

The effect of price and promotion on distributor purchase interest in za plus fertilizer PT Petrokimia Gresik

Khotib Gynastiar^{1*}

¹Department of Management, Faculty of Economics, Universitas Negeri Surabaya

Abstract

This research was conducted with the aim of knowing whether there is an effect of price and promotion on distributor buying interest in PT Petrokimia Gresik's ZA Plus Fertilizer products. The type of research used in this research is explanatory research using a quantitative approach. This study used non probability sampling technique with a sample size of 51 respondents. The results of this study indicate that the price variable has no effect on buying interest. while the promotion variable has a significant effect on distributor buying interest. This research was only conducted on ZA Plus Fertilizer products so that it cannot be generalized to other products. This research can be used as a reference for other researchers for further research.

Keywords:

Distributor; promotion; price; purchase interest.

JEL Code: E31

Received November 3 2024; Received in revised form November 10 2024; Accepted November 12 2024; Available online November 15 2024.

*Khotib Gynastiar

Email: khotib.21145@mhs.unesa.ac.id

INTRODUCTION

The fertilizer industry is one of the strategic sectors in the national economy in Indonesia. The fertilizer industry also plays an important role in increasing agricultural production that supports the national food security program. The Indonesian government has launched a fertilizer industry revaluation program to improve competitiveness. This includes replacing old and inefficient factories with new, more modern factories. Presidential Instruction No. 2 of 2010 on the revaluation of the fertilizer industry by planning the revaluation of fertilizer factories, developing the Indonesian National Standard (SNI) of fertilizer, fostering the fertilizer industry, and managing or regulating the supply of fertilizer, raw materials, and energy with related agencies.

Through an integrated approach, Indonesia's agriculture plan aims to enhance farmers' welfare and food security. Increasing production capacity through the use of better seeds, contemporary technology, and effective agricultural methods is one of the primary goals. Additionally, by promoting the use of alternate carbohydrate sources like cassava and corn, local food diversification helps lessen reliance on rice. To guarantee efficient distribution throughout the area, it is also crucial to fortify food supplies and logistics networks. In an attempt to enhance the quality of agricultural products and promote sustainable development, the penta helix partnership model brings together farmers, industry, university, the government, and the media. Enhancing human resources by providing farmers with education and training is essential to guaranteeing they possess the requisite abilities. Agricultural sector support and licensing procedures are accelerated by bureaucratic governance improvements. By placing a high priority on sustainability, this approach seeks to enhance rural communities' well-being by fostering a more efficient and ecologically responsible agricultural industry in addition to achieving food security.

Agriculture is one of the important sectors in the Indonesian economy that not only provides food for the Indonesian people but also provides employment for many people. Fertilizers are an important factor in the development of agriculture in Indonesia, the use of quality fertilizers can also maximize agricultural productivity. The presence of quality fertilizers can also affect farmers' income and national food security. Therefore, the use of quality fertilizers is one of the strategies in increasing agricultural yields and the welfare of farmers in Indonesia. One of the most complete fertilizer producers in Indonesia is PT Petrokimia Gresik which has successfully participated in supporting the growth of the agricultural sector in Indonesia through fertilizers that have been produced by the Company. PT Petrokimia Gresik offers a variety of products that have been produced, one of which is ZA Plus fertilizer. Competition in the fertilizer industry is increasingly competitive so that PT Petrokimia Gresik needs to understand the factors that influence the demand of its distributors to buy these products. PT Petrokimia Gresik produces two types of fertilizer products, namely subsidized and non-subsidized fertilizers. During the running of the fertilizer company, PT Petrokimia Gresik often experiences obstacles in its business process. With this problem, the strategy carried out by PT Petrokimia Gresik will adjust prices so that they can compete with competitor prices. In addition, there is also a promotional approach as an effort to encourage distributors to buy fertilizer products. Providing promotions is often done in order to attract distributors to buy fertilizer products.

Distributors must be able to consider important factors in planning distribution, so that consumer decisions in buying a product can run. These factors are influenced by price and promotion. Previous research conducted by Suryadi (2020) with the title research on the effect of price on fertilizer purchasing decisions among farmers in West Java, states that affordable fertilizer prices are a major factor in purchasing decisions among farmers, although quality factors and external recommendations also influence their choices. Distributors can consistently offer competitive prices as a distribution process so as to increase profitability. However, the research conducted by Suryadi only focuses on prices to increase sales of fertilizer products.

In addition, research conducted by Siregar & Andriani. (2018) the title of the research on the effect of sales promotion on purchasing decisions, says that providing direct discounts is proven to increase attractiveness and purchasing decisions for non-subsidized fertilizer products among farmers. This research does not specifically discuss prices and promotions so that it does not provide an overview of the variables significantly affecting distributor buying interest. So that the company can provide sales promotions as a distributor's attraction for distributor repurchase interest.

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The purpose of this study is to combine variables from previously conducted research. By combining price, and promotion as predictor variables of buying interest by distributors. Combining the two variables price, and promotion hopes that research can provide a deeper understanding of the decisions made by distributors to buy PT Petrokimia Gresik ZA Plus fertilizer. The purpose of this study by linking the two price variables, and promotion, it is hoped that distributors can make a strategy in choosing products to be marketed, and for PT Petrokimia Gresik it is hoped that it can help determine steps in considering prices and conducting promotions for ZA Plus fertilizer. Another objective of this study is to analyze the effect of price, and promotion on distributor buying interest in PT Petrokimia Gresik's ZA Plus fertilizer.

LITERATURE REVIEW

Price

Price is one element of the marketing mix that generates revenue; the other elements are production costs. Price also communicates the value positioning that the company wants for its product or brand (Kotler & Keller, 2016: 483). Price can also be defined as the amount of money charged for a product and service, or as the value exchanged by customers to benefit from ownership or use of the product or service (Kotler & Armstrong in Kusuma, 2015). According to Baines and Rosengren (2017) price is defined as the amount of money expected, required, or given as payment for something. According to Brata et al (2017) price is one of the determinants of the success of a company, because price determines how much profit the company will get from selling its products in the form of goods and services. Pricing that is too high will cause sales to decline, but if the price is set too low it will reduce the profit that the company will get.

Promotion

Promotion is a form of communication in marketing. Marketing communication itself is a series of activities that aim to disseminate information, influence, or remind the target market about the company and the products it offers. The goal is that consumers want to accept, buy, and remain loyal to the products offered by the company (Oping et al. 2022). According to Işoraité (2016) promotion is an element of the 4P marketing mix, where promotion can help increase consumer awareness of their products, lead to higher sales and help build brand loyalty. Thus, marketing mix promotions are tools that help spread information, encourage purchases, and influence the purchasing decision process. Promotion according to Deepak and Jeyakumar (2019) is an activity that includes personal selling, sales promotion, and advertising. The right promotional mix is very important in achieving marketing goals.

Purchase Interest

Purchase interest is a mental statement from consumers in the form of behavior planning to purchase a product with a certain brand. Purchase interest arises because of the form of consumer attitudes towards a product, which is based on consumer confidence in product quality (Halim & Iskandar, 2019). According to Shah in Mirabi et al. (2015) purchase interest is a form of decision making that studies consumer reasons for buying a particular brand. Purchase interest is formed through a learning and thinking process that results in certain perceptions. The interest that arises when making a purchase creates motivation that is embedded in a person's mind, so that it becomes a strong activity that ultimately realizes what is in his mind (Sari, 2020). According to Septyadi et al. (2022) purchase intention is an emotion that encourages consumers to make purchases, which arise after they have undergone a pre-purchase process. This pre-purchase process can include consumer efforts in identifying their needs and looking for products that can meet these needs. The hypothesis developed in this study to test the causal relationship between price and promotion on distributor buying interest in ZA Plus fertilizer owned by PT Petrokimia Gresik is as follows: H1 : Price has a significant effect on distributor buying interest in PT Petrokimia Gresik's ZA Plus Fertilizer.

H2 : Promotion has a significant effect on distributor buying interest in PT Petrokimia Gresik's ZA Plus Fertilizer

RESEARCH METHOD

The type of research used in this research is explanatory research using a quantitative approach. The explanatory method has the aim of analyzing an independent variable on the dependent variable. With the use of the explanatory method, there is an effort to explain the causal relationship (cause and effect / reciprocal) and test the effect of the independent variable (X) on the dependent variable (Y) (Sari et al. 2023). This study uses the framework of the relationship between the independent variable Price (X1) and the independent variable Promotion (X2) on the dependent variable Purchase Interest (Y). The population used in this study were all platinum distributors of Petrokimia Gresik fertilizer products. The sample used was 51 respondents using non-probability sampling technique purposive sampling technique, where participating respondents were those selected based on certain considerations, namely platinum distributors. Data was collected by sending online questionnaires to respondents via Google Form, using Likert starting from a point indicating "strongly disagree". To assess the distributor's attitude, a scale was used that ranging from 1 (strongly disagree) to 4 (strongly agree) in the context of the influence of price, promotion, and product quality on distributors' interest in repurchasing ZA Plus fertilizer products. ZA Plus fertilizer products. To test the research hypotheses, multiple linear regression analysis was applied.

FINDINGS AND DISCUSSION

Multiple linear regression analysis in this study was carried out with the aim of knowing how the influence caused by each independent variable Price (X1) and Promotion (X2) on the dependent variable Purchase Interest (Y). Table 1 Multiple Linear Regression Analysis Results.

Table 1.

Multiple Linear Regression Analysis Results

Model	Unstandardized coefficients		Sig.
	B	Std. Error	
Constant	2.340	2.428	.340
Price (H ₁)	.212	.165	.204
Promotion (H ₂)	.564	.091	.000

Note:

Source: Primary Data 2024

Based on the calculations that have been carried out, the results of the multiple linear regression equation are as follows:

$$Y = 2,340 + 0,212X_1 + 0,564X_2$$

The results of the F test that have been carried out, state that the variables X1 and X2 together have an effect on Y. This is because the significance value is 0.000 (0.000 < 0.05).

Table 2.

F Test Results

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	191.946	2	95.973	33.134	.000
Residual	139.034	48	2.897		
Total	330.980	50			

Note:

Source: Primary Data 2024

H0= Price (X1) and Promotion (X2) together have no significant effect on Purchase Intention (Y)

H1= Price (X1) and Promotion (X2) have a significant effect on Buying Interest (Y).

Thus, it shows that H0 is rejected and H1 is accepted, so that the independent variables Price and Promotion have a significant joint effect on the distributor's Purchase Interest in ZA Plus Fertilizer of PT Petrokimia Gresik.

The T test is used based on the calculated value if the T value > T table, it means that the independent variable (X) has a persial effect on the dependent variable (Y).

Table 3.

T Test Results

Model Anova	t _{hitung}	Sig.
Price (H ₁)	1.284	.205
Promotion (H ₂)	6.185	.000

Note:

Source: Primary Data 2024

Hypothesis Formulation for t test (partial test)

H0: $\beta_i = 0$, which means that the independent variable partially does not have a significant effect on the dependent variable.

H1: $\beta_i \neq 0$, which means that the independent variable partially has a significant effect on the dependent variable.

Decision Making

a. If the significance value is > than 0.05, then H0 is accepted and H1 is rejected

b. If the significance value is < than 0.05, then H0 is rejected and H1 is accepted

Based on the results of the t test that has been carried out as presented in table X, it is stated that:

Price Effect (X1) on Purchase Intention (Y)

Variable X1 partially has no effect on Y. This is because the significance value > 0.05 (0.205 > 0.05). So it can be concluded that it has no significant effect on buying interest in PT Petrokimia Gresik's ZA Plus fertilizer products.

Price Effect (X2) on Purchase Interest (Y)

Variable X2 partially has an influence on Y. This is because the Significance value < 0.05 (0.00 < 0.05). So it can be concluded that it has a significant effect on buying interest in PT Petrokimia Gresik's ZA Plus fertilizer products.

Based on the results of this study, it is known that price has an insignificant effect on buying interest. Which does not mean that price really has no effect on buying interest,

but the effect is insignificant because it may be so small the effect is because fertilizer is one of the basic needs so that whatever the price is set, fertilizer will still be purchased but the consideration is the quantity of fertilizer purchased. With the results of this study, the hypothesis "Price has a significant effect on distributor buying interest in PT Petrokimia Gresik ZA Plus Fertilizer" can be stated as not accepted and not proven correct. The results of this study contradict research conducted by Tanata & Christian (2019) who conducted research on consumers of Hungtata brand health drink products finding that price has a significant effect on buying interest. However, the results of this study are in accordance with previous research by Aptaguna & Pitaloka (2016) regarding the effect of service quality and price on buying interest in Go-Jek services, that price does not have a significant effect on buying interest.

Based on the results of this study, it is known that promotion has a significant effect on buying interest. Which high buying interest can be formed by the promotion carried out by the company. With the results of this study, the hypothesis "Promotion has a significant effect on distributor buying interest in ZA Plus Fertilizer of PT Petrokimia Gresik" can be stated as accepted and proven true. proven to be true. The results of this study are in accordance with previous research by Satria (2017) regarding the effect of price, promotion, and product quality on consumer buying interest at company A-36 proves that promotion has a significant effect on buying interest. The same thing is also proven through previous research by Meme (2020) which proves that promotion has an effect on consumer buying interest. that promotion affects consumer buying interest in Roxy Swalayan Ende.

CONCLUSIONS

Based on these results, some conclusions can be drawn. Some of these conclusions are that price has no effect on distributor buying interest in ZA Plus Fertilizer of PT Petrokimia Gresik. With this it can be concluded that the distributor's buying interest in PT Petrokimia Gresik's ZA Plus Fertilizer is not influenced by price. So that the first hypothesis is declared not accepted, while for promotion, it has a significant effect on distributor buying interest in ZA Plus Fertilizer of PT Petrokimia Gresik. With this it can be concluded that the distributor's buying interest in PT Petrokimia Gresik's ZA Plus Fertilizer can be influenced by promotion, so the second hypothesis is accepted. Based on the research results and conclusions obtained, the authors will provide suggestions to related parties. The suggestions that researchers can provide are that this research can be a reference material, and it is hoped that other variable references are sought so that the results of further research will be better and can gain new knowledge. And for PT Petrokimia Gresik, this research can be material in conducting price evaluations and market research. And for promotional activities, it can be maintained and can add to the types of promotional activities, besides that it is always balanced by evaluating promotional activities regularly. The limitations of this study are that this study only uses price and promotion variables and this research was only conducted on ZA Plus Fertilizer products so that it cannot be generalized to other products.

AUTHOR CONTRIBUTION

Author: Conceptualisation and Research Design, Data Collection, Methodology, Supervision, Writing Entire Paper, Conceptualisation, Data Collection and Analysis, Editing and Layouting. All Authors have read the final version of the paper.

Declaration of interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Acknowledgements

The authors would like to thank the anonymous referees for their helpful comments and suggestions.

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