

The Effect of Price on Consumer Buying Interest Asik Creative Gresik East Java

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ABSTRACT

This study aims to determine the effect of price on consumer buying interest at Asik Creative in Gresik, East Java. This research was conducted quantitatively. The independent variable is price, and the dependent variable is consumer buying interest. The data collected in this study were collected through the distribution of questionnaires. Consumers who have used the services of Asik Creative are the subject of this study. The number of samples collected was 40 individual consumers who had experienced the experience of communicating with Asik Creative. The data analysis used is quantitative analysis in the first order, each indicator is tested for validity and reliability first and then tested for influence. The study resulted in a statement that price has a significant positive effect on consumer buying interest in Asik Creative. Based on the results of the analysis and discussion, it can be concluded that price has a positive and significant influence on consumer buying interest, which is indicated by a p-value that is smaller than the significant level of 5%.

INTRODUCTION

The rapid development of the creative industry in Indonesia is currently in the spotlight, with the sector's contribution to the national Gross Domestic Product (GDP) continuing to increase. According to the Creative Economy Agency (Bekraf), in 2021, the value of Indonesia's creative economy reached 1,069 trillion rupiah, contributing 7.8% of the total national GDP (Kontan, 2022). East Java is one of the provinces with the highest growth in the creative industry, where data from the East Java Cooperative and SME Office recorded the number of creative industry players in 2022 reaching 543,331, with a production value of 29.3 trillion rupiah (Sindo News, 2022).

One of the prominent creative industry centers in East Java is Gresik Regency. According to data from the Gresik Cooperative and SME Office in 2022, there were 5,256 creative industry players in the district, with a production value of 462 billion rupiah (Dinkopukm Gresik, 2022). Among the fast-growing companies in Gresik Regency is Asik Creative.

Asik Creative, which was established in 2021, is one of the businesses engaged in the creative industry with the aim of assisting in marketing and branding businesses through social media. . The sustainability and growth of Asik Creative's business depends heavily on a deep understanding of the factors that influence the buying interest of its consumers. One of them is price, which according to Kotler and Armstrong (2009 in Lubis, 2018), is the only element of the marketing mix that provides income for the company. In running its business, Asik Creative is required to be able to compete with other competitors. According to Kotler (2009), intense competition requires companies to be able to satisfy customers in order to win the market. In running its business, Asik Creative faces intense competition with similar competitors. According to Kotler (2008), a competitive situation requires every company to be able to provide satisfaction to consumers in order to win the market. One of the marketing strategies that Asik Creative can do is setting the optimal selling price of products or services. In implementing this strategy, companies need to pay attention to various parameters to determine the price that suits their product or service. This involves understanding the perception of consumer value and the ability to compete effectively in the market. In the view of Kotler Philip and Armstrong (2008, in Lubis 2018), there are four parameters that can describe the price, the first is price affordability, to measure the extent to which the product price is accessible to the target market and the extent to which consumers are willing to pay. Second, the relevance of price to product quality, to assess whether the price of the product matches the quality provided or the extent to which consumers feel they are getting value for the money they pay. Third, price competitiveness, to analyze the extent to which product prices compete in the market compared to similar products from competitors. And

fourth, price compatibility with the benefits obtained, to measure the extent to which the product price is comparable to the benefits provided, so that consumers feel satisfied with the value they get.

It is important for Asik Creative to set the right price and match the value of the product or service in order to increase consumer buying interest. Consumer buying interest is a tendency to make purchases that arise in consumers after going through pre-purchase activities. This activity includes consumer searches for their needs and products that can meet their needs. Price is one of the important factors that influence consumer buying interest in a product or service (Lichtenstein, Ridgway, & Netemeyer, 1993). Prices that are too high can reduce buying interest, while prices that are too low can actually raise doubts about the quality of the product or service (Völckner & Hofmann, 2007). Therefore, proper pricing is very important for the marketing success of a company (Nagle & Holden, 2002). According to (Schiffman and Kanuk, 2007), factors such as external influences, awareness of needs, product understanding, and assessment of alternatives play a role in the emergence of purchase intention. External influences can come from word of mouth communication, product understanding involves quality and price perceptions, while alternative assessment includes product brand image. Purchase interest is not only influenced by need awareness, but can also be triggered by marketing efforts, such as advertisements on television, social media, or brochures. A person's purchase interest is closely related to the emotional aspect, where the happiness and satisfaction felt when seeing a product or service can strengthen a person's purchase interest (Basu Swastha and Irawan, 2005, as explained in the journal by Latief, 2018). According to Ferdinand (2002) in Latief (2018), consumer buying interest can be identified through several indicators such as transactional interest, referential interest, preferential interest, and exploratory interest.

Price is something that can be utilized by Asik Creative to attract consumers to buy its services. By providing the right price in the market, it is a way to win competition with competitors in similar industries. The purpose of this study is to prove that price has an influence on consumer buying interest in Asik Creative.

THEORETICAL REVIEW

Consumer behavior theory explains the factors that influence consumer purchasing decisions. According to Schiffman and Kanuk (2007), factors such as external influences, awareness of needs, product understanding, and assessment of alternatives play an important role in the emergence of consumer purchase interest.

External influences come from the environment around consumers that can influence buying interest, such as family, friends, influencers, advertisements, and others. Consumers tend to be interested in products recommended by their social environment. In today's modern social environment, external influences such as influencers on social media are increasingly strong in influencing consumer buying interest, especially millennials and Z generations. Product recommendations from celebrity idols or well-known influencers are very effective in increasing buying interest in certain consumer segments.

Awareness of needs arises when consumers realize a problem or need that needs to be met. For example, consumers realize that their appearance is less attractive so that the need arises to buy new clothes or accessories. Product understanding relates to how consumers learn the attributes and benefits of a product. Product understanding can be obtained from advertising information, product reviews, and experience using similar products before.

Alternative assessment involves consumers comparing various product options before making a purchase decision. Consumers evaluate various criteria such as price, quality, features, and brand reputation to choose the best alternative for them. The process of evaluating alternatives is strongly influenced by the perception of product value in the minds of consumers.

Signaling theory explains how pricing can signal quality to consumers. A price that is too low may be perceived as a negative signal about product quality, while a premium price may be perceived as high quality (Völckner & Hofmann 2007).

Consumers often use price as an indicator of the quality of a product if they do not have complete information about the product. Low prices are perceived to reflect low quality, while high prices are associated with high quality. However, premium pricing is risky if the actual quality of the product does not match consumer expectations. In today's era of global competition, pricing is becoming increasingly complicated as consumers have many alternative products at various price levels. Companies are required to set the right price in order to compete effectively in the market.

Value theory explains that consumers will be attracted to products that provide the best value, namely the benefits obtained exceed the sacrifice in the form of the price paid (Zeithaml 1988). Therefore, proper pricing is important to provide optimal value for consumers.

Consumers compare the benefits of the product with the price to be paid. If the benefits are felt to exceed the price, then consumers will feel that they get the value of the product. Conversely, if the price is too expensive compared to the benefits obtained, the value of the product will be considered low by

consumers. Optimal value perception can increase consumer satisfaction and purchase intention. In difficult economic conditions, consumers are more sensitive to the value of the products they buy. Therefore, companies need to be careful in setting prices so that they still provide optimal value even with adjustments.

Attribution theory explains how consumers interpret the causes of an event and how this affects subsequent behavior (Folkes, 1988). In the context of pricing, this theory explains that if the price of a product increases, consumers look for an explanation of what caused it to determine whether they will still buy the product or switch to another product.

If the price increase is attributed to factors that the company can control such as increasing profits, consumers tend to switch to other products. Conversely, if the price increase is attributed to factors outside the company's control such as an increase in raw material costs, consumers are more likely to accept it.

H1: Price has a significant effect on consumer buying interest

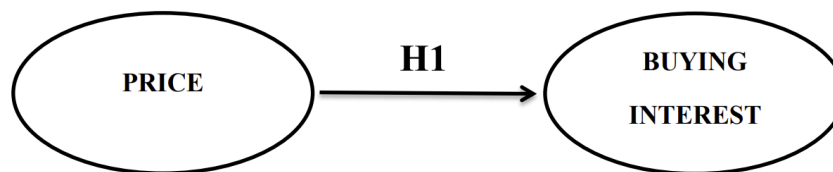


Figure 1. Conceptual Framework

METHODOLOGY

The location that is the focus of this research is Asik Creative in Gresik, East Java. This study adopts a quantitative method by considering the price variable on consumer buying interest. Quantitative data is collected through distributing questionnaires, which record numbers from the results of calculations and measurements (Sugiyono, 2012: 130). The main data source comes from primary data obtained directly from respondents at the research location (Sugiyono, 2012: 139). Data collection is done through a questionnaire using purposive sampling technique, which is a deliberate sample selection, not random, with special considerations. The number of Asik Creative respondents taken as samples was 40 in accordance with the recommendations of Sarwono and Narimawati (2015: 214), which states that the number of samples sufficient for Partial Least Square -SEM analysis is between 30-100 samples.

Data analysis in this study involved Partial Least Square SEM, an analytical method used to develop or predict existing theories (Sarwono & Narimawati, 2015: 5). This research involves a series of tests, including validity test, reliability test, and influence test. The descriptive method was used to get a comprehensive and accurate picture of the research objectives. Likert scale was

used in this study, and PLS structural model analysis was applied with the help of SmartPLS 4.0 software.

Table 1. Likert Scale Table

No.	Score	Description
1.	5	Strongly Agree (SA)
2.	4	Agree (A)
3.	3	Neutral (N)
4.	2	Disagree (D)
5.	1	Strongly Disagree (SD)

RESULTS

The participants involved in this research are individual consumers who have experienced the experience of communicating with Asik Creative. The participants in this study totaled 40 people, selected through purposive sampling method in accordance with the research framework. With reference to the data collected, the information obtained can be explained as follows.

Description of Research Variables

Table 2. Price Variable Description (X)

Price (X)	SA	A	N	D	SD	Total
X1.1	23	17	0	0	0	40
X1.2	11	29	0	0	0	40
X1.3	16	24	0	0	0	40
X1.4	11	29	0	0	0	40

The data in Table 2 reflects responses from respondents regarding the prices set by Asik Creative, measured through giving scores on five specific indicators. The average value given by respondents is 4.38125.

Table 3. Description of Buying Interest Variable (Y)

Buying Interest (Y)	SA	A	N	D	SD	Total
Y1.1	11	29	0	0	0	40
Y1.2	12	28	0	0	0	40
Y1.3	13	27	0	0	0	40
Y1.4	14	26	0	0	0	40

The data in Table 3 reflects responses from respondents regarding their perceived purchase intention, measured through giving scores on five specific indicators. The average value given by respondents is 4.3125.

Validity and Reliability Test

Table 4. Outer Loadings

	Variable X	Variable Y
X1	0.753	
X2	0.880	
X3	0.847	
X4	0.887	
Y1		0.908
Y2		0.875
Y3		0.910
Y4		0.947

Based on the results of the validity test on the statement items of the two variables, it is known that all questions are declared valid because the value is greater than the loading factor value, namely 0.70.

Structural Equation Analysis Model

The initial stage of structural analysis can be seen in the following figure:

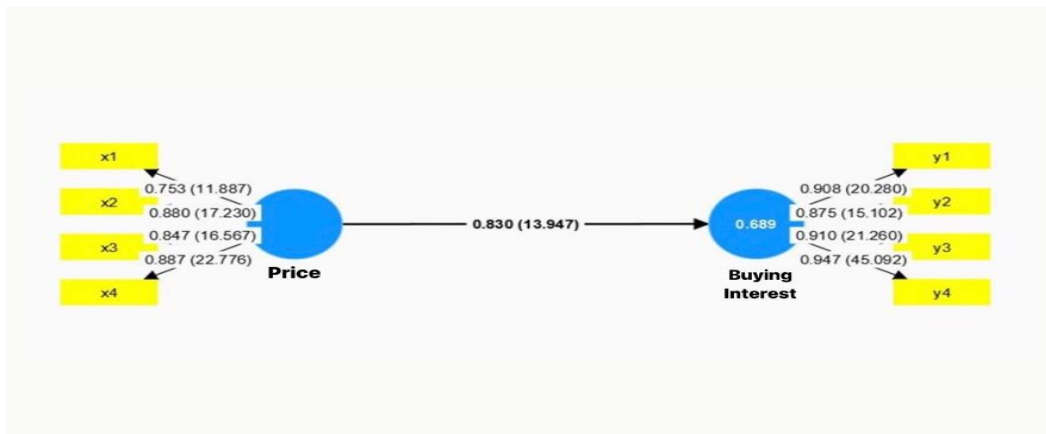


Figure 2. Model

Outer model analysis shows that price has a significant effect on Buying Interest because it has a T-Value of 13.947, with an influence coefficient of 0.830.

Table 5. Construct Validity and Reability

	Croanbach Alpha	Composite reliability (roh_a)	Composite reability (roh_c)	Avarange variance extracted (AVE)
Price	0.864	0.883	0.907	0.711
Buying Interest	0.931	0.931	0.951	0.829

Based on the results of the validity and reliability tests, it is known by looking at the AVE value (> 0.5). So it can be seen that the Price variable (X) has an AVE value of $0.711 > 0.50$, as well as the Purchase Interest variable (Y) has a value of 0.829 .

Table 6. Influence Test

	Original sample	Sample mean	Standart deviation	T statistic	P value
X to Y	0.830	0.837	0.060	13.947	0.000

Based on the test results, it is known that the value of the t table is the p value, which is < 0.05 , so it is declared significant. It can be seen in the table above that the value of X is known to be significant to variable Y.

Table 7. Coefficient of Determination

	X
R-Square	0.689
R-Square Adjusted	0.681

Based on the test results, it is known that the coefficient of determination, where the r-square value is 0.689 , which means that the contribution of the influence of the dependent variable on the independent variable is 68.9% . The remaining 31.1% is explained by other factors outside the model.

Table 8. Goodness of Fit PLS-SEM

	Saturated Model	Estimated Model
Standardized Root Mean Square Residual (SRMR)	0.069	0.069
Normed Fit Index (NFI)	0.848	0.848

Based on the Model Feasibility Test criteria based on SRMR and NFI, a good model has an SRMR value of less than 0.08 and NFI greater than 0.8. Because the model has SRMR and NFI values that meet the criteria, the model is good.

DISCUSSION

The results of this study indicate that price has a significant effect on consumer buying interest in Asik Creative Gresik. This is evidenced by the results of the hypothesis test which shows the path coefficient value of price on buying interest of 0.830 with a p value <0.05 . This finding is in line with value theory (Zeithaml 1988) which states that consumers tend to be attracted to products that provide the best value in the form of benefits that exceed the sacrifice in the form of price.

Affordable and competitive prices can increase purchase intention because consumers feel they are getting value for money (Lichtenstein et al 1993). Conversely, prices that are too expensive risk decreasing purchase interest because they are perceived to provide suboptimal value (Völckner & Hofmann 2007). Consumers' attributions to pricing are also important (Folkes 1988). If the price increase is considered reasonable due to production cost inflation, purchase intention can still be maintained.

In addition to price, other factors that influence purchase intention are product quality, brand image, social environmental influences, and advertising (Schiffman and Kanuk 2007). Therefore, pricing strategies need to be implemented in an integrated manner with other marketing strategies. For example, premium pricing needs to be supported by positioning as an exclusive and high-quality brand.

Practically, these findings indicate the importance of Asik Creative aligning its pricing with its market positioning and target consumers. Prices need to be evaluated regularly to remain competitive yet profitable. Discounts or loyalty programs can be used to maintain the buying interest of consumers who are sensitive to product value.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion of the research, it can be concluded that price has a significant effect on consumer buying interest in Asik Creative Gresik. The more affordable and competitive the price set, the more consumer buying interest will increase. Conversely, pricing that is too high risks reducing buying interest because it is considered not to provide optimal value for consumers. In addition, consumer attribution to pricing needs to be considered. If the price increase is considered reasonable and reasonable, consumer buying interest can still be maintained. Other factors that influence

purchase intention besides price are product quality, brand image, social environment and advertising. Therefore, the pricing strategy needs to be implemented by Asik Creative in an integrated manner with other marketing strategies in order to optimize consumer buying interest.

Based on these findings and conclusions, some recommendations that can be given are that Asik Creative needs to align pricing with its market position to remain competitive and profitable. Periodic evaluation of prices is highly recommended to adjust to changes in market situations. Discounts or loyalty programs can be used to maintain the buying interest of consumers who are sensitive to product value. In addition, positioning as an exclusive brand needs to be supported by premium pricing and improved service quality. In the end, the pricing strategy still needs to be implemented in an integrated manner with other marketing strategies in order to optimize consumer buying interest.

FURTHER STUDY

This research has several limitations that can be improved in future research. First, this research only focuses on one company in one location, namely Asik Creative in Gresik. Future research can expand the scope by examining several similar companies in several regions so that the results are more representative.

Second, this study only uses the price variable as a predictor of consumer buying interest. Other factors such as product quality, brand image, and promotion need to be further investigated to obtain a more comprehensive purchase intention prediction model.

Third, this research is cross-sectional with one-time data collection. Longitudinal research needs to be done with repeated data collection at several points in time to see changes in consumer behavior patterns.

Fourth, the data collection method in this study only uses questionnaires. To enrich the data, in-depth interviews and field observations can be conducted in future studies.

By overcoming these limitations, it is hoped that future research can provide a deeper and more comprehensive understanding of consumer behavior and the factors that influence it. Robust follow-up research can assist companies in developing more effective marketing strategies.

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