# THE EFFECT OF PRICE, SERVICE AND PROMOTION ON REPURCHASE DECISION OF WATER REFILLS PRODUCT OF METRO PALU

**Nurmiati, Sulaeman Miru, Ira Nuriya Santi**

email: nurmiati@gmail.com

Economic and Businness Of Tadulako University Tadulako University

## ABSTRACT

This research aims to determine and analyze the effect of price, service, and promotion simultaneously and partially on decision to repurchase the product of water refills of Metro Palu. The population in this research were all customers of the Metro Palu refill water refills station. The number of samples in this research were 123 respondents. This research applied a descriptive causal with data analysis technique using multiple linear regression. Data were analyzed through SPSS application. The results show that the variables of price, service and promotion simultaneously have a positive effect on repurchase decisions, the significant value of F is $0.000 < (0.05)$. Moreover, the partial test result obtains that the price variable has a significant value of $t = 0.006 < (0.05)$. It can be concluded that the price variable positively and significantly affects on repurchase decision. Furthermore, the service variable has a significant value of $t = 0.006 < (0.05)$ so it can be concluded that the service variable has a positive and significant effect on repurchase decision. The results of the partial test show that the promotion variable has a significant value of $t = 0.000 < (0.05)$. Thus, so it can be concluded that the promotion variable has a positive and significant effect on repurchase decision.

**Keywords:** Prices, Services, Promotions, Repurchase Decisions, Metro Palu Water Refills

## INTRODUCTION

The development of the number of MSMEs industry business actors in Indonesia is increasing as time passes. The advancement of MSMEs in Indonesia cannot be separated from the current technological developments. Several studies show that one of the supporting factors of the development of MSMEs is the use of ICT (technology, information and communication). Business actors have begun to use technological such as smartphones to expand their business market and use communication applications like WhatsApp and social media to market the products they sell. In fact, this is becoming the government's target to make MSMEs actors take advantages of the digital world, such as e-commerce, to sell and develop their business. Quoting from a news source, based on the data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) in March 2021, the number of MSMEs reached 64.2 million with a contribution to Gross Domestic Product was 61.07 percent or Rp. 8.573.89 trillion. This figure is expected to continue to grow and restore the Indonesian economy.

Water cannot be separated from people which is an important element in human life. Water is a substance of life, where there is not a single living creature on this earth that does not need water, humans, animals, and plants are need it to continue their lives. The availability of sufficient water in the human body, the organs will be able to function normally. Water that is good and fresh for consumption is clean water. Water must be free from disease-causing micro-organisms and chemicals which can harm human health and other living things, also known as clean water (Effiyaldi, 2016, p.2).

Water refill station is a company that processes raw water into drinking water which is filled into gallons and sold directly to consumers. Drinking water packaged in gallons is now

increasingly demanding, because it is more practical, inexpensive and has been sterilized, so it can be drunk directly without having to be cooked again. Water refills currently has a standard in the process, by turning on the water pump engine, then the water is channeled to fill the gallons.

One of the water refills station businesses currently in Palu City is Metro Palu water refill station. Coming from a family business that is trying to be developed with the Metro brand and opening an outlet at St. Kihajar Dewantara no. 4 Palu in January 2011. The business, which was founded in 2011, has encountered various obstacles. This condition can be seen from the turnover of water refilled by Metro Palu which is unstable and tends to decrease.

**Table. 1**
**Turnover Of Water Refilled**
**By Metro Palu**

| No | Month | Sale |
|----|----------|----------------|
| 1 | January | Rp 66.000.000 |
| 2 | February | Rp 64.000.000 |
| 3 | March | Rp 61.000.000 |
| 4 | April | Rp 49.000.000 |
| 5 | May | Rp 48.500.000 |

*Source: The Report Sales of Metro Palu Water Refill Station in 2020*

Looking at the table above, it shows that sales of water refills decreased from January to May. In January, the sales were Rp. 66.000.000, in February was Rp.64.000.000, in March was Rp. 61.000.000, in April was Rp. 49.000.000 and in May was Rp. 48.500.000. This showed that sales of water refills have decreased every month.

Metro Palu water refill station must be able to captivate the hearts of consumers in order to create satisfaction. Customer satisfaction is very important and provides benefits for the company. Customer satisfaction in the short term can be seen from the occurrence of repurchase of a product. While the long term will create consumer loyalty. If consumers become loyal to a certain brand it is caused by a satisfactory product quality (Fasocah and Harnoto, 2013:3).

Consumer loyalty occurs due to consumer satisfaction regarding the product. If the company can make its customers satisfied, it will have a great opportunity to shape buyers into loyal customers. Intention to repurchase is the tendency of behavior of the consumers on a product or service that is carried out repeatedly within a certain period and has a positive attitude towards a product or service, based on experiences in the past (Suryana and Dasuki, 2013:195).

In addition, the decision to repurchase by consumers is more determined by the information received. Repurchase decision is very important, Wahyuningsih (2020:14) consumer behavior is a person's physical and mental activity in purchasing goods/services including a decision-making process that involves interaction and exchange with other parties to satisfy their needs and desires. Therefore, the individual company engaged in the sale of water refills like Metro Palu, seeks to create a good impression for consumers in order the consumers can repurchase the water refills in Metro Palu station. There are many things which can be taken into consideration by consumers to purchase water refilles at the Metro Palu water refill station, one of which is in terms of price, service, and promotion factors.

Price is an attribute among several other attributes in making repurchase decisions by consumers. This will result in price competition from various brands available in the market, therefore the consumers who are sensitive to the price changes tend to switch to other cheaper brands. However, consumers who are loyal to the brand they like may not switch to another

brand. Meanwhile, according to Tjiptono (2008: 467), the perception often applies the high prices which reflect high quality.

In addition to the price, service is a supporting factor in the repurchase process. According to Maulana (2016: 117), service is one of the important elements into consideration for customers in purchasing a product. Service can be defined by something which is not visible but can be felt. Service is concerning the service quality of a company. Service quality can be used as a measure of how good the level of service is in order it can meet customer expectations (Sandria, 2019:262).

Another factor besides price and quality of service is promotion. Promotion is an important factor in realizing the sales goals of a company for the consumers to be willing to subscribe, they must try it first or research the goods produced by the company, but they will not do this if they are not sure about the goods.

Promotion is a marketing communication. Marketing communication is a marketing activity that aims to disseminate information, influence, and remind the target market to be willing to accept, buy, and be loyal to the products offered by the company (Tjiptono and Chandra, 2008: 219). Promotion of the company can communicate the product to consumers. The advantages of the product can be known by consumers and can make consumers interested in trying and then will decide to buy a product. Therefore, promotion is an important aspect in marketing management because it can make consumers who were originally not interested can change their minds and become interested in the product.

Based on the description above, the writer wants to conduct research to determine the effect of price, service quality and promotion on the repurchase decision of water refills in Metro Palu station. For this reason, the author conducted research entitled "The Effect of Prices, Services, and Promotions on Repurchase Decisions of Water Refills Product of Metro Palu".

## METHOD

### Type of Research

This research applied a causal descriptive type of research that was carried out to obtain an overview of research related to the effect of price, service, and promotion on the decision to repurchase water refills of Metro Palu. Meanwhile, according to Sugiyono (2016; 39), causal descriptive research is research that intends to explain the position of the variables studied and the relationship between one variable and another.

### Technique of Data Collection

To facilitate the collection of data needed in this research, several data collection techniques were carried out as follows:

a. Observation is a method that is carried out through direct observation at the research location. In this case, the Metro Palu water refills.
b. Interview, is a collection of data obtained through a direct interview process both to respondents/teachers and to the managers of Metro Palu water refills.
c. Questionnaire, is a collection of data obtained through several lists of statements or questions that are compiled and submitted to respondents who buy Metro Palu water refills.
d. Documentation is data collection carried out as a supporting source in the form of images or photographs.

### Population and Sampling Technique

According to Sugiyono (2016: 80) population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by researchers to be studied and then drawn conclusions. In this research, the population was 123 people, all customers of Metro Palu water refills station, the total population in this research was set as

123 people. Considering that the population is relatively small therefore the saturated sampling method was used. Saturated sampling is a sampling technique when all members of the population are used as samples (Sugiyono, 2016:85).

## Research Instrument Test

Testing of research instruments was carried out by testing the validity and reliability of each indicator and research variable through SPSS for Windows version 16.0. The research instrument testing is intended to see the research instrument on the independent variables, namely price, service, and promotion (X), as well as the dependent variable, namely the decision to buy back water products refilled by Metro Palu (Y). From the results of the validity and reliability tests, it can be seen whether the instrument is feasible or not for research use.

## RESULT AND DISCUSSION

## Result
## Classic assumption test

a. Normality test aims to test whether in a regression model, the dependent variable (bound), the independent variable (free) or both have a normal distribution or not. Ghozali (2011:161-162) suggests that to test a data is normally distributed or not, it can be known by using a normal p-plot graph. The basic provisions are, if the data spreads around the diagonal line and follows the direction of the diagonal line or histogram graph, the pattern is normally distributed, which means that the regression model meets the assumption of normality.

b. The multicollinearity test is intended to determine whether the independent variables are not correlated with each other or there is no significant relationship between the variables. A good regression model should not have a correlation between the independent variables. If there is a perfect or near perfect correlation between the independent variables, the regression analysis model cannot be used. Ghozali (2011: 105) argues that the guideline for a regression model that is free of multicollinearity is one that has a tolerance number above (>) 0.1 and has a VIF (variance inflation factor) value below (<) 10.

c. Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation. There are several ways to do a heteroscedasticity test, one of which is the plot graph test. Ghozali (2011:139) suggests that to find out whether there is a heteroscedasticity problem is through graphic media, if there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity.

## Multiple Linear Regression Analysis

To answer and prove the hypothesis that has been proposed in the research, namely, to determine the significant effect of the independent variable (X) consisting of price (X1), service (X2) and promotion (X3) have a positive influence on the dependent variable (Y), namely repurchase decisions of Metro Palu water refills. For more details, the results of the form of the equation will be described as follows:

a. The constanta value (a) of 7.369, it means that repurchase decisions of Metro Palu water refills before the independent variables (price, service, and promotion) is 7.369.

b. The value of X1 with a regression coefficient of 0,213, it means that there is a positive effect between the price and the decision to repurchase, so that if there is a change in price, there will be a change in the decision to repurchase the product.

c. The value of X2 with a regression coefficient of 0.232, it means that there is a positive effect between the waiter and the decision to repurchase, so that if there is a change in service, there will be a change in the decision to rebuy the product.

d. The value of X3 with a regression coefficient of 0.294 means that there is a positive effect between the promotion and the decision to repurchase, so that if there is a change in the promotion there will be a change in the decision to rebuy the product.

**Coefficient of Determination**

Based on the multiple linear regression recapitulation table, it can be seen the results of the analysis of the effect of independent variable (X) simultaneously on the dependent variable (Y), namely the effect of price, service and promotion on repurchase decisions of water refills of Metro Palu with a coefficient of determination R square of 0.386 This value means that the overall effect of the independent variables price, service, and promotion (X1, X2, and X3) on the dependent variable (Y), namely the decision to repurchase the product in this research is 38.60%, while the rest is 61.40% (100%-39%) influenced by other variables not included in the research.

The correlation coefficient (Multiple R) is intended to determine the level of closeness of the relationship between the overall independent variable (X) consisting of price, service, and promotion as well as the dependent variable (Y), namely the decision to repurchase the product of Metro Palu water refills. Based on the results of the processed data as seen in the multiple linear regression recapitulation table, it shows that the Multiple R value is 0.621 or 62.1%, which means it is in the strong category. As according to Sugiyono (2013), he argues that regarding the interpretation of the correlation coefficient, the following guidelines for the interpretation of the correlation coefficient can be seen as follows:

**Table. 2**
**Guidelines for Interpretation of Correlation Coefficients**

| No | Coefficient Interval | Level of Relationship |
|----|---------------------|----------------------|
| 1 | 0,000 - 0,199 | Very Low |
| 2 | 0,200 – 0,399 | Low |
| 3 | 0,400 – 0,599 | Moderate |
| 4 | 0,600 – 0,799 | Strong |
| 5 | 0,800 – 1,000 | Very Strong |

*Source: Sugiyono (2013)*

**Result of Testing Hypothesis**

1.  The results of testing the first hypothesis (F-Test)

The F test in this research is intended to determine whether all independent variables (X) simultaneously affect the dependent variable (Y). The results of the F-test in the multiple linear regression recapitulation show the value of Sig.F = 0.00 (<0.05). It can be stated that prices, services, and promotions simultaneously have a significant effect on the decision to repurchase products for refilling water of Metro Palu or in other words the hypothesis is accepted.

2.  The results of testing the second hypothesis (T-test)

The t-test in this research is intended to determine whether the price (X1) partially effect the decision to repurchase water refills products of Metro Palu. The results of the t-test in the multiple linear regression recapitulation table show the value of Sig.t = 0.006

(<0.05). It can be said that the price partially has a significant effect on repurchase decision of Metro Palu water refills or in other words the hypothesis is accepted.

3.   The results of testing the third hypothesis (t-test)

The t-test in this research is intended to determine whether the service (X2) partially effect the decision to repurchase water refills of Metro Palu. The results of the t-test in the multiple linear regression recapitulation table show the value of Sig.t = 0.06 (<0.05). It can be stated that the service has a significant effect on the decision to repurchase water refills of Metro Palu or in other words the hypothesis is accepted.

4.   The results of testing the fourth hypothesis (t-test)

The t-test in this research is intended to determine whether promotion (X3) is partially related to the decision to repurchase water refills products of Metro Palu. The results of the t-test in the multiple linear regression recapitulation table show the value of Sig.t = 0.000 (<0.05). It can be said that partially the promotion has a significant effect on the decision to repurchase water refills products of Metro Palu or in other words the hypothesis is accepted.

**Discussion**
**The effect of Price, Service, and Promotion on Repurchase Decision of Water Refills Product of Metro Palu**

Based on the analysis of the results of the regression test, it is known that the price, service, and promotion variables have a simultaneous effect on the decision to repurchase water refills products of Metro Palu. This generally shows that to increase repurchase decisions, the Metro Palu water refills station provides affordable prices. So that the decision to repurchase is increasing.

Good service is provided by the Metro Palu water refills station, such as being able to maximize service by delivering the water refills to the customer's place, therefore it can increase the customer's repurchase decision. Likewise, promotions such as the intense promotion given by the, the Metro Palu water refills station can encourage repurchase decisions.

Based on the results of the regression test analysis showed that price, service, and promotion had a significant effect on the decision to repurchase water refills products of Metro Palu. These results are in line with the research of Ekawati et al (2016) in their research entitled the effect of price and promotion on the decision to buy Aqua mineral water in Samarinda. The results showed that product, price, promotion on the decision to buy Aqua mineral water was positive and significant for the decision to purchase Aqua mineral water in Samarinda. In line with Benned's research (2018) in his research entitled the effect of product quality, service quality, price, location, on purchasing decisions for "blue brand" water refills. The results of the analysis using multiple linear regression models, the calculation results obtained that the variables of product quality, service quality, price, location, on purchasing decisions on "blue brand" water refills have a significant effect on purchasing decisions.

This is in line with the research of Turmono and Fairuz (2020) in their research entitled the effect of promotion, price, and service on purchasing decisions on the Tiki Tegal Parang A258p Jakarta. The result of data analysis using SPSS 23 software data processing tools shows that the three independent variables, namely promotion, price, and service, partially have a positive and significant effect on the purchasing decision variable.

**The Effect of Price on the decision to repurchase water refills products of Metro Palu**

Based on the results of the regression test analysis, the price has a significant effect on the decision to repurchase water refills products of Metro Palu. This result means that the more

affordable the price of refill drinking water of Metro Palu is, the higher the decision to repurchase. Affordable prices with good product quality provided by the Metro Palu water refills sation will increase consumers repurchase decisions.

Descriptive analysis shows that customers have a good response to the price of refillable drinking water of Metro Palu. Setting a price that is too high tends to create a feeling of not interested to repurchase. Therefore, in setting a price, it must be analyzed first to find the appropriate price for a product. According to Hume and Mort (2008) that perception of price is a determinant of customer satisfaction.

These results are in line with the research of Ekawati et al (2016) in their research entitled the effect of price and promotion on the decision to buy Aqua mineral water in Samarinda. The results showed that the product, price, promotion of the decision to buy mineral water brand aqua positive and significant to the decision to buy mineral water brand aqua in Samarinda. In line with the research of Mongi et al (2013) in his research entitled the influence of product quality, promotional strategies, and prices on purchasing decisions for Telkomsel Simpati Cards in Manado City. The results showed that there was a positive and significant influence between the variables of product quality, promotion strategy, and price on the decision to purchase Telkomsel Simpati Cards in Manado. Price is the variable that has the dominant influence on consumer purchasing decisions for Simpati card products.

This is in line with research by Lubis (2015) in his research entitled The effect of price and product quality on purchasing decisions for newspapers at PT. Suara Barisan Hijau Harian Orbit Medan. From the results of a simple correlation, it is known that there is an influence of price on purchasing decisions at PT. Suara Barisan Hijau Harian Orbit Medan, where r-counted is 0.332.

**The Effect of Service on the decision to repurchase water refills products of Metro Palu**

Based on the results of the regression test analysis, the service has a significant effect on the decision to repurchase. This result means that the better the service provided by the station of water refills, the higher the level of decision to repurchase. An employee realizes that working well and having a good relationship with customers will give customers confidence and comfort so that customers are more likely to come back to buy.

Creating trust in customers is by providing good and fast service, so that customers feel satisfied and will repurchase again. To make customers decide to repurchase water refills station of Metro Palu, the station is obliged to provide good service to customers. According to Tjiptono, (2008:85) Service quality is a measure of how well the level of service provided can meet consumer expectations.

The results of this research were in line with the research of Kudo (2013) in his research entitled the effect of price, product quality and service quality on the purchase decision of the Toyota Avanza. The results showed that price, product quality and service quality simultaneously or partially had a significant effect on purchasing decisions.

The results of Faroh's research (2017) in his research entitled the effect of analyzing the influence of price, promotion, and service on purchasing decisions "online marketing studies through the facebook social network "Face Care"). The results of simple regression analysis showed that price had a positive and significant effect on purchasing decisions by 19%. While the results of Sholihat's research (2018) in her research entitled the influence of sales promotion and service quality on purchasing decisions at Krema Koffie. The results indicated that sales promotion and service quality had a positive and significant effect on purchasing decisions at Krema Koffie. Service quality partially has a significance value of 0.000 with a t-counted was 7.075.

**The Effect of Promotion on the decision to repurchase water refills products of Metro Palu**

Based on the results of the regression test analysis, promotion has a significant effect on repurchase decisions. This result means that the better the promotion given by the refill drinking water depot, the higher the level of decision to repurchase. The water refilling station of Metro Palu often carries out promotions because promotions play an important role in attracting customers to repurchase and can be preferred over other similar products.

Promotion is an effort to notify or offer products or services with the aim of attracting potential consumers to buy. Promotion is an important factor for consumers that drives the decision to repurchase.

Promotion is a key factor in repurchase decisions, as found in previous studies. Aristo (2016) in his research entitled the effect of product, price, and promotion on consumer purchasing decisions of Woles Chips. The results revealed that there was a significant influence between product, price, and promotion on consumer purchasing decisions of Woles Chips. Mongi et al (2013) in the research results show that there is a positive and significant influence between product quality, promotional strategies, and price variables on the decision to purchase Telkomsel Simpati Card in Manado City.

The results of this study are not in line with the research of Ramadhani and Panglipurningrum (2021) the effect of product, price, and promotion on the decision to buy instant noodles of Indomie brand in Kemiri Village, Kebakkramat Sub-district, Karanganyar Regency. The results showed that the promotion variable had no significant effect on purchasing decisions.

## CONCLUSIONS

Based on the results and discussion of the research above, the writers can draw some conclusions as follows:

1. Price, service, and promotion simultaneously have a significant effect on repurchasing decision of water refills product of Metro Palu.
2. Price has a significant effect on repurchasing decision of water refills product of Metro Palu.
3. Service has a significant effect on repurchasing decision of water refills product of Metro Palu.
4. Promotion has a significant effect on repurchasing decision of water refills product of Metro Palu.

## REFERENCES

Aristo, Stephanus Felix. 2016. *Pengaruh Produk, Harga, Dan Promosi Terhadap Keputusan Pembelian Konsumen Woles Chips*.

Benned, Meikol. 2018. *Pengaruh Kualitas Produk, Kualitas Pelayanan, Harga, Lokasi, Terhadap Keputusan Pembelian Pada Air Minum Isi Ulang "MERK BIRU" (Studi Kasus Pada Masyarakat Komplek Pelindo II Dan Sekitarnya di Kecamatan Rawabadak, Koja, Jakarta Utara).*

Ekawati, Lili., H. Eddy Soegiarto dan Eka Yudhyani. 2016. *Pengaruh Harga Dan Promosi Terhadap Keputusan Membeli Air Mineral Aqua Di Samarinda.*

Effiyaldi. "*Percayakah Masyarakat pada Air Minum Isi Ulang*". Benefita. 2016: 112.

Fasochah dan Harnoto. 2013. *Analisis Pengaruh Kepercayaan dan Kualitas Layanan terhadap Loyalitas Pelanggan dengan Kepuasan Konsumen sebagai Variabel Mediasi* (Studi pada RS Darul Istiqoma Kaliwangu Kendal). Jurnal Ekonomi Manajemen Akuntansi No.34 Th. XX

Faroh, Wahyu Nurul. 2017. *Analisa pengaruh harga, promosi, dan pelayanan terhadap keputusan pembelian "studi pemasaran online melalui jejaring sosial facebook "perawatan wajah")*

Ghozali, Imam. 2011. "*Aplikasi Analisis Multivariate Dengan Program SPSS*". Semarang: Badan Penerbit Universitas Diponegoro.

Lubis, Akrim Ashal. 2015. *Pengaruh harga dan kualitas produk terhadap keputusan pembelian surat kabar pada PT. Suara Barisan Hijau Harian Orbit Medan.*

Maulana, adesyarief 2016. *Pengaruh Kualitas Pelayanan dan harga terhadap kepuasan pelanggan PT. TOI*

Mongi, Lidya dkk., Lisbeth Mananeke dan Agusta Repi. 2013 *Kualitas Produk, Strategi Promosi Dan Harga Pengaruhnya Terhadap Keputusan Pembelian Kartu Simpati Telkomsel Di Kota Manado.*

Sandria, Riky. "*Pengaruh Kualitas Produk dan Kualitas Pelayanan terhadap Kepuasan Konsumen Di Depot Air Minum Isi Ulang Anugerah Pagi Di Desa Payung Kecamatan Payung*". Jurnal Progresif Manajemen Bisnis. 2019: 260-267.

Sholihat, Apriwati. 2018, *Pengaruh Promosi penjualan dan Kualitas pelayanan terhadap keputusan pembelian di Krema Koffie, Journal of Management FISIP* Volume 5, Nomor.1

Sugiyono. 2016. *Metode Penelitian Kuantitatif, Kualitatif dan RdanD*. Bandung: PT Alfabet.

Sugiyono. 2013. Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan RdanD. Bandung: Alfabeta.

Suryana, Popo dan E. S. Dasuki. 2013. "*Analisis Faktor yang Mempengaruhi Keputusan Pembelian dan Implikasinya pada Minat Beli Ulang*". Trikonomika Vol. 12 No. 2 Hal. 190–200, Desember 2013.

Tjiptono, Fandy. 2008. *Strategi Pemasaran*, Edisi 3, ANDI: Yogyakarta

Tjiptono, Fandy. 2008. *Strategi Pemasaran*, Edisi 3, ANDI: Yogyakarta

Tjiptono, Fandy. 2008. *Strategi Pemasaran*, Edisi 3, ANDI: Yogyakarta

Wahyuningsih. 2020. Perilaku Konsumen. Yogyakarta: Penerbit Deepublish