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## **The Influence of Price, Promotion and Service on Purchasing Decisions (Loans) at Cooperatives Savings and Loan Cooperativetriaaji Mandiri City Kediri**

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### ***Abstract:***

*The development of the Cooperative economy in Indonesia was increasingly advanced in various institutions, namely bank and non-bank institutions. Borrowing is a financial institution that offers services where savings and loan cooperatives must carry out promotional strategies on the products they offer. Tri Aji Mandiri Savings and Loan Cooperative was one of the individual/private savings and loan cooperatives whose activities offer services. Triaji Mandiri Cooperative, which was founded on 23 March 2010. This study aims to determine the effect of price, the effect of promotion, and the effect of service services on purchasing decisions at KSP Triaji Mandiri Kediri City. The research approach used was quantitative. Based on the results of the analysis and research that has been done, promotion has a partial effect on purchasing decisions (loans), which means that promotion has a significant effect on purchasing decisions (loans) for KSP Tri Aji Mandiri savings and loan cooperatives. Promotional activities in cooperatives are the most critical part because promotion is a process that can build relationships with cooperative members and foster value for members.*

**Keywords:** Cooperative, KSP Tri Aji Mandiri, Loan, Service Foundation, Promotion

## **1. Introduction**

The development of the cooperative economy in Indonesia is increasingly advanced in various institutions, namely bank and non-bank institutions, which also serve as financial intermediaries, supporting the smooth running of the country's economy. The existence of savings and loan cooperatives in Indonesia has a vital role in the national economy. Based on Article 1, paragraph (1) of Law Number 25 of 1992 concerning Cooperatives, "Cooperatives are business entities consisting of individuals or cooperative legal entities based on the principle of kinship."

Savings and loan cooperatives are financial institutions that offer services, and these cooperatives must carry out promotional strategies for the products they offer to

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increase the interest of prospective customers or members. They also pay close attention to the services provided to customers and prospective customers, as the quality of service significantly influences the fulfillment of their needs and the satisfaction of the members.

KSP Tri Aji Mandiri Savings and Loan Cooperative, established on 23 March 2010, is one of the individual/private savings and loan cooperatives that offers various services. It aims to help the community and continuously innovate in providing pricing, promotion strategies, and services to influence purchasing decisions and attract new members.

Despite the crucial role of cooperatives in Indonesia's economy, there is a noticeable gap in the effective implementation of promotional strategies and service quality among savings and loan cooperatives. Previous research has predominantly focused on the operational aspects and financial performance of cooperatives, but there is limited empirical evidence on how promotional strategies and service quality impact customer satisfaction and decision-making. This research gap highlights the need for a more nuanced understanding of these factors within the context of Indonesian cooperatives.

The novelty of this research lies in its focus on the specific strategies used by KSP Tri Aji Mandiri and their impact on customer satisfaction and membership growth. By employing a multiple linear regression analysis, this study aims to provide a comprehensive analysis of the relationship between promotional strategies, service quality, and customer decision-making. This approach not only fills the existing research gap but also offers practical insights for cooperative managers to enhance their operational strategies and better meet the needs of their members.

## **2. Theoretical Background**

### **Marketing**

The company must pay attention to every marketing activity that will be carried out and it is good to do research, because marketing is an important thing in the company. "The term marketing in English is known as marketing. It could be said that the word marketing has been absorbed into our language, but it is also translated into the term marketing (Alma, 2004: 1)." According to (Kotler & Armstrong, 2008:6), Marketing is a process by which a company creates value for the company which aims to build strong relationships with customers which aims to capture value from customers in return, broadly defined marketing is a social and managerial process which seeks to obtain what is needed through the creation and exchange of value with others individually and organizationally. Meanwhile, according to (Baswir, 2013: 151) "marketing is a process carried out by a business to generate demand for the goods and services it produces."

**Marketing Management**

According to (Kotler & Armstrong, 2008: 10) "marketing management is the art and science of selecting a target market and building profitable relationships with that target market. In simple terms, marketing management is customer management and demand management. Meanwhile, according to (Alma, 2010: 5) "the definition of marketing management is a process of planning and setting prices, promoting and distributing ideas, implementing conceptions, goods and services to produce satisfactory exchanges and fulfill organizational and individual goals.

**Price**

"Price is the value or value of an item expressed in money." (Alma, 2004; 171), while according to (Kotler, & Keller, 2008: 67) translated by Bob Sabran, "price is one element of the marketing mix that will generate income, there are other elements, namely other elements that reflect costs." "Price is the amount of money charged for a product or service or the amount of value exchanged by customers to obtain benefits from owning or using a service." (Kotler&Armstrong, 2008:345) translated by Bob Sabran. From the definition above, it can be concluded that price is one of the measuring instruments or tools for measuring a system's influence on the economy. According to (Tjiptono, 2015:289) "accurate pricing is an important factor in determining a company's success in the short and long term". Meanwhile, according to (Alma, 2004: 171) "states that the determination of the selling price comes from the cost price of the goods." According to the definition above, it can be concluded that pricing is an important factor for companies in determining sales prices for goods or services.

**Promotion**

According to (Alma, 2004: 181) promotion is a type of communication that provides explanations that convince potential consumers about goods and services. Meanwhile, according to (Baswir, 2013: 152) promotion is an effort to convey product specification information, especially regarding the comparative advantages of a product, to potential consumers.

According to (Kotler & Armstrong, 2008:62) the promotional mix is a specific mixture of advertising, sales promotion, public relations, personal selling and direct tools that companies use to communicate customer value to communicate customer value from persuasive views and build customer relationships. Meanwhile, according to (Philip & Kotler, 2013:44) the definition of marketing strategy is a marketing mindset that will be used to achieve marketing goals, where there is a detailed strategy regarding the target market, positioning, marketing mix and budget for marketing.

**Services**

According to (Kotler & Armstrong, 2008:62) the promotional mix is a specific mixture of advertising, sales promotion, public relations, personal selling and direct tools that companies use to communicate customer value to communicate customer value from persuasive views and build customer relationships. Meanwhile, according to (Philip & Kotler, 2013:44) the definition of marketing strategy is a marketing

mindset that will be used to achieve marketing goals, where there is a detailed strategy regarding the target market, positioning, marketing mix and budget for marketing.

According to Tjiptono (2019:289) there are several indicators of service quality, including:

1. Physical Evidence (Tangibles)  
This includes physical facilities, equipment, employees and communication facilities.
2. Reliability, namely the ability to provide promised services promptly, accurately and satisfactorily.
3. Responsiveness, namely the desire of staff and employees to help customers and provide responsive service.
4. Guarantee (Assurance)  
Includes the knowledge, ability, courtesy and trustworthiness of staff, free from danger, risk or doubt.
5. Empathy (Empathy)  
Includes ease of relationships, good communication, personal attention, and understanding customer needs.

### **Buying decision**

According to Kotler and Armstrong (2008: 181), consumers' purchasing decisions are to buy the most preferred brand. Meanwhile, according to Kotler & Armstrong (2012:202), translated by A. B. Susanto, a purchasing decision can be interpreted as a decision taken by a prospective buyer regarding whether he will buy or not.

According to Kotler and Armstrong (1999:155) in Alma, B (2018:104) purchasing decision indicators are as follows:

1. Need Recognition  
In the introduction, someone feels a stimulus to buy something.
2. Information Search (Information Search)  
In searching for information about what you want to buy, model, etc.
3. Evaluation of Alternatives (Evaluation of Alternatives)  
In this case, consumers have different evaluations depending on the choice of product attributes.
4. Purchase Decision  
In this case, this is the step that must be taken after going through the steps above.
5. Post Purchase Behavior  
In this case, it is very much determined by the consumer's experience in consuming the product purchased.

### **3. Methodology**

The research approach used in this study is quantitative, grounded in the philosophy of positivism, aiming to examine specific populations or samples to test predetermined hypotheses. The research is conducted at the Triaji Mandiri Savings and Loan Cooperative in Kediri City. The sample size, derived from some KSP Tri

Aji Mandiri customers, was determined using the Slovin formula to ensure a representative subset of the population. To analyze the collected data, multiple linear regression analysis is employed, which models the relationship between a dependent variable, such as customer satisfaction or loan repayment success, and multiple independent variables, such as loan amount, interest rate, repayment period, and customer income. The steps for the regression analysis include data collection, preparation, assumption testing (linearity, multicollinearity, homoscedasticity, and normality of residuals), model estimation using statistical software, and model evaluation through R-squared, Adjusted R-squared values, F-tests, and t-tests. The results are then interpreted to understand the impact of each independent variable on the dependent variable, identifying significant predictors and providing actionable recommendations for the cooperative. This comprehensive approach enables the research to uncover meaningful relationships between variables and offers insights for improving the operations and decision-making processes of the Triaji Mandiri Savings and Loan Cooperative.

#### 4. Empirical Findings/Result

KSP Tri Aji Mandiri Kediri City was established on 23 March 2010 with legal entity 76/BH/XVI.31/2010. This cooperative is an institution that stands to improve the standard of living of the micro economy or society under an institution that aims. The establishment of Tri Aji Mandiri Kediri City Saving and Loan Cooperative is expected to help fulfil the funds needed in credit activities channelled to members and the community.

In this study, the respondents were weekly customers of KSP Triaji Mandiri Kediri City, totalling 93 customers. Description of the characteristics of respondents obtained in distributing questionnaires.

Discussion of the results of the distribution of this research questionnaire by categorising the average respondents' answers to each of the indicators of the questions that have been asked.

Discussion of the results of the distribution of this research questionnaire by categorising the average respondent's answer to each of the indicators of the questions that have been asked. To determine the category value for each independent variable (x) and the dependent variable (y), the formula for finding the class interval is as follows:

$$\text{Class Interval Value} = \frac{\text{highest value} - \text{lowest value}}{\text{number of class}}$$

$$\text{Class Interval Value} = \frac{5-1}{5} = 0,8$$

**Table 1. Descriptive Research Results**

Interval	Description	Value
4,6 < a > 5,00	Excellent	5
3,7 < a > 4,5	Good	4
2,8 < a > 3,6	Simply	3

$1,9 < a > 2,7$	Not good	2
$1,0 < a > 1,8$	Very unfavourable	1

Source: data processed 2023

The reliability test is helpful in determining whether the research instrument used, in this case, the questionnaire, can be used more than once or at least by the same respondents. Reliability calculation is a calculation of the consistency of questionnaire data using the Cronbach Alpha formula. The use of this formula is adjusted to the scoring technique carried out on each item in the instrument.

**Table 2. Inter-variable Reliability Test Results**

No.	Variables	Cronbach's Alpha	Decision
1	Price	0.652	Reliable
2	Promotion	0.890	Reliable
3	Services	0.846	Reliable
4	Purchase Decision	0.866	Reliable

The correlated item-total correlation value in an indicator to be declared reliable is at least 0.60. The following are the results of the reliability test of each variable.

## 5. Discussion

### The Effect of Price on Purchasing Decisions

The results of the t-test analysis of the price variable ( $X_1$ ) on purchasing decisions (Y) are rejected  $H_0$  or accept  $H_1$  because the value of Sig. = 0.021 < 0.05. that is, if the price increases, the purchase decision (loan) at the Triaji Mandiri Savings and Loan Cooperative in Kediri City will decrease. Therefore, price has a negative and significant effect on purchasing decisions. Price can show the brand quality of a product when consumers have the assumption that high prices usually have good quality. Price will be a fairly important consideration for consumers when deciding to purchase a product.

### The Effect of Promotion on Purchasing Decisions

The results of the t-test analysis of the promotion variable ( $X_2$ ) on purchasing decisions (Y) are rejected  $H_0$  or accept  $H_2$  because the value of Sig. = 0.000 < 0.05, that is, if the promotion increases, the purchase decision (loan) at the Triaji Mandiri Savings and Loan Cooperative in Kediri City will increase. The results of this study are in line with research conducted by Putri et al. (2022), where in their research, it is known that promotion partially has a positive and significant effect on decisions to use savings and loan cooperative services (p-value = 0.000 < 0.05).

The better the promotion, the easier the products offered will be recognised by cooperative members; this will have an impact on increasing the purchase of cooperative products in the form of loans.

### The Effect of Services on Purchasing Decisions

The results of the t-test analysis of service variables ( $X_3$ ) on purchasing decisions (Y) are rejected or accepted  $H_3$  because it has Sig. = 0.000 < 0.05, that is, if the service

increases, the purchase decision (loan) at the Triaji Mandiri Savings and Loan Cooperative in Kediri City will also increase. Therefore, it can be concluded that service services have a positive and significant effect on purchasing decisions.

In terms of service quality, the core of the discussion is related to the satisfaction of service recipients. The satisfaction felt by the service recipient can only be achieved with high-quality service. Good service quality will create cooperative member satisfaction, which can affect the intensity of their visits on subsequent occasions. When cooperative members are satisfied, the chances of making a purchase (loan) will be greater (Mahardhika & Arintowati, 2022).

### **The Effect of Pricing, Promotion, and Service on Purchasing Decisions**

The test results show that the  $\text{Sig.} = 0,000 < 0,05$ . It proves that price, promotion, and service together affect purchasing decisions (loans) at the Triaji Mandiri Savings and Loan Cooperative in Kediri City.

Before consumers decide to buy a product, they usually go through several stages first, such as problem recognition, information attainment, evaluation of purchase alternatives, purchase decisions and post-purchase behaviour.

Products that have been in circulation can be priced below the market if the quality is adequate, above the market price if the product quality is better, at the market price if the product quality is the same but the business location is more strategic, and the promotion ability is better. With good promotion and service, the price offered can be understood by cooperative members so that the opportunity to sell cooperative loan products can increase (Tahany et al., 2023).

## **6. Conclusions**

Price has an effect on purchasing decisions (loans), which means that price affects the purchasing decisions (loans) of the KSP Tri Aji Mandiri savings and loan cooperative. In determining purchasing decisions for products and services, consumers perceive the goods and services they buy, such as the perception of the price of an item or service when making a purchase.

Promotion has a partial effect on purchasing decisions (loans), which means that promotion has a significant effect on purchasing decisions (loans) of KSP Tri Aji Mandiri savings and loan cooperatives. Promotional activities in cooperatives are the most critical part because promotion is a process that can build relationships with cooperative members and foster value for members.

Service services partially affect purchasing decisions (loans), which means that service services have a significant effect on the purchasing decisions (loans) of KSP Tri Aji Mandiri savings and loan cooperatives. Good service quality will create cooperative member satisfaction; when cooperative members are satisfied, the opportunity to make purchases (loans) will be more excellent

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