

Analysis of the Effect of Brand Image and Promotional Mix on the Purchase Decision of Oriflame Cosmetic Products in Pt. Orindo Alam Ayu Medan

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ABSTRACT

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Purchasing decisions are decisions made by consumers to make a purchase of a product initiated by an awareness of the fulfillment of needs and desires. Many factors influence consumer purchasing decisions on company products, including brand image and marketing mix. This research is a survey research with an associative quantitative approach which aims to determine the effect of brand image and promotion mix on purchasing decisions of cosmetic products at PT. Orindo Alam Ayu (Oriflame Medan Branch). The population is all customers of PT. Orindo Alam Ayu (Oriflame Medan Branch) as many as 1247 people. Determination of the sample using the Slovin formula in order to obtain 93 research samples. The research instrument used a questionnaire and data analysis using multiple linear regression analysis. The results of the study prove that the brand image and promotion mix simultaneously have a positive and significant effect on purchasing decisions. Brand image partially has a significant influence on purchasing decisions. Promotional mix partially has a significant influence on purchasing decisions. To PT. Orindo Alam Ayu Medan is advised to further improve the promotion mix so that purchasing decisions can be maximized.

INTRODUCTION

Competition between the cosmetic and beauty care industry markets is increasingly competitive. so that the women's cosmetic industry is quite dynamic because of the many companies with various cosmetic brands in the Indonesian cosmetic market. The number of women who want to look beautiful makes many producers target this land as a profitable land to explore which eventually gives rise to so many variants of beauty treatments to pave the way for a woman to look beautiful and make consumers have many choices in using cosmetics. Increasing the brand image of a company's product has a positive influence on purchasing decisions.

When the given brand image is able to meet consumer expectations, the consumer concerned will be satisfied with the sales price given. How to create a *brand image* in the minds of consumers, so that consumers are really fanatical about the product. Product positioning strategy is the placement of a product or brand in a market that is expected to be better received by consumers when compared to substitute products or brands of similar products belonging to competitors. Or positioning the product in the market in such a way that the product is in a position far from substitute products or away from similar product brands belonging to competing companies.

One of the multi-level marketing companies that strives to create good quality cosmetic products is PT Orindo Alam Ayu, which is a pioneer in the network marketing industry (MLM) and combines strength with *direct selling* . The direct selling system allows customers to get advice and inspiration from people they know and trust. Given the importance of managing a product quality, PT Orindo Alam Ayu always updates its previous products, always prioritizes innovation, creativity and pays attention to product quality and keeps the appearance of the product in order to stay ahead of the competition and can maintain customer satisfaction.

Sales of PT. Orindo Alam Ayu (Oriflame Medan Branch) conventionally involves all levels of intermediaries to pass products from factories to consumers. But in fact, the purchase decision of PT. Orindo Alam Ayu experienced a decline, mainly due to a poor brand image and lack of promotion. This is evident from the results of pre-research conducted so that the lack of brand image by the company PT. Orindo Alam Ayu (Oriflame Medan Branch) caused a decrease in purchasing decisions. This can be seen from the decline in overall sales of oriflame cosmetic products, especially during the 2018-2019 period.

Table 1 : Purchasing Oriflame Cosmetics PT. Orindo Alam Ayu (Medan Branch) Period 2018-2019

No	Types of products	Growth (<i>Current Value Growth</i>)	
		2018	2019
1	<i>skin care</i>	30.00%	25.20%
2	<i>Mass cosmetics</i>	36.00%	33.60%
3	<i>Fragrance</i>	36.00%	24.00%
4	<i>Beauty and personal care</i>	54.00%	60.00%
5	<i>Premium cosmetics</i>	36.00%	28.80%
6	<i>Men's grooming</i>	36.00%	31.20%
7	<i>baby care</i>	66.00%	60.00%
8	<i>Color cosmetics</i>	36.00%	30.00%
9	<i>deodorant</i>	42.00%	36.00%
10	<i>Bath and shower</i>	36.00%	36.00%
11	<i>hair care</i>	48.00%	42.00%
12	<i>Oral care</i>	42.00%	36.00%
13	<i>sun care</i>	30.00%	30.00%
14	<i>Sets/kits</i>	30.00%	24.00%
15	<i>Toothbrushes</i>	48.00%	42.00%

Source: PT. Orindo Alam Ayu (Medan Branch), 2020

Table 1.1 shows that of the 15 Oriflame cosmetic products, almost all of them experienced a decrease in sales turnover growth due to a decrease in purchasing decisions (customers), while beauty and personal care products increased from 54% in 2018 to 60% in 2019, and only bath and shower (30%) and sun care (36%) which lasted for the 2018-2019 period. Based on the results of interviews with several consumers, it shows that the decline in sales turnover is the result of decreased consumer loyalty in making purchases. Consumers are reluctant to make purchasing decisions mainly because they are often disappointed with the length of time ordering products, the lack of empathy for employees when consumers submit complaints about products that have been received.

The lack of promotion also affects the introduction of consumers, especially to new products. As a result, there is a decrease in consumer loyalty which has an impact on the decline in the sales growth rate of cosmetic products of PT. Orindo Alam Ayu (Oriflame Medan Branch). Based on previous studies there are still some that show inconsistent results where some studies state that brand image and promotion have a significant influence on purchasing decisions but there are also those who state that brand image and promotion do not have a significant effect, so it needs to be re-examined and developed in conditions, times, and places which are certainly different considering the many factors that influence purchasing decisions.

Based on the description and explanation of the background, the formulation of the problem in this study is as follows:

1. Does brand image partially influence the purchasing decision of oriflame cosmetics at PT. Orindo Alam Ayu (Oriflame Medan Branch) ?
2. Does the promotion mix partially influence the purchasing decisions of oriflame cosmetic products at PT. Orindo Alam Ayu (Oriflame Medan Branch) ?
3. Do brand image and promotion mix have a simultaneous effect on purchasing decisions for oriflame cosmetic products at PT. Orindo Alam Ayu (Oriflame Medan Branch)?

THEORETICAL REVIEW

Marketing Management

According to Kotler and Armstrong (2016: 29), "Marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return ". build strong customer relationships to capture value from customers in return. Dayle in Sudaryono (2016: 73) defines marketing as a management process that seeks to maximize profits (retutns) for shareholders by establishing relationships with key customers (valued customers) and creating competitive advantages. In other words, marketing is a business process that seeks to align the organization's human, financial and physical resources with the needs and desires of customers in the context of competitive strategy. So it can be concluded, marketing is an economic activity carried out to meet the needs and desires of consumers with products that have been offered by the company.

Purchase Decision

According to Kotler (2014: 87) purchase decision is a stage where consumers already have a choice and are ready to make a purchase or exchange between money and a promise to pay with ownership rights or use of an item or service. In other words, the purchase decision is a problem solving process that consists of analyzing or recognizing needs and wants to behavior after purchase. Purchasing decisions are decisions made by consumers to make a purchase of a product initiated by an awareness of the fulfillment of needs and desires. According to Setiadi (2014: 415) consumer purchasing decisions are an integration process that combines knowledge to evaluate two or more alternative behaviors and choose one of them.

Brand image

Tjiptono (2014:4) states that brand image is a description of the association of consumer confidence in certain brands. Meanwhile, Kotler & Keller (2016: 41) define brand image as The perceptions and beliefs held by consumers, as reflected in the associations held in consumer memory . in the mind and memory of a consumer himself. This perception can be formed from information or past experiences of consumers with the brand. Kotler & Keller (2016:10) argues that "All companies strive to build a brand image with as many strong, favorable, and unique brands associations as possible ." create a brand as unique as possible that can be profitable.

Promotion Mix

According to Kotler (2014:77), the promotional mix is a special mix of advertising, sales, personal, sales promotion and public relations that companies use to achieve marketing goals. In other words, the promotional mix is the special blend of advertising, personal selling, sales promotion and public relations that a company uses to achieve its advertising and marketing objectives. Swastha and Irawan (2014:349) define that the promotional mix is the best combination of strategies from advertising variables, personal selling, and other promotional tools, all of which are planned to achieve the sales program objectives.

THOUGHT FRAMEWORK

This research consists of 2 independent variables namely X1 (*brands image*) and X2 (promotional mix) and 1 dependent variable Y (purchase decision) so that the conceptual framework of the research can be described as follows;

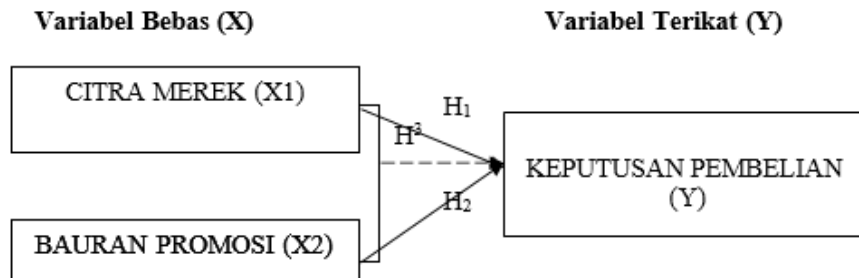


Figure 1 : Research Concept Framework.

- Information :*
- > **Partial influence**
 - > **Simultaneous influence**

RESEARCH HYPOTHESIS

Based on the formulation of the problem above, the research hypothesis is as follows:

- H1. There is a partial influence of brand image on purchasing decisions of Oriflamme cosmetics at PT. Orindo Alam Ayu (Oriflame Medan Branch)
- H2. There is a partial effect of the promotion mix on the purchasing decisions of oriflamme cosmetics at PT. Orindo Alam Ayu (Oriflame Medan Branch)
- H3. There is a simultaneous influence of brand image and promotion mix on the purchasing decision of oriflamme cosmetics at PT. Orindo Alam Ayu (Oriflame Medan Branch).

RESEARCH METHODOLOGY

This study used 93 respondents as the sample in this study. This study uses quantitative data analysis techniques with multiple regression analysis techniques. The statistical tests used were validity test, reliability test, classical assumption test, partial test, simultaneous test, and determination test. This

research was conducted at the Manado branch of Oriflame, and the research time was carried out for 3 months, from May to July 2020.

RESULTS

The results of the normality test show that the probability residual value (asyp.sig. 2-tailed) is 0.684, greater than sig-α (0.05), so it can be concluded that the research data is normally distributed. The same is also confirmed by the normality PP graph. The results of the multicollinearity test show that the tolerance value for the 2 variables in a row is 0.857, both are smaller than 1, and the VIF value for the 2 variables is 1.167, both are smaller than 10, so it can be concluded that the research data does not contain symptoms of multicollinearity.

The results of the heteroscedasticity test show that the asyp.sig (2-sided) value of each variable is 0.787 and 0.741 where the two independent variables have a significance value greater than 0.05 so that the results of this calculation meet the test requirements for heteroscedasticity symptoms. Thus it can be concluded that the data of this study does not contain symptoms of heteroscedasticity. In other words, there is no strong correlation between the independent variables in this study.

Hypothesis Test Results

Simultaneous F-test was conducted to determine whether the 2 independent variables X1 (brand image) and X2 (promotional mix) had a significant effect on the dependent variable Y (purchase decision).

Table 2
Hasil Uji F Secara Simultan
ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	397.799	2	198.900	75.389	.000^b
	Residual	237.448	90	2.638		
	Total	635.247	92			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Promotion Mix, Brand Image

Table 2 shows that the F-count = 75,389 with a significance value (p-value) = 0.000. When compared with the value of F-table = 2.67 (for N = 93 or df = 90), it can be seen that F-count (5.389) > F-table (2.71) and sig-p (0.000) < 0.05, so it can be it can be concluded that the two independent variables X1 (brand image) and X2 (promotional mix) simultaneously have a significant effect on the dependent variable Y (purchase decision).

To determine the effect of each independent variable on the dependent variable Y (purchase decisions), a partial t-test was conducted with the following results:

Table 3
Hasil Uji-t Secara Parsial
Coefficients^a

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.555	2.364		.658	.512
	Citra Merek	.559	.072	.544	7.808	.000
	Bauran Promosi	.397	.068	.405	5.815	.000

a. Dependent Variable: Purchase Decision

Interpretation

1). Influence of Brand Image on Purchase Decision (Y)

Table 4.14 shows that the t-count value of X1 (brand image) = 7808 with a significance (p-value) of 0.000. When compared with the t-table value (N=93 or df=108) of 1.99 and sig- α = 0.05, it can be seen that the t-count X1 (7.808) > t-table (1.99) and the p-value (0.000) < 0.05. The results of this analysis meet the requirements of hypothesis testing where if t-count > t-table and p-value < 0.05, it means that Ha is accepted or Ho is rejected. Thus, it can be concluded that the variable X1 (brand image) partially has a significant influence on the dependent variable Y (purchase decision).

2). Effect of Promotion on purchasing decisions (Y)

Table 4.14 shows that the t-count X2 (promotional mix) = 5.815 with a significance (p-value) of 0.000. When compared with the t-table value (N=93 or df=108) of 1.99 and sig- α = 0.05, it can be seen that the t-count X2 (5.815) > t-table (1.99) and the p-value (0.000) < 0.05. The results of this analysis meet the requirements of hypothesis testing where if t-count > t-table and p-value < 0.05, it means that Ha is accepted or Ho is rejected. Thus, it can be concluded that the variable X2 (promotional mix) partially has a significant influence on the dependent variable Y (purchase decision).

To determine the magnitude of the influence of the independent variable on the dependent variable Y (purchase decisions), a determination test of R was carried out with the following results:

Table 4
Hasil Uji Determinasi R

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791 ^a	.626	.618	1.62429

a. Predictors: (Constant), Promotion Mix, Brand Image

b. Dependent Variable: Purchase Decision

Table 3 shows that the adjusted r-square value = 0.618, this means that the magnitude of the influence of the independent variable on the dependent variable Y (purchase decision) is $0.618 \times 100\% = 61.8\%$. In other words, 61.8% of the purchasing decision variables can be explained by the brand image and

promotional mix variables, while the rest (38.2%) are explained by other factors not examined.

Regression Equation

The regression equation can be arranged according to the coefficient value of the following calculation results:

$$Y = a + b_1X_1 + b_2X_2 +$$

$$Y = 1.555 + 0.559X_1 + 0.397X_2 +$$

Interpretation

1). $Y = 1.555 + 0.559X_1$

This equation shows that each increase in brand image by 1 point, can increase purchasing decisions by $Y = 1.555 + 0.559 = 2.01$ points. In other words, every increase in brand image, can increase purchasing decisions up to 2 times.

2). $Y = 1.555 + 0.397X_2$

This equation shows that every increase in the promotion mix by 1 point, can increase purchasing decisions by $1.555 + 0.397 = 1.9$ points. In other words, each promotion mix increase, can increase purchasing decisions up to 1.9 times.

DISCUSSION

The Influence of Brand Image on Purchase Decisions The results of the analysis show that brand image partially has a significant influence on purchasing decisions. This is indicated by the value of t-count $X_1 (7.808) > t\text{-table} (1.99)$ and p-value $(0.000) < 0.05$. This means that the better the brand image, the higher the purchase decision. The results of this study are in line with Sandy's research (2017, Effect of Brand Image, Price and Promotion on Motorcycle Purchase Decisions at Pt. Mega Persada Sukabumi Bandar Lampung where the results of the study prove that brands image, price and promotion have an influence on purchasing decisions with the F-count results $> F\text{table}$ or $48.080 > 2.774$ then H_0 is rejected and H_1 is accepted. The results of data analysis show that there is a positive and significant influence of brands image, price and promotion on purchasing decisions.

Effect of Promotional Mix on purchasing decisions The results of the analysis show that the promotion partially has a significant effect on the dependent variable Y (purchase decision). This is indicated by the calculated value of $X_2 (5.815) > t\text{-table} (1.99)$ and p-value $(0.000) < 0.05$. This means that the better the promotion mix, the higher the purchase decision. The results of this study are in line with Susanti's research (2016), The Effect of Promotional Mix and Price on Purchase Decisions for Maybelline Cosmetic Products in Padang City where the results of the study prove that the promotion mix and price affect the purchasing decision of Maybelline cosmetic products.

CONCLUSION

Based on the results of data analysis on the influence of brand image and promotion mix on purchasing decisions of cosmetic products at PT. Orindo Alam Ayu Medan can be concluded that:

1. Brand image partially has a significant influence on purchasing decisions. This is indicated by the value of t-count X1 (7.808) > t-table (1.99) and p-value (0.000) < 0.05.
2. The promotion mix partially has a significant influence on purchasing decisions. This is indicated by -count X2 (5.815) > t-table (1.99) and p-value (0.000) < 0.05.
3. Brand image and promotion mix simultaneously have a positive and significant effect on purchasing decisions. This is indicated by the calculated F-value (5.389) > F-table (2.71) and sig-p (0.000) < 0.05

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