# The Effect of Marketing Mix on Purchase Intention in the Home Appliance Industry in West Java

**Dyah Puspita Sari[1], Prawira Fajarindra Belgiawan[2]**
**Master of Business Administration, School of Business and Management, Institut Teknologi Bandung**
**Email: [1] dyah_puspita@sbm-itb.ac.id, [2] fajar.belgiawan@sbm-itb.ac.id**

**ABSTRACT**

The purpose of this research is to discover what factors influence someone's decision to purchase home equipment. In this study, a discussion was held about the effect of the 4P marketing mix elements on purchase intention. The product, the price, the place, and the promotion are the four marketing aspects that will be discussed in this paper. The respondents in this study were 234 people who met the requirements of being of productive age, living in West Java, and having a fixed income. SEM-PLS was used to analyze the data, and the results revealed that just three variables from the marketing mix affected customer purchase intention in the home appliances industry. Product, price, and promotion are the variables that influence purchase intention; however, place has no effect. The company can pay attention to these three variables while designing strategies to improve market competition.

## INTRODUCTION

Household requirements are appliances that are utilized in daily life. Home appliance companies sell these appliances directly to consumers. To compete with competition, home appliance firms must improve the quality of their products and expand their market share as technology advances. The increasing number of home appliance companies in Indonesia has heightened competitiveness in this area. As a result, organizations in this field must emphasize developing competitive advantages that can only be owned by the company as a competitive value in the market. To overcome the rivalry in their industries, business owners must be able to establish their techniques and plans, as business competition is becoming increasingly tough. This strategy can be used to build competitive advantages by optimizing the value of internal variables and analyzing the state of the company's external elements. It can exploit market opportunities and strengthen its ability to compete in the market by building a competitive edge as a strategic enterprise. (Farida & Setiawan, 2022).

According to the product life cycle hypothesis, there are four stages in recognizing the changes that a product undergoes from the moment it is introduced to the market until it is

eventually withdrawn from the market (Tjiptono, 2008). Introduction, growth, maturity, and decline are the four stages. This company's situation has progressed to the maturity level. Product marketing's target market circumstances have reached saturation, defined by relatively unchanging revenue and variable sales. Current sales may put the company in danger if those problems are not addressed and resolved quickly.

Sales of home appliance products which have a long turnaround mean that companies in this industry must continue to innovate to maintain their sales so that they do not experience problems or declines. In carrying out business processes, a company needs to pay attention to the marketing mix to achieve success in selling its products. A marketing mix is a combination of several variables that a company uses to influence consumer reactions to the products it offers. There are four main variables in the marketing mix that companies need to pay attention to, namely product, price, place and promotion. By paying attention to these 4 variables, the company can increase the competitiveness of home appliance products in the market and remain relevant amidst intense competition. The level of success of implementing the marketing mix also influences consumer purchase intention towards a product. Therefore, research needs to be carried out regarding the relationship between marketing mix variables and purchase intention that occurs in the home appliance industry.

## LITERATURE REVIEW

### Marketing Mix

Global competition is increasing, forcing organizations to constantly adapt to changing conditions. In order to solve this, firms must broaden their role in the marketing process to increase firm sales. Companies can influence the behavior of their target buyers by adjusting marketing mix elements such as product, price, place, and promotion (Farid et al, 2023). Marketers employ a variety of tactics in order to elicit the desired responses from their target markets. These tools are referred to as a marketing mix. The marketing mix is the collection of marketing instruments that a company employs to achieve its marketing objectives in the target market. Marketing mix selections must be made in order to affect both the trade channels and the final consumers. In general, the firm's price, sales force size, and advertising expenditures can be changed in the near run. However, it can only develop new items and change its distribution methods over time. As a result, in the short run, the firm often makes fewer period-to-period marketing mix changes than the number of marketing mix decision variables would suggest (Kotler, 1999).

### Purchase Intention

Customer desire to purchase; if this desire exists, a choice to purchase is made. Persons who have the possibility, will, intend, or are willing to acquire a product or service in the future are said to have purchase intention. This increase in purchasing intent translates into a higher likelihood of purchase. (Schiffman and Kanuk, 2007; Dodds et al., 1991). Purchase intention can be defined as a buyer's intention to buy a specific brand or a decision-making process in which a consumer has created an attraction to act toward a brand. (Wells, Valacich, & Hess, 2011). Purchase intention can also be used by researchers to examine customer behavior. Consumers that have a positive purchase intention are committed to a brand, demonstrating that the brand is nice and beneficial. Customers are motivated to buy because of this (Schiffman and Kanuk, 2007).

### Hypothesis Development
a.  Product for Purchase Intention

The primary component for success in internet marketing is the product's distinctiveness, which may easily make the product the subject of conversation, draw the benefits of word of mouth or storytelling marketing, and drive customer attention (Glanz, et. Al, 2012). Product is the producer's subjective concept of anything that may be offered in an effort to achieve organizational goals through customer fulfillment and demands, in accordance with the organization's competence and capacity, as well as the market's purchasing power. Anything that can be offered to meet needs and desires is referred to be a product (Octari & Zen, 2018).  Based on the above discussion, H1 determined that the product of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.

b.  Price for Purchase Intention
Price limitations are especially important in defining the value or benefits that may be supplied to the consumer, as well as in determining the company's profitability through profit per unit sold. (Octari & Zen, 2018). Pricing has a substantial impact on revenue and net profit for the organization. Furthermore, competitive price for a product will generate a competitive edge in the eyes of consumers. Price is the only component of the income-generating marketing mix; all other components indicate expense. If the price is reasonable and proportionate to the utility of the provided goods, it has a positive effect on the purchasing decision. Companies use promotions to induce customers to buy a specific brand and to encourage salespeople to actively push it. (Limpo, Rahim, & Hamzah, 2018). Based on the discussion above, H2 determined that the price of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.

c.  Place for Purchase Intention
The location where clients buy a product sold by the company is referred to as the place. The location functions as a hub for the delivery of the company's products to customers. When a customer meets a seller in a location, a transaction takes place to offer the value that the customer desires from a product owned by the company (Limpo, Rahim, & Hamzah, 2018). The question addressed by the place of marketing mix is where enterprises should promote their products. Place strategies are classified into three types: exclusive, selective, and intensive. Exclusive implies fewer outlets and only offering one brand. Selective marketing is a middle approach in which things are sold at selected locations that may or may not be within the business. The intense strategy implies that products are visible and accessible everywhere, and it is most typically employed by low-price/high-volume strategies (Parment, 2008). According to (McDaniel, Lamb, & Hair, 2011), to order to sell a product, the corporation must be in the right place at the right moment. Prospective clients who buy a product are aided not only by product quality, appealing promotions, and loyalty programs but also by the finest location. Based on the discussion above, H3 determined that the place of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.

d.  Promotion for Purchase Intention
According to Octari and Zen (2018), Establishing and maintaining integrated promotional programs, as well as selecting the most effective tactics, is a critical advertising duty. Promotion entails communicating with and encouraging potential customers to purchase something by learning about their wants and needs. Advertising, promotional events, personal selling, and other promotional activities are examples of promotional activities. All of these factors interact to guarantee that the promotion mix meets the marketing objectives. In consumer marketing, promotional actions may become insignificant if consumers are skeptical of the promotional activity. Consumers must be aware of and apply promotional strategies that motivate their purchasing intention to be effective in promotional techniques (Farid, M. S. et al., 2023). Based on the discussion above, H4 determined that the promotion

of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.

The conceptual framework, derived from previous literature is showed in Figure 1 below.

**Figure 1 Conceptual Framework**
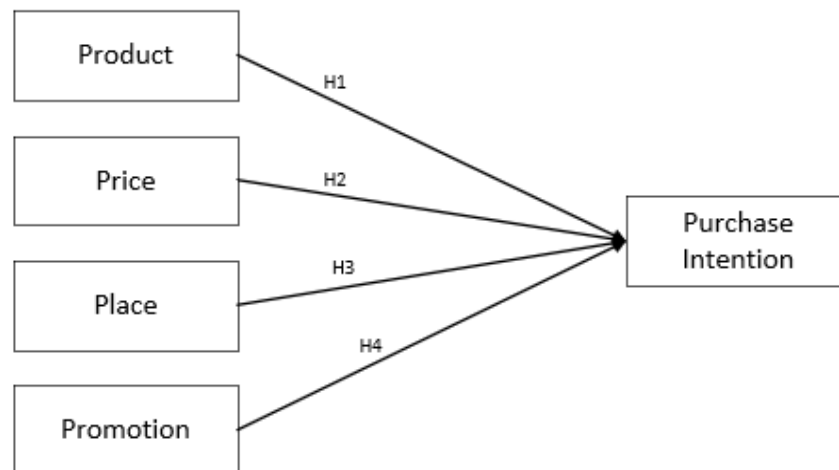


## METHODS

The distribution of online surveys created using a quantitative approach is part of the data collection process. Following data collection, the minimum sample size for problem-solving research was 200 participants who responded (Malhotra, 2017). Respondents in this study were persons of productive age who live in West Java and have a fixed income. Data processing was carried out using SEM-PLS once the data was gathered.

SEM techniques are ideal for identifying critical components, testing complex hypothetical correlations, and measuring the strength of links between elements. These methodologies can be used by researchers to investigate the net impact of predictor factors on the outcome variable using a structured model with a high number of items and constructs (Sukhov et al., 2023). SEM is well-established in marketing research as a tool for estimating (complex) models containing connections and chains of effects between theoretical constructs that cannot be directly observed (Guenther et al., 2023). SEM-PLS (Structural Equation Modeling Partial Least Squares) is an approach based on ordinary least squares (OLS) regressions that makes fewer assumptions regarding data distribution (Hair et al., 2021).

## RESULTS
### Measurement Model Analysis

During the evaluation phase, the validity of each variable is critically assessed in terms of convergence and discrimination. Outer Loading and Average Variance Extracted (AVE) testing are used to demonstrate that the indicator or measurement accurately represents the construct under consideration. Following that, a reliability test is run to determine how consistent the variable measurements are in producing consistent results.

The model formed to determine the relationship between marketing mix and purchase intention is shown in Figure 2 below.

**Figure 2 Model Marketing Mix affected to Purchase Intention**
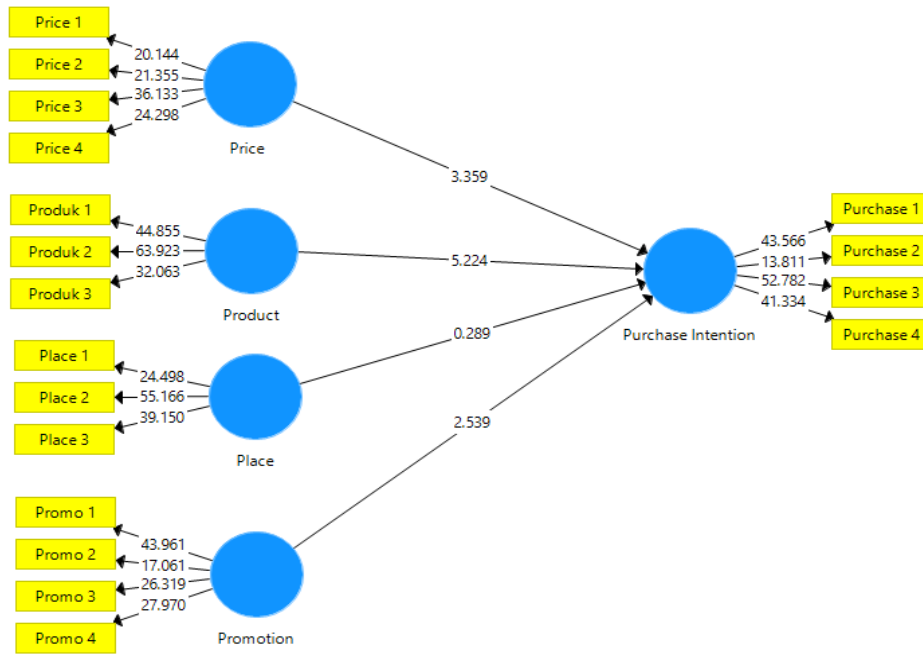


These stages ensure that each variable included in the research has strong and dependable validity and that the model utilized is relevant to the data's features.

a. Outer Loadings

The outside loadings of questionnaire items are examined as part of the initial model evaluation. As stated by Hair et al. (1998), if the outside loadings of indicators surpass 0.5, they are regarded as legitimate. Following analysis, certain items had outer loadings that were less than the minimum limit, suggesting an inability to forecast the variable.

**Table 1 Outer Loadings Value from the Model**

|  | Place | Price | Product | Promotion | Purchase Intention |
|---|---|---|---|---|---|
| Place 1 | 0.836 |  |  |  |  |
| Place 2 | 0.906 |  |  |  |  |
| Place 3 | 0.898 |  |  |  |  |
| Price 1 |  | 0.795 |  |  |  |
| Price 2 |  | 0.821 |  |  |  |
| Price 3 |  | 0.847 |  |  |  |
| Price 4 |  | 0.778 |  |  |  |
| Product 1 |  |  | 0.879 |  |  |
| Product 2 |  |  | 0.912 |  |  |
| Product 3 |  |  | 0.833 |  |  |
| Promotion 1 |  |  |  | 0.870 |  |
| Promotion 2 |  |  |  | 0.811 |  |
| Promotion 3 |  |  |  | 0.857 |  |
| Promotion 4 |  |  |  | 0.827 |  |
| Purchase Intention 1 |  |  |  |  | 0.850 |
| Purchase Intention 2 |  |  |  |  | 0.700 |
| Purchase Intention 3 |  |  |  |  | 0.901 |
| Purchase Intention 4 |  |  |  |  | 0.878 |

b.  Average Variance Extracted (AVE)
    The next step is to compute the Average Variance Extracted (AVE) for the variables in the updated measurement model. The requirements for proving convergent validity require that the AVE for the items be greater than 0.5 (Hair et al., 1998).

**Table 2 Average Variance Extracted (AVE) Value from The Model**

| Average Variance Extracted (AVE) | |
|---|---|
| Place | 0.776 |
| Price | 0.657 |
| Product | 0.766 |
| Promotion | 0.708 |
| Purchase Intention | 0.699 |

The Average Variant Extracted (AVE) for each variable was greater than 0.5, indicating that the five variables examined in this study were valid, according to the results of the validity test performed on the variables assessed using SEM-PLS.

c.  Reliability Test
    The model's reliability evaluation meets the minimum requirement. Cronbach's alpha levels between 0.42 and 0.60 are considered somewhat reliable, while values between 0.61 and 0.80 are deemed dependable, and values between 0.81 and 1.0 are considered highly reliable (Dahlan, 2014). Moreover, when the composite reliability exceeds 0.7, as established the items are considered reliable (Nunnally, 1967).

**Table 3 Reliability Test**

| Cronbach's Alpha | |
|---|---|
| Place | 0.855 |
| Price | 0.826 |
| Product | 0.847 |
| Promotion | 0.864 |
| Purchase Intention | 0.854 |

Based on the reliability test results for the variables tested using SEM-PLS, the Cronbach's Alpha value for each variable was greater than 0.7, indicating that the five variables examined in this study were reliable.

**Structure Model Analysis**
According to the measurement model analysis, all variables met the stated validity and reliability criteria. All variables in the new measurement model met the validity and reliability requirements in the measurement model analysis. The research then moved on to the structural model to look at path coefficients and their p-values. To establish the level of significance between variables, the study used basic bootstrapping with 234 subsamples, a two-tail test, and a 95% significance level.

SEM PLS analysis is used to test hypotheses and determine which variables influence the purchasing intentions of potential customers who will purchase products from the company. This method is used to determine whether the influence generated in the activity of deciding to acquire a product is a positive or negative relationship. Before beginning the analysis, the following hypothesis has been developed from each variable that will be investigated.

H1: The product of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.
H2: The price of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.
H3: The place of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.
H4: The promotion of the marketing mix has a positive and significant effect on customer purchasing intentions in the home appliances industry.

The alternative hypothesis of the four hypotheses is that each variable in the marketing mix has an insignificant positive influence on prospective customers' purchase intentions in the home appliance business. Table 4 displays the results of hypothesis testing using SEM PLS.

**Table 4 Result of the Relationship Between Variables**

|  | Original Sample (O) | P Values |
|---|---|---|
| Product -> Purchase Intention | 0.397 | 0.000 |
| Price -> Purchase Intention | 0.270 | 0.001 |
| Place -> Purchase Intention | -0.019 | **0.772** |
| Promotion -> Purchase Intention | 0.149 | 0.011 |

According to the findings of the bootstrapping tools, only three of the four marketing mix factors examined (product, price, place, and promotion) have a positive and significant association, namely product, price, and promotion. An accepted hypothesis is one that has a P-value that is less than the degree of error in this study. The margin of error in this study is 5%. As a result, based on the designed hypothesis, H3 is rejected because the P-value of this hypothesis is greater than the error value, 0.772. As a result, the variable place does not match the hypothesis criterion since it has a negative influence and does not influence purchase intention.

## DISCUSSION
### Product and Purchase Intention
There is a positive and substantial association that affects these variables based on the findings of assessing the relationship between product variables and purchase intention. This is indicated by the Original Sample (O) value of 0.397 and P-values of 0.000. When all other factors are held constant, the product gives an increase in contribution value of 0.397 to purchase intention. Customers who buy things will pay attention to the products they buy, which supports this scenario.

The product is the most important part of purchasing operations. Customers who require things to help them with their daily cooking operations will buy from the company. Buyers will pay attention to the quality aspects given by a product during the purchasing process. buyer satisfaction with purchasing is altered when the quality of a product fits the wants and desires of the buyer. The product purchases will improve the Company's sales and the spending power of the general public in terms of home appliances.

### Price and Purchase Intention
There is a positive and substantial association that affects this variable based on the results of examining the relationship between the price variable and purchase intention. This is indicated by the Original Sample (O) value of 0.270 and P-values of 0.001. When all other variables are held constant, this original sample value indicates that price adds an increase of 0.270 to buy intention.

This condition is reinforced by the fact that the Company's products have price elasticity in the market segment currently being examined. When a company's price can compete with competitors, buyers are more likely to acquire the goods since they pay attention to the price they pay. The more the company gives pricing that are compatible and relevant to the product facilities supplied to clients, the more customers will be influenced to acquire a product. When the price is competitive in the market, purchasers can choose whether to buy the company's product or a competitor's goods.

**Place and Purchase Intention**

The findings of examining the association between the place variable and buy intention show a negative and negligible relationship, indicating that this variable does not influence the purchase intention variable. The Original Sample (O) value of -0.019 and P Values of 0.772 indicate this. According to the original sample value, the place has a negative contribution value of 0.019 to buy intention, however, this value is not significant. This indicates that when all other variables remain constant, each price variable reduces the value of the purchasing intention variable. However, because this variable does not influence in terms of appraising significance, the value of changes that occur in place will not affect purchase intention. As a result, it is possible to conclude that location does not affect purchasing intention.

These results are in line with research conducted by Karunarathna et al. (2020) regarding The relationship between green marketing mix and green purchasing intention was discovered to be unrelated to purchase intention. According to prior study, actual situations reveal that clients who buy things do not pay attention to the channel or technique of acquisition. Customers will be able to receive the products sold based on their preferred location. As a result, the company can continue to conduct systematic sales using the same manner as before, because buyers are unconcerned about this. This company's sales strength is direct selling, which must be maintained because the location has little effect on buy intent. Changes and route development can be done in its development to discover the most effective path to reduce operational costs.

**Promotion and Purchase Intention**

There is a positive and substantial association that affects these variables based on the findings of assessing the relationship between promotion variables and purchase intention. The Original Sample (O) value of 0.149 and P Values of 0.011 indicate this. When all other factors are held constant, this original sample value indicates that promotion increases the contribution value to purchase intention by 0.149.

This condition is reinforced by the fact that companies' promotional actions in selling products influence purchase intention. Promoting a product is a key aspect that seeks to improve consumer knowledge, interest, and purchasing intentions. This corresponds to customer interest in the company's product promotions. The more effective and appealing the company's promotions are to potential customers, the greater the consumer's interest and intent to purchase the goods. Consumers' interest in purchasing will be piqued by advertising stimuli that are more valuable and give them benefits.

**CONCLUSION**

Based on the above analysis it can be concluded that: in purchasing a home appliances product, a potential customer will pay attention to several aspects, namely the type of product being marketed, the price of the product, and the promotions given by the company in marketing the product. Meanwhile, the place does not influence customers' desires to purchase products in the home appliances industry.

## Suggestion

In marketing products, companies operating in the home appliances industry need to consider several key aspects such as the products offered, pricing, and promotional strategies to attract interest and meet the needs of potential customers. The products offered by the company should be designed and developed taking into account the value and benefits for customers. This product is expected to facilitate and support customers' daily activities, especially in managing household affairs such as cooking. Therefore, the products produced by the company need to have useful features and functions and suit the preferences of the company's target market. Apart from products, pricing is also a key factor in marketing household equipment products. Prices are set at a competitive and reasonable level to match the quality and benefits of the product itself. Affordable prices with good value can increase product competitiveness in the market. A promotional strategy that is right on target is also needed to educate and attract customers' buying interest. Promotions can take the form of advertisements in various media, discount programs, product bonuses, and so on. With effective and attractive promotions, customers' chances of making a purchase are even higher. With a good combination of product, price and promotion, companies in the household appliances industry can develop optimal marketing strategies to introduce and sell their various products to the target market.

## REFERENCES

Dahlan, M. S., 2014, Statistik untuk kedokteran dan kesehatan, Seri 1, Edisi 6, Epidemiologi Indonesia, Jakarta, 224

Dodds, W.B., Monroe K.B., Grewal, D. (1991) Effect of price, brand, and store information on buyers product evaluation. Journal of Marketing Research, 28(3), pp.307-319.

Farid, Md. S., Cavicchi, A., Rahman, Md. M., Barua, S., Ethen, D. Z., Happy, F. A., Rasheduzzaman, Md., Sharma, D., & Alam, M. J. (2023). Assessment of marketing mix associated with consumer's purchase intention of dairy products in Bangladesh: Application of an extended theory of planned behavior. Heliyon, 9(6), e16657. https://doi.org/10.1016/j.heliyon.2023.e16657

Farida, I., & Setiawan, D. (2022). Business Strategies and Competitive Advantage: The Role of Performance and Innovation. *Journal of Open Innovation: Technology, Market, and Complexity, 8*(1), 163. doi:https://doi.org/10.3390/joitmc8030163

Glanz K, Bader MD, Iyer S. Retail grocery store marketing strategies and obesity: an integrative review. Am J Prev Med. 2012 May;42(5):503-12. doi: 10.1016/j.amepre.2012.01.013. PMID: 22516491.

Guenther, P., Guenther, M., Ringle, C. M., Zaefarian, G., & Cartwright, S. (2023). Improving PLS-SEM use for business marketing research. Industrial Marketing Management, 111, 127–142. https://doi.org/10.1016/j.indmarman.2023.03.010

Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). Multivariate data analysis 5th ed. New Jersey, NJ: Printice-Hall

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). An Introduction to Structural Equation Modeling (pp. 1–29). https://doi.org/10.1007/978-3-030-80519-7_1

Karunarathna, A. K. P., Bandara, V. K., Silva, A. S. T., & De Mel, W. D. H. (2020). Impact of green marketing mix on customers' green purchasing intention with special reference to Sri Lankan supermarkets. http://dx.doi.org/10.13140/RG.2.2.25067.77606

Limpo , L., Rahim , A., & Hamzah . (2018). Effect of Product Quality, Price, and Promotion to Purchase Decision. *International Journal on Advanced Science, Education, and Religion , 1*(1), 9-22. Diambil kembali dari https://doi.org/10.33648/ijoaser.v1i1.2

McDaniel, C., Lamb, C. W., & Hair , J. F. (2011). *Introduction to Marketing 11th Edition South-Western* . Cengage Learning .

Nunnally, Jum C. (1967), Psychometric Theory, 1 st ed., New York: McGraw-Hill

Octari, R., & Zen, N. (2018). The Impact Of Marketing Mix Strategy On Consumers Decision To Buy On Credit At PT. Fifgroup Spektra Medan Branch. *European Journal of Business and Management* , 57-63.

Parment, A. (2008). Distribution strategies for volume and premium brands in highly competitive consumer markets. *Journal of Retailing and Consumer Services, 15*(4), 250-265.

Schiffman, L.G., Kanuk, LL. (2007). Consumer Behaviour, 9thed. Prentice-Hall Inc, NJ.

Sukhov, A., Friman, M., & Olsson, L. E. (2023). Unlocking potential: An integrated approach using PLS-SEM, NCA, and fsQCA for informed decision making. Journal of Retailing and Consumer Services, 74, 103424. https://doi.org/10.1016/j.jretconser.2023.103424

Tjiptono, Fandy. 2008 .Strategi Pemasaran, Edisi III, Yogyakarta : CV. Andi Offset

Kotler, P. (1999) Marketing Management: Analysis, Planning, Implementation and Control. 9th Edition, Prentice Hall College Inc.

Wells, J.D., Valacich, J.S., & Hess, T.J. (2011). What Signals Are You Sending? How Website Quality Influences Perceptions of Product Quality and Purchase Intentions. *MIS Q., 35*, 373-396.