

The Effect of Product Innovation and Promotion on Purchase Decisions at Consumers of Mc Donald's Margonda Depok

Shelly Rosa Damayanti, Robert Siregar, Nurminingsih, Ahmadun
Respati University of Indonesia Business Administration Study Program
E-mail:shellydamayanti16@gmail.com

ABSTRACT

This study aims to determine and analyze the influence of product innovation and promotion on purchasing decisions at Mc Donald's Margonda Depok consumers. This research method is a quantitative research, this research was conducted at Mc Donald's Margonda Depok. The population in this study were all Mc Donald's customers who were or had eaten at Mc Donald's Margonda Depok. With a sample of 120 respondents. Data analysis was based on using the SPSS program version 26.0 for Windows. The results of this study are Product Innovation has an effect on Purchasing Decisions, Promotion has an effect on Purchase Decisions, Product Innovation and Promotions together have an effect on Purchasing Decisions.

Keywords: Product Innovation, Promotion, Purchase Decision

INTRODUCTION

The development of the business world today is growing rapidly. The company is expected to be able to fulfill what consumers want and need. One of the growing businesses today is business franchise (franchise). In Indonesia, currently many restaurants (places to eat) have sprung up, both from within the country and abroad. It can be seen from the rise of fast food restaurants in Indonesia. This is caused by changes in people's lifestyles which are spending more and more time outside the home, also because of the speed in serving the food.

Of the many competitions that occur in the industry, companies are required to innovate products in order to survive in the midst of existing competition. Product innovation can cover many things, starting from the basic ingredients of the product, changes in product packaging, added flavor variations, variations in packaging sizes, and adding types of products that are only available for a certain period of time.

Business ventures that innovate, then the business can lead and zoom out the possibility of competitors to innovate earlier. Product innovation carried out by the company is the main attraction for consumers to make purchasing decisions for the products issued by the company.

One of the biggest fast food restaurants in Indonesia is Mc Donald's. Mc Donald's is already present in various countries in the world including Indonesia. The number of competitors in this industry makes Mc Donald's often innovate its products so that consumers are not bored with the existing menu. Mc Donald's often innovates for products

the food, can be seen from the Instagram account @Mc Donald'sid which actively introduces new menus that are published in its posts so that consumers can find out about Mc Donald's product innovations.

Apart from product innovations made by the company, consumers in making purchasing decisions also pay attention to the promotions made by the company. The power of promotion is a means for companies to convey messages related to products or services produced by the company. Innovative products and using promotions in the right way are what consumers choose. This is because consumers can easily see the products offered by the company, choose and select so that they can be considered by consumers in making purchasing decisions.

Mc Donald's is also actively promoting on several platforms, namely Instagram, Ride Sharing such as Go-Food or Grab Food, and also the Mc Donald's application which can be downloaded on the Play Store and App Store. Promotions carried out by Mc Donald's vary, such as discounted prices, bundling packages, special prices for users of the Mc Donald's application and others. Promotion is done to attract the attention of consumers so that consumers are interested in making purchases on the product being promoted.

Based on the background description above, the researcher is interested in conducting research with the title "The Influence of Product Innovation and Promotion on Purchase Decisions at Mc Donald's Margonda Depok Consumers"

PRODUCT INNOVATION THEORY STUDY

Innovation according to KBBI is a new invention that is different from existing or previously known (ideas, methods or tools). According to Cassey and Guing (2007) in Seng and Ping (2016) innovation means creating new products and offering new services, or adding new value to existing ones. Product innovation creates new products that can meet consumer needs and desires which results in increased interest in buying these products and is achieved through purchasing decisions (Setiadi, 2008).

According to Nurminingsih (2021) innovation is not the concept of a new idea, a new invention or not just a development from a new market, but innovation is an illustration of all of these processes. In addition, according to Nurminingsih et. al (2020) innovation orientation is openness to innovation and the capacity to innovate by introducing new products, new idea processes within the organization.

product innovation is new product development, redesign of existing products, or the application of new technologies and methods to current manufacturing methods. In other words, innovative products focus on the existing market of existing products and differentiate them with features that are not currently available.

Dimensions of product innovation according to Everett Rogers (2003), namely:

1) Relative Advantage

Relative advantage is the function by which a person perceives a new product as better than various competitors' products and that the product is actually better than objective standards.

2) Compatibility

Innovation is considered relevant if it can match consumer needs and previous problematic experiences.

3) Complexity

Complexity refers to the degree of perceived difficulty of an innovation. So innovation must be easily understood and enjoyed by everyone. The more difficult an innovation is to understand or enjoy, the lower the rate of adoption.

4) Possibility To Try The possibility to try

isso far where an innovation can be used in that environment limited before commitment previously developed.

5) Observable Ability

Product observability is the extent to which product users or other people can observe the positive effects of using the product.

PROMOTION

According to Agus Hermawan (2012) Promotion is one of the priority components of marketing activities which notifies consumers that the company is launching a new product that tempts consumers to make purchases. In addition, according to Daryanto (2011), the notion of promotion is the last activity of

marketing mix which is very important because most markets are more of a buyer's market where the final decision on buying and selling transactions is heavily influenced by consumers. (Sukarno, 2016)

According to Henry Simamora (2004) Promotion is any form of communication used to inform (to inform), persuade (to persuade), or remind people about the products produced by organizations, individuals and households. Besides that, according to Wulandari (2018) promotion is an art to seduce customers and potential consumers to buy more of the company's products.

According to Ahmadun and Saputra (2018) said that "the purpose of promotion is to inform, persuade, and remind consumers of a product/service". According to Asim and Yudhistira (2019) promotion is a way for businesses to communicate through messages designed to stimulate awareness, interest, and end with customer purchases of company products or services.

According to Kotler and Keller Armstrong (2012) there are 5 tools for measuring promotions, namely:

1) Advertising

All forms of non-personal presentation and promotion that require a fee for the sponsored idea, product or service.

2) Sales Promotion

Short-term incentives to encourage the purchase or sale of products or services.

3) Public Relations and Publicity

Build good relations with various company representatives in various ways to obtain favorable press, build a good corporate image, and handle or correct negative rumors, stories, and incidents. (Sisilia, 2017)

4) Personal Selling

Personal presentations by company salespeople for the purpose of generating sales transactions and building customer relationships. (Luthfir, 2019)

5) Direct Marketing

Direct contact with each targeted customer and aims to get instant feedback and establish long-term customer relationships.

BUYING DECISION

According to Suharno (2010), purchasing decision is the stage where the buyer has made his choice and buys the product and consumes it. A consumer's decision to buy a product begins with an awareness of their needs and wants. Meanwhile, purchasing decisions according to Kotler and Keller (2012) are "Purchasing decisions are a series of processes that consumers go through in deciding purchasing actions".

In making purchasing decisions, consumers see a product from various perspectives. These are the steps in the buying decision process.

According to Abdullah et. all (2014) consumers take several steps before making a decision to buy a product, namely:

1. Problem Introduction
2. Information Search
3. Alternative Evaluation
4. Buying decision
5. Post Purchase Behavior

According to Kotler and Keller (2012) purchasing decisions can be measured by covering six sub-chapters, namely:

1) Product Selection

Consumers can decide whether to buy a product or use their money for something else.

2) Brand Choice

The buyer must decide which brand to buy. Each brand has its own differences, in this case the company needs to know how consumers choose brands

3) Buyer Channel Options

The buyer must decide which supplier to visit. Every buyer has different considerations when selecting a supplier, which may be due to factors such as proximity, low prices, and complete stock of goods.

4) Purchase Time

Consumer decisions about when to buy can vary, for example, some buy once a month, every three months, every six months, or once a year.

5) Purchase Amount

Consumers can decide how many products to be

bought at once. Purchases can be made more than once, in this case the company must prepare many products according to the wishes of different buyers.

RESEARCH METHODS

This research includes types study quantitative.

analytical method data using the help of IBM programs SPSS Statistics 26.

Population in This research is all McDonald's customers who are or have ever eaten at Mc Donald's Margonda Depok.

Because the number of Mc Donald's Margonda Depok consumers cannot determined, then the determination of the amount minimum sample in this study refers to the statement Hair, Black, Babin and Anderson (2010) which say that the

number of samples respondent must be adjusted with the number of question indicators used in the questionnaire, with assumption $n \geq 5 \times \text{observed variable}$ (indicator). In this study, the number of indicators is 24 indicators (question items).

So the sample in this study was 120 (24x5) customers McDonald's medium and or have eaten at Mc Donald's Margonda Depok.

The sampling technique uses the Non Probability Sampling technique with the accidental sampling technique. The testing stages are validity test, reliability test, simultaneous test (F test) and partial test (T test).

RESULTS

Based on the research that has been done, the table results for the Validity Test are obtained in Table 1.

The table is obtained from the results of the Validity Test using the IBM SPSS Statistics26 program.

**Product Innovation Validity Test (X1), Promotion (X2)
And Purchase Decision (Y)**

	Item-Total Statistics			
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Product Innovation 1	103.73	79,517	.534	.917
Product Innovation 2	103.55	79,900	.531	.917
Product Innovation 3	103.64	79,400	.588	.916
Product Innovation 4	103.74	77,829	.647	.915
Product Innovation 5	103.64	79,798	.618	.915
Product Innovation 6	103.57	79,730	.566	.916
Product Innovation 7	103.73	79,650	.574	.916
Product Innovation 8	103.40	82,441	.471	.918
Product Innovation 9	103.39	82,240	.479	.918
Promotion 1	103.42	81063	.545	.917
Promotion 2	103.43	80664	.614	.916
Promotion 3	103.59	79,111	.688	.914
Promotion 4	103.45	80633	.566	.916
Promotion 5	103.68	78,220	.597	.916
Promotion 6	103.76	78,434	.579	.916
Promotion 7	103.43	81,764	.503	.918
Promotion 8	103.33	82,906	.443	.918
Buying decision 1	103.30	82,394	.561	.917
Buying decision 2	103.46	81,451	.561	.917
Buying decision 3	103.22	84,691	.319	.920
Buying decision 4	103.46	81,417	.438	.919
Buying decision 5	103.52	79,918	.540	.917

Buying decision 6	103.94	76,622	.625	.916
Buying decision 7	103.58	80179	.551	.917

**Product Innovation Reliability Test (X1), Promotion (X2)
And Purchase Decision (Y)**

Table 1. Product Innovation Reliability Test Results

(X1) Reliability Statistics

Cronbach's Alpha	N of Items
.829	9

Table 2. Promotional Reliability Test Results (X2)

Reliability Statistics

Cronbach's Alpha	N of Items
.805	8

Table 3. Purchase Decision Reliability Test Results (Y) Reliability Statistics

Cronbach's Alpha	N of Items
.727	7

Partial Test (T Test) and Simultaneous Test (F

Test) Table 1. Partial Test Results (T Test)

Model		Coefficients ^a		standardized Coefficients Beta s	t	Sig.
		Unstandardized Coefficients B	std. Error			
1	(Constant)	6,093	1,565		3,894	.000
	Total Innovation Product	.193	058	.276	3.315	.001

Total Promotion	.496	.069	.599	7,201	.000
-----------------	------	------	------	-------	------

a. Dependent Variable: Total Purchase Decision

Simultaneous Test (F

Test) Table 2. Simultaneous Test Results (F

Test)

		ANOVAa				
Model		Sum of Squares	df	Means Square	F	Sig.
1	Regression	642,654	2	321,327	136.104	.000b
	residual	278,586	118	2,361		
	Total	921240	120			

a. Dependent Variable: Total Purchase Decision

b. Predictors: (Constant), Total Promotion, Total Product Innovation

DISCUSSION

Effect of Product Innovation on Purchasing Decisions

The first hypothesis tests whether Product Innovation has an effect on Purchasing Decisions. Test result Show Product Innovation

influence on Purchase Decisions as indicated by looking at the Corfficients table which shows that the sig. for product innovation = 0.000 (<0.05).

The results of the hypothesis show that product innovation has a positive effect on purchasing decisions proven to be true or H1 is accepted.

InfluencePromotion

toBuying decision

The second hypothesis tests whether Promotion has an effect on Purchasing Decisions. The test results show that Promotion has an effect on Purchasing Decisions as shown by looking at the Coefficients table

shows the sig value. for promotion = 0.001 (<0.05).

The results of the hypothesis show that product innovation has a positive effect and the purchase decision is proven true or H2 is accepted.

Effect of Product Innovation and Promotion on Purchasing Decisions

The third hypothesis tests whether Product Innovation and Promotion have an effect on Purchasing Decisions. The test results show that product innovation and promotion both have an effect on purchasing decisions as indicated by looking at the ANOVA table which shows the sig. = 0.000 (<0.05)

The results of the hypothesis show that product innovation and promotion together have a positive effect on purchasing decisions proven to be true or H3 is accepted.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. Based on the results of the research that has been done, it shows that Product Innovation has an effect on Purchasing Decisions. This means that if product innovation is carried out well, it will affect the increase in consumer purchasing decisions. With high and good product innovation, it will increase consumers to make purchasing decisions for these products. Conversely, if product innovation is low, it will have an impact on reducing consumer purchasing decisions. Thus the hypothesis H1 accepted.

2. In addition, the results also show that promotions have a positive and significant effect on purchasing decisions. This means that if the promotion is done well it will affect consumer purchasing decisions. Promotion is one of the most important factors in increasing purchasing decisions. The higher the promotion carried out, the consumer will be persuaded to buy a product, and vice versa if the promotion is low, the level of persuaded consumers is also low. This can affect consumer purchasing decisions. Thus the hypothesis H2 accepted.

3. Lastly, the results also show that Product Innovation (X1) and Promotion (X2) are equally influential positively and significantly to

Purchase Decision (Y).

With Thus hypothesis H3 accepted.

Suggestion

It is hoped that Mc Donald's will be able to maintain the product innovations that have been carried out so far, as well as improve the product innovations issued so that consumers do not get bored with products that are just that, apart from that this can be an advantage for Mc Donald's because competing companies do not routinely issue products. innovation. So that purchasing decisions on consumers can be created. In addition to product innovation, Mc Donald's must also pay attention to the promotions provided, this can attract consumers to make purchases.

Based on the questionnaire data, it shows that consumers want innovative products that are issued according to the tastes of the Indonesian people, a varied menu, menus that are issued according to consumer needs, menus presented according to those shown in advertisements. In addition, consumers also want Mc Donald's to actively carry out promotions, various forms of promotion, promotions available on several platforms and also consumers want Mc Donald's to actively carry out promotions when issuing new menus so that consumers are aware so they can make purchasing decisions at McDonald's.

BIBLIOGRAPHY

1. Abdullah, T., & Tantri, F. (2014). Marketing Management, 2nd Printing, Jakarta: PT. Rajagrafindo *homeland*.
2. Agus, H. (2012). Marketing communications. *Jakarta: Erlangga*.

3. Ahmadun & Rendi Agus Saputra. (2018). PROMOTION AND EFFECTSSERVICE QUALITY TO SATISFACTIONCUSTOMERS AT PT. BIGLY MULTI EARTH. Administration And Management. <https://doi.org/10.52643/jam.v8i1.2.2>
4. Arikunto, S. (2010). Research Procedures A Practice Approach, Jakarta: Rineka Cipta..(2013). Research Procedures A Practice Approach. Revised Edition VI. Jakarta: Rineka Cipta.
5. Ariyanto, A., Nuryani, A., & Sunarsi, D. (2020). The Effect of Store Atmosphere and Promotion on Purchasing Decisions at Alfamart Bsd, South Tangerang. Journal of Effective Economics, 3(1), 2936.<https://doi.org/10.32493/jee.v3i1.727>
6. Dewanto, W. (2014). et al. Innovation Management Opportunity for Success in Facing Change. Yogyakarta: ANDI Offset.
7. Ghozali, I. (2016). Multivariate analysis application with IBM SPSS 23 (Edition 8) program. VIII printing. Semarang: Diponegoro University Publishing Agency, 96.
8. Hair, JF, Black, WC, Babin, BJ, & Anderson, RE (2010). Canonical correlation: A supplement to multivariate data analysis. Multivariate Data Analysis: A Global Perspective, 7th Ed.; Pearson Prentice Hall Publishing: Upper Saddle River, NJ, USA.
9. Hertz, G. (2013). Rogers, Everett M.(2003)-Diffusion of Innovations. Notes.
10. Hidayatullah, MF, Wadud, M., & Roswaty, R. (2020). The Effect of Product Promotion and Innovation on Toyota Avanza Car Purchase Decisions (Case Study at Auto 2000 Veteran Palembang). National Journal of Marketing & HR Management, 1(2), 19–31. <https://doi.org/10.47747/jnmpsdm.v1i2.126>
11. Imam, G. (2013). Multivariate Analysis Application with IBM SPSS 21 Update PLS Regression Program. Semarang. Diponegoro University Publishing Agency. ISBN, 979(015.1).
12. Kotler, P., & Keller, KL (2009). Marketing management, 13th edition. Jakarta: Erlangga, 14.
13. Kotler, P., & Keller, KL (2012). Marketing Management: Philip Kotler, Kevin Lane Keller. Pearsons.
14. Kriyantono, R., & Sos, S. (2014). Communication research practical techniques. Prenada Media.
15. Nanang, M. (2010). Quantitative Research Methods. Jakarta. Rajawali Press Nofiwaty & Yuliandi, B. (2014). The influence of store atmosphere on consumer purchasing decisions at Nyenyas Palembang outlets. Sriwijaya Journal of Management and Business, 12(1), 55–73.
16. Nurminingsih, Nimran, U., Suharyono, & Abdillah, Y. (2020). Implications of work environment, market and learning orientations on innovationin Indonesia. *Options*,36(SpecialEdition27), 65–79.
17. Nurminingsih Purwanto.(2021). Product Policy and Innovation I-Wartelsus. *Administration Dan Management*. https://scholar.google.com/citations?view_op=view_citation&hl=id&user=sQqxE7kAAAAJ&citation_for_view=sQqxE7kAAAAJ:8k81kl-MbHgC

18. Pada, ML, Catur, PT, Adiparna, S., Timur, J., Kunci, K., & Satisfaction, P. (2018). 247-501-1-Sm. 11(1), 708– 714.
19. Purwanti, P., Sarwani, S., & Sunarsi, D. (2020). The Effect of Product Innovation and Brand Awareness on Consumer Purchase Decisions at Pt. Unilever Indonesia. *Innovation*, 7(1), 24. <https://doi.org/10.32493/inovasi.v7i1.p24-31.5442>
20. Purwanto, EA (2007). Dyah Ratih sulistyastuti." *Qualitative Research Methods*". Jakarta; Gava Media.
21. Santoso, R., Erstiawan, MS, & Kusworo, AY (2020). Product Innovation, Advertising Creativity And Brand Trust Drive Purchase Decisions. *Nusantara Journal of Business Management Applications*, 5(2), 133–145.
22. Saputra, RAA (2018). The Effect of Promotion and Service Quality on Customer Satisfaction at Pt. Bigly Multi World. The Effect of Promotion and Service Quality on Customer Satisfaction at PT Bigly Multi Buana, 11(1),751–758.
23. Sarwono, J. (2017). Getting to Know Popular Procedures in SPSS 23. Elex Media Komputindo.
24. Seng, LC, & Ping, NS (2016). The Influence of Product Innovation Toward Consumer Purchase Intention. *International Journal of Economics, Commerce and Management*, 5(4), 773–782.
25. Setiadi, NJ (2008). Consumer behavior: Concepts and implications for marketing strategy and research.
26. Simamora, H. (2004). *Human Resource Management Edition III*. Jakarta: STIE YKPN.
27. Singarimbun, M., & Effendi, S. (1982). *Survey research method*.
28. Sugiyono, M. (2012). *Quantitative, Qualitative and Combination Research Methods*. Bandung: Alfabet.
29. Sugiyono, P. (2019). *Quantitative Qualitative Research Methods and R&D* (D. Sutopo. S. Pd, MT, Ir. Bandung: Alfabeta.
30. Suharno, YS (2010). *Marketing in practice*. Yogyakarta: Gandi Gebang Permai.
31. Sularto & Anisa Restu Wulandari. (2018).NoTitle. *Administration AndManagement*. <https://doi.org/10.52643/jam.v8i1.24>
32. Sulistiani, S. (2017). The Influence of Product Quality and Promotion on Purchasing Decisions That Impact Loyalty Customers of PT Kalbe Farma's Hydro Coco Products. *Journal of Education, Law, and Business.*, Vol. 2. No(1), pp-18-28.
33. Sunyoto, D. (2014). *Fundamentals of Marketing Management (Basic, Strategy and Case)*. CAPS Publisher (Center of Academic Publishing Service) Deresan CT X, Gejayan. Yogyakarta.
34. Rahman Yudhistira, Luthfir and Asim. 2019. THE INFLUENCE OF BRAND IMAGE AND PROMOTION ON SALES VOLUME IN THE JAKARTA AMBASSADOR TRANSMART BAZAAR DIVISION. *JAM* vol 9 no 1.
35. Retnowati, Sisilia and Tina Rosa. 2017. PROMOTIONALCORRELATIONS AND GOODS DIFFERENCES ON CUSTOMER SATISFACTION AT SUMBER GIOK JAKARTA STORE. *JAM* Vol.7 No 2.
36. Tehuayo, Sukarno and Ahmadun. 2016.

37. The Effect of Promotion on Increasing Sales at PT. Indonesian K-POP Sukses Selaras Cibubur Bekasi. Jam Vol 6 No 2
38. Swastha, B. (2003). Irawan, Modern Marketing Management, second edition eleventh printing. Yogyakarta: Liberty Offset.
39. Swastha Basu, I., & SE, MBA (2008). Modern Marketing Management. Yogyakarta: Liberty.
40. Trott, P. (2005). Innovation management and product development. Pearsonseducation London