price Discounts on Impulsive Buying

Eko Sudjawoto[1], Kevin Karunia Salibbeta[2], Didik Priyo Sugiharto[3]

[1,2,3] STIE Malangkucecwara Malang, East Java, Indonesia

ABSTRACT: This research aims to determine the effect of product display and price discounts on impulse buying among Indomaret consumers in the Malang City area. This research uses causal associative quantitative research. Data collection methods are carried out through: observation, documentation, and questionnaires. Next, the questionnaire was tested for instruments, validity and reliability tests, classical assumption tests, hypothesis tests, multiple linear regression analysis and coefficient of determination (R2) with the support of computer software applications, namely the SPSS (Statistical Package for Social Sciences) program. Based on using the Cochran formula, the sample used was 100 Indomaret consumers in the Malang City area. The sampling technique uses incidental sampling. Based on the research results, the researcher stated that: 1) Product arrangement has a significant effect on impulse buying at Indomaret Malang; 2) Price discounts have a significant effect on impulse purchases at Indomaret Malang.

KEYWORDS: Product Display, Price Discounts, Impulse Buying

BACKGROUND

Economic growth in Indonesia has developed and progressed quite rapidly. The retail and shopping sector has shown significant development and made a positive contribution to Indonesia's economic. Progress in the economic sector has resulted in rapid development in the business sector. In connection with this, many trading companies have emerged operating in the retail sector in the form of minimarkets, supermarkets, etc. This creates competition between these companies.

Indomaret is a modern retail company that is familiar to the Indonesian people. Indomaret is currently growing rapidly with the number of outlets reaching approximately 9,096 outlets, consisting of 60% company-owned outlets and 40% franchisee-owned outlets. Indomaret has succeeded in operating all outlets spread across various regions in Indonesia, with each store providing approximately 4,800 types of food and daily necessities. This study focus on the Indomaret that is located in Jl Bandung No36a, Penanggungan, Klojen, Malang City, East Java, Indonesia. The Indomaret has a very strategic location. The existence of a Drive Thru system and service up to 24 hours is a plus point. So, with this added value, consumers are greatly helped in finding urgent needs. Apart from that, Indomaret's strategic position and the added value will definitely increase its income.

The products offered by Indomaret really determine consumer buying interest, where if a purchase has occurred, the consumer feels that the quality of the product is as expected, which make consumers loyal to Indomaret' brand products. However, competition among modern retail entrepreneurs is currently quite tight, coupled with changes in behavior. In today's society, they only buy things that suit their needs and what they need is already available in the minimarket around them. In this case, retailers are competing to increase sales so that the existence of their shops or outlets is maintained. One way that modern retail entrepreneurs can survive is by fostering passion or stimulating visiting consumers to increase impulse purchases. So, someone with positive emotions causes that person to have a passion for shopping, various products that are considered attractive will be purchased even though there is no prior planning, this is called impulsive buying (Ningsih, Sutomo, and Santi 2020).

Regarding how to attract consumer shopping interest, there are several strategies that retailers can use, including product arrangement and price cuts. According to Alma (2018), product arrangements can be arranged in such a way, for example displayed by hanging and arranged in order of color, so that consumers in the shop are interested in looking at the products on offer. This is supported by research from Safitri & Hadi (2020) which proves that product arrangement has an effect on impulse buying. Meanwhile, price discounts are a marketing strategy that is often used, in which case marketers try to offer products at lower prices than they should in the hope that consumers will feel interested in a product. This indicates that price cuts have an effect on impulse buying. This is supported by research conducted by Wahyudi (2017), Baskara (2015), and Safitri & Hadi (2020) which proves that price cuts have an effect on impulse buying.

Several previous studies have found a significant influence between product arrangement and price cuts on impulse purchases. A strategy is an important factor to create consumers increasing impulse purchases in a shop or outlet, so the author is interested in conducting research on what factors and strategies should be carried out by companies, in this case minimarkets, to

increase impulse purchases which of course can increase the company's sales revenue. Based on the description above, the researcher aims to review and develop the problem of product display and price discounts.

LITERATURE REVIEW

Product Display
Consumer purchases can be influenced by product arrangement, due to attractiveness or other sights or feelings (Alma, 2018). According to (Utami 2017 in Safitri and Hadi 2020) Products can be displayed by hanging or arranged according to color, so that consumers in the shop can be interested in seeing the products on offer. Product styling is a strategy used to encourage consumers' desire to buy through direct visual appeal. The requirements for product structuring to attract consumer buying interest include: neat and clean, easy to see, reachable, easy to search, location is right, alluring arrangement, and safe.

Product Structuring Indicators according to Maya and Rahmadana (2016) are divided into 3 types, namely: window display, interior display, and exterior display. Window display is arranging a product, pictures and price labels, as well as symbols at the front of the shop which is called a window display. So that potential consumers who pass in front of the shop are expected to be attracted by the product and enter the shop. Interior Display is displaying products, pictures, price cards in the store. Such as on floors, display cases, shelves and so on. Exterior Display is displaying products outside the shop, for example during sales, bazaars, and others.

Meizar and Dewi (2021) found that in-store display have an influence on impulse buying. Zulki (2020) also conducted research related with product display and impulsive buying on on Borma Departement Store in Bandung. The results show that there is a relationship or impact of product display on impulsive buying.

Price Discounts
Price is an important component for consumers to make purchasing decisions. Price is an element of the retail marketing mix which aims to bring profits to retailers. Price discounts are a type of sales promotion by reducing product prices from normal prices within a certain period. Companies often provide discounts to maintain their market share. This is done so that consumers do not move easily. The price discounts given by the company have of course been calculated correctly, so that the company does not suffer losses. Price discounts can change consumers' perceptions of the products offered to be more positive.Forms of discounts that can be used are: quantity discounts, trade discounts, and cash discounts. Quantity discounts are price cuts offered with the aim of getting consumers to buy in large quantities. The discount given can be in the form of goods units or rupiah units. This quantity deduction can be done by: cumulative and noncumulative quantity deductions. Cumulative quantity discount is a discount that is based on the total volume of purchases over a period of time. This method can bind consumers to make repeat purchases (continue buying) on the same sale. So the bottom line is that sellers who apply cumulative quantity discounts aim to create subscriptions. Noncumulative quantity discounts are deductions that are based on purchasing one item or several of the same item in large quantities. For example, consumers who buy goods at a price of IDR 10,000 for one unit of goods. However, if consumers buy 5 units of goods, they only need to pay IDR 40,000.Trade discounts are also known as functional discounts, which means discounts offered to consumers for paying for the marketing functions they perform. So, this trade discount is only given to consumers who sell the goods (dealers). Cash discounts are discounts given to consumers for payments in a certain period, and they make payments early or on time.

Impulsive Buying
Impulsive buying is a person's desire to buy a product in large quantities suddenly without going through a long consideration and thought process. This decision uses more emotional feelings than logic. Usually, this habit appears when you are stimulated by something interesting. For example, discounts or promos can make you interested in buying, because you feel you won't be able to get this opportunity in the future. The factors that trigger impulsive shopping are as follows: marketing strategic, personality, type of product, geographic, and cultural aspects. The event of impulsive buying behavior is a test for business people, where they are required to be able to create emotional interest that provokes consumers' passion to buy and consume a product.Previous studies found that there are several factors that influence impulsive buying. Wahyudi (2017) found that giving a price discount has an effect on impulse buying at Azwa Pekanbaru, Indonesia that sell perfume. Baskara (2015) on his study found that price discounts have a positive or significant effect on unplanned purchases at Matahari Department Store, but the interpretation of the effect tends to be enough. In the Umama Gallery Sidoarjo, East Java, Indonesia, Meizar and Dewi (2021) found that price discount, in-store display, and shopping life style have a significant impact on impulse buying.

Effect of Product Display and Price Discounts on Impulsive Buying

Conceptual Framework of Research

Based on the research background and literature reviews, the conceptual background of this study can be seen in the figure 1 below.
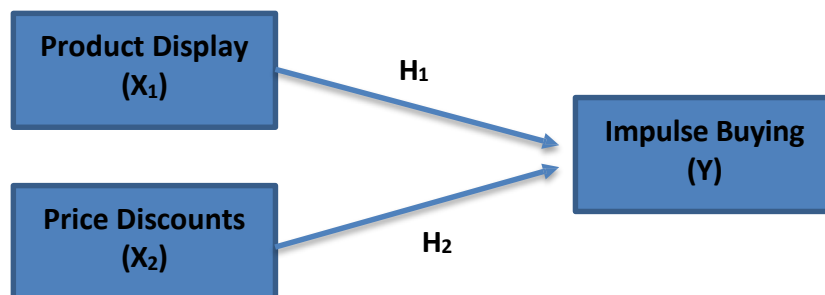

Figure 1. Conceptual Framework of Research

Hypotheses Development

1. The influence of product display on impulse buying

Product display is the procedure for arranging products into parts of the shop to produce a good and attractive appearance. In product arrangement, there are several elements that need to be considered, including the grouping of types of goods, the benefits or functions of the types of goods, the beauty, neatness and aesthetics of the product. The aim is to attract or attract consumers to be interested in seeing, taking and buying the product Product arrangement is also a tool used to communicate the products being sold to consumers so that consumers can research, observe and make choices (Maya and Rahmadana, 2016). So the more attractive the product arrangement in the store, the more consumers will be interested in seeing it and considering buying. So this encourages consumers to make impulse purchases. Therefore, the first hypotheses of this study can be stated as follow.

H1: Product display has a significant influence on impulse buying.

2. The influence of price discounts on impulse buying

Sales price discounts are the provision of price reductions if payments are made sooner than the predetermined time limit. Discounts are approved if payment is made before the due date. Price cuts are a business strategy solution implemented by many retail companies because its effectiveness in attracting consumer buying interest in products offered by retail companies. So this encourages consumers to make impulse purchases. The purpose of creating this discount system is to maintain the stability of the company's financial turnover, so that the company continues to grow and develop. Therefore, the second hypotheses of this study can be stated as follow.

H2: Price discounts have a significant influence on impulse buying.

RESEARCH METHOD

This type of research is quantitative, because the data obtained will later be realized in the form of numbers and analyzed based on statistics. This research is causal associative in nature. Associative causal is a research problem formulation that asks about the relationship between two or more variables. The purpose of using this method is to determine the influence of two independent variables on the dependent variable. With the independent variable Product Display (X1), Price Discounts (X2), the dependent variable Impulse Buying (Y). The product display in this study is measured by window display, interior display, and exterior display (Rusmiyati, Pramono and Atmini, 2020). The price discounts are measured by program attractiveness discounts, the accuracy of the discount program in influencing purchase, and frequency of rebate programs (Ariyanti et al., 2021). Impulse buying is measured by spontaneous (consumers tend to make decisions spontaneously), seeing direct purchase (consumers tend to do so decision immediately), acting without thinking (consumers tend to make decisions without thinking), and buy now (consumers tend to make decisions as they please) (Safitri and Hadi, 2020).

The population of this study is Indomaret consumers in the Malang city area whose number is unknown. According to (Sugiyono 2006:96) the formula for calculating samples for an unknown population is to use the Cochran formula as follows:

$$n = \frac{z^2 pq}{e^2}$$

Notes:

N   : number of samples

Z   : price in the normal curve for deviation, with a value of 1.96

P   : 50% chance of being correct = 0.5

Q   : 50% chance of error = 0.5

E   : sample error rate, 10% = 0.1

Effect of Product Display and Price Discounts on Impulsive Buying

Based on the formula above, the sample value is 96.04 people. To make calculations easier, the sample size was 100 respondents. This study used validity and reliability test, classical assumption test, and multiple linear regression analysis. These analysis are running by SPSS Program.

RESULTS AND DISCUSSIONS

Table 1 below explained the characteristics of respondents based on gender, age, and jobs.

Table 1. Characteristics of Respondents

Characteristics	Frequency	Percentage
Gender		
Male	33	33%
Female	67	67%
	100	100%
Age		
< 20 years	11	11%
20 – 30 years	49	49%
31 – 40 years	28	28%
> 40 years	12	12%
	100	100%
Jobs		
Student/college student	11	11%
Housewife	22	22%
Employee	38	38%
Businessman	29	29%
	100	100%

Based on the table above, it can be concluded that during the observation period, the customers of Indomaret are dominated by female (67%) and their age are between 20 and 30 years old (49%) and also they are work as employee (38%).

The method used to test the validity in this research is to correlate the question item scores with the total variable scores. The significance test is carried out by comparing the calculated r value with the r table for degrees of freedom (df) = n – 2, in this case n is the number of samples and alpha = 0.05. If the calculated r is greater than the table r and the value is positive, then the item or question or indicator is declared valid. All items or questions or indicators in this research are declared valid because the calculated T is greater than the T table.

Reliability testing is a tool for measuring a questionnaire which is an indicator of a construct variable. This reliability test is to find out whether the questionnaire is reliable or not, seen from the Cronbach's alpha. If Cronbach's alpha has a value of more than 0.61 then it is declared reliable. Table 1 below showed the results of Cronbach's alpha.

Table 2. Cronbach's Alpha

No.	Variable	Cronbach's Alpha	Results
1	X1	0,815	Reliable
2	X2	0,769	Reliable
3	Y	0, 808	Reliable

From table 2, it can be seen that the Cronbach X1 alpha value is 0.815. The Cronbach X2 alpha value is 0.769. And the Cronbach Y alpha value is 0.808. It can be concluded that the questionnaire for each variable is reliable because it has a Cronbach's alpha value above 0.6.

This study used classical assumption tests that consist of normality test, multicollinearity test, and heteroskedasticity test. The result of normality test shows that the Kolmogrov-Smirnov (K-S) nonparametric statistic has a value of 0.200. If the significance value is more than 0.05, this research means the data is normally distributed. Result of multicollinearity test shows that the Product Display (X1) and Price Discount (X2) both have a tolerance value of 0.973 and a VIF value of 1.028. Because of the tolerance value exceeds 0.10 and the VIF value is less than 10, then this research is declared to have not occurred multicollinearity. Figure 2 below describe the result of heteroskedasticity test.

Effect of Product Display and Price Discounts on Impulsive Buying
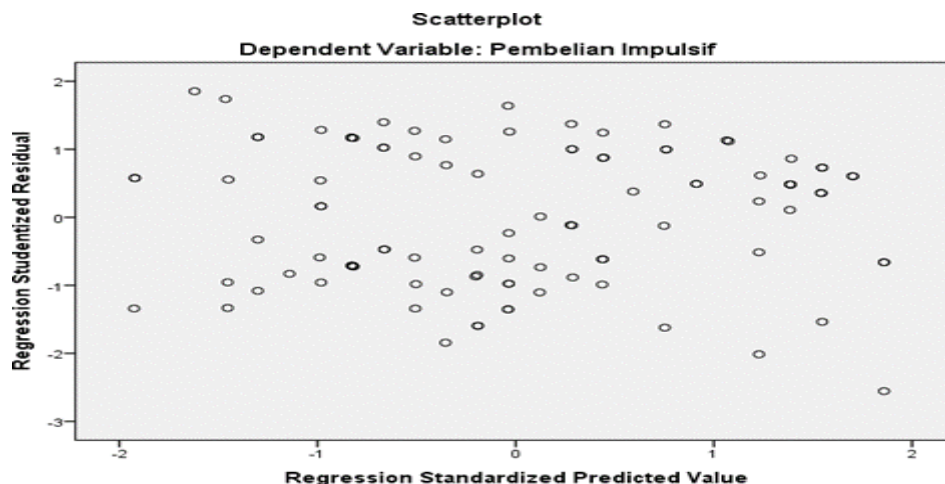

Figure 2. Heteroscedasticity test graph

From the figure 2 above, it can be seen that there is no clear pattern, and the points are spread above and below the number 0 on the Y axis, so heteroscedasticity does not occur. Hypothesis testing for this study uses the t test (partial). The t test is used to partially test the significance of the relationship between variables. The following are the results of the t test of this research:

Table 3. t-test

No.	Variables	Sig.	T-Count	T-Table
1	Product Display	0,014	2.495	1,984
2	Price Discounts	0,025	2.280	1,984

Based on the table 3 above, it can be concluded that product display has a significant value of 0.014 (less than 0.05) and a calculated t value of 2,495 (greater than t table, namely 1.984), so it is clear that product display has a significant effect on impulse buying. Price discounts have a significant value of 0.025 (less than 0.05) and a calculated t value of 2,280 (greater than the t table, namely 1.984), so it is clear that work motivation has a significant influence on impulse buying.

Multiple linear regression analysis is used to determine the influence of positive or negative relationships on variable dependents with several independent variables. The following is a table for multiple linear analysis:

Table 4. multiple linear regression results

Coefficients^a					
	nstandardized Coefficients		standardized Coefficients		
				t	Sig.
Model	B	Std. Error	Beta		
1 (Constant)	12.832	3.387		3.789	.000
Product Display	.347	.139	.345	2.495	.014
Price Discounts	.340	.149	.316	2.280	.025
a. Dependent Variable: Impulse Buying					

The regression coefficient value here is very important as a basis for analysis, considering that this research is a fundamental method. This means that if the coefficient β is positive (+), it can be said that there is a unidirectional influence between the independent variable and the dependent variable. Every increase in the value of the independent variable will result in an increase in the dependent variable. Likewise, vice versa, if the coefficient value of β is negative (-), this indicates a negative influence where an increase in the value of the independent variable will result in a decrease in the value of the dependent variable. Based on the calculation results of the SPSS computer program, the following results were obtained:

$$Y = 12.832 + 0.347 X1 + 0.340 X2 + e$$

The constant of 12,832 states that if there is an increase in Product Arrangement and Price Discounts then impulse purchases will increase by 12,832. The regression coefficient of 0.347 states that for every increase in the Product Arrangement value there will be an increase in impulsive purchases of 0.347. The regression coefficient of 0.340 states that for every increase in price discounts there will be an increase in impulsive purchases of 0.340.

Effect of Product Display and Price Discounts on Impulsive Buying

This research uses the coefficient of determination value to measure how far the independent variable is able to explain variations in the dependent variable. The following is a table of the coefficient of determination in this research:

Table 5. Determination Coefficient

Model Summaryᵇ				
Model	R	R Square	djusted R Square	. Error of the Estimate
1	.631ᵃ	.398	.386	2.702
a. Predictors: (Constant), Price Discounts, Product Display				
b. Dependent Variable: Impulsive Buying				

Based on the table above, it can be seen that the Adjusted R Square value is 0.386. This means that 38.6% of variations or changes in impulse buying can be explained by variations in Product Arrangement and Price Discounts while the remaining 61.4% is explained by other variables not included in this study.

The first hypothesis testing aims to test the relationship between product display and impulse buying at Indomaret Malang. From the research results, it can be seen that there is a strong relationship between the product display variable and impulsive buying at Indomaret Malang. Consumers will make purchases of a product when the product has a good and neat product arrangement, so the product display can help consumers to make purchasing decisions. Therefore, the better the product display, the more impulsive buying decisions from consumers will increase. Product display is arranged in such a way, for example displayed by hanging and arranged in order of color, makes consumers in the shop interested in looking at the products on offer, resulting in impulsive purchases. The results of this research are in accordance with the results of research conducted by Musyaffaq (2017), Bakri (2020), and Hadi (2020) which proves that product arrangement has an effect on impulse buying.

The t test results for hypothesis two prove that price discounts have a significant effect on impulse buying. This means that the results of empirical data testing prove that price discounts have a significant effect on impulse buying among Malang Indomaret consumers. So the second hypothesis which states that price discounts have an effect on impulse buying is accepted. Price discounts are a marketing strategy that is often used. In this case, marketers try to offer products at lower prices than they should in the hope that consumers will feel interested in the product. With discounts, consumers provide attractive offers and then consumers want to try buying the product, resulting in impulse purchases. The results of this research are supported by research conducted by Wahyudi (2017), Baskara (2018), and Hadi (2020) which proves that price cuts have an effect on impulse buying.

CONCLUSION

Product display and price discounts have a significant effect on impulse purchases at Indomaret Malang. The way the product is displayed makes consumers in the shop interested in looking at the products on offer and then impulsive purchases occur. Price discounts have a significant effect on impulse purchases at Indomaret Malang. Marketers use price cuts to offer products at lower prices than they should in the hope that consumers will feel interested in a product. With discounts, consumers provide attractive offers and then consumers want to try buying the product, resulting in impulsive buying. This research provides a contribution to companies as a consideration in making decisions regarding determining marketing strategies, especially in terms of impulse purchases. In this case, price discounts and product arrangement in an outlet are apparently able to encourage impulse purchases by consumers.

REFERENCES
1) Alma, B. (2018). Manajemen Pemasaran dan Pemasaran Jasa. Edisi Revisi. Cetakan Ketujuh. Bandung: Alfabeta.
2) Hidayah, Meizar Nur., & Dewi Komala Sari. (2021). Influence of Price Discount, In-Store Display and Shopping Lifestyle on Impulse Buying at UMAMA Gallery Sidoarjo. Jurnal Bisnis Manajemen dan Perbankan, 07(01), 01-09.
3) Indra Bayu Baskara. (2015). Pengaruh Potongan Harga (Discount) Terhadap Pembelian Tidak Terencana (Impulse Buying) (studi pada pengunjung Matahari Department Store Johar Plaza Jember). Manajemen Bisnis, 5 (2). https://ejournal.umm.ac.id/index.php/jmb/article/view/5382
4) Maya, N. and Rahmadana, S. (2016) 'Pengaruh Display Produk Dan Suasana Toko Terhadap Pembelian Impulsif Di Minimarket Eramart Cabang Lembuswana Samarinda', Ejournal Ilmu Administrasi Bisnis, 4(3), Pp. 683–697.
5) Ningsih, S., Sutomo, M. and Santi, I.N. (2020) 'Pengaruh Promosi Dan Lingkungan Toko Terhadap Pembelian Tidak Terencana (Impulse Buying) Pada Hypermart Di Kota Palu', Jurnal Ilmu Manajemen Universitas Tadulako (Jimut), 6(3)Pp.243–251. AvailableAt: Https://Doi.Org/10.22487/Jimut.V6i3.206.

Effect of Product Display and Price Discounts on Impulsive Buying

6) Rizka Ariyanti, M. Iqbal Notoatmojo, Aria Mulyapradana, Putri S. (2021). Pengaruh Potongan Harga Dan Penataan Produk Terhadap Keputusan Pembelian Konsumen Di Matahari Departemen Store Pekalongan (Studi Kasus Produk Cardinal Shoes Ladies). Jurnal Litbang Kota Pekalongan, 19(1), Pp. 55–63. https://jurnal.pekalongankota.go.id/index.php/litbang/article/view/145

7) Rusmiyati, Y., Pramono, E. and Atmini, N.D. (2020) 'Pengaruh Display Produk, Potongan Harga, Dan Bonus Pack Terhadap Pembelian Impulsif Di Indomaret Miroto Semarang', Jurnal Ilmiah Ekonomika & Sains, 1(2), Pp. 47–60.

8) Safitri, N. and Hadi, P. (2020) 'Analisis Suasana Toko, Potongan Harga Dan Penataan Produk Terhadap Pembelian Impulsif', Jimkes Jurnal Ilmiah Manajemen, 8(3), Pp. 261–270.

9) Septian Wahyudi. (2017). Pengaruh Price Discount Terhadap Impulse Buying. VALUTA, 3 (2). https://journal.uir.ac.id/index.php/valuta/article/view/2080

10) Zulki Zulkifli Noor. (2020). The Effect Of Price Discount And In-Store Display On Impulse Buying. Sosiohumaniora - Jurnal Ilmu-ilmu Sosial dan Humaniora, 22 (2).