



Analysis of the Effect of Promotion and Product Innovation on Consumer Purchase Decisions in Digital Technology-Based Micro and Small Enterprises in Padang City

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Abstract. The purpose of this study was to determine and analyze the effect of product promotion and innovation on consumer purchasing decisions for micro and small businesses based on digital technology in Padang City. The research method used is a quantitative approach. The sampling technique used is non-probability sampling, namely purposive sampling, so that a sample of 100 consumers is found. The data collection methods used are interviews, questionnaires, and observation. The data analysis technique used is multiple linear regression analysis, t-test, F test, and coefficient of determination. Based on multiple linear regression analysis, it was found that $Y = 7,544 + 0,785X_1 + 0,573X_2 + e$. Based on the results of tests conducted individually, it was found that individual variables, promotions, and product innovations had a significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in Padang City. In comparison, F results found that the variables of promotion and product innovation together have a significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. In comparison, the value of the coefficient of determination is in the Adjusted R Square value of 51%.

Keywords: Promotion, Product Innovation, and Purchase Decision

1 Introduction

Micro and Small Enterprises are productive business units that stand alone and are carried out by individuals or business entities in all economic sectors that play an important role in helping to improve the community's economy, especially at the city level. The global pandemic causes economic instability, especially for micro and small business actors who feel the direct impact due to the government's appeal to implement Large-Scale Social Restrictions (PSBB) with the condition that people stay at home. The limited movement of people during the pandemic caused a decline in sales due to decreased demand from the public.

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E-commerce is distributing, selling, purchasing, and marketing products (goods and services) by utilizing the internet network. Even though consumers and sellers do not meet face-to-face, transactions continue to run smoothly. In other words, e-commerce offers convenience in shopping online. The increase in the number of online shop members makes the value of E-Commerce transactions in Indonesia increase. The rapid growth of the e-commerce business is due to the habit of consumers who are starting to rely on e-commerce sites to buy various products, especially those that are difficult to find in physical stores. And, because of the increasing number of internet users every year. The increase in the E-commerce business in the city of Padang is also expected to help the business development of micro and small business actors. E-commerce can be a great opportunity for micro and small business actors in Padang City to develop their businesses and conduct marketing with the aim of global markets so that they have the opportunity to penetrate exports.

Problems in the development of micro and small businesses are influenced by several factors, including promotion and product innovation, that influence consumer purchasing decisions. The influence of the promotion of micro and small businesses in the city of Padang is currently not effective enough, considering that there are still many business actors who have not maximized their product promotion well, and there are still many who do not know how to use effective promotional media. This is caused by several obstacles, such as the need for understanding of business actors in using digital technology, and there are still some business actors who cannot operate smartphones, likewise, with product innovation. The resulting products still need to be varied and tend to imitate existing products. Purchasing decisions are consumer behavior that appears in response to objects that indicate a person's response to a person's desire to make a purchase [7]. This will affect consumer purchasing decisions on digital technology-based micro and small businesses in Padang.

Based on the background description above, this study aims to: a) determine and analyze the effect of promotion on consumer purchasing decisions in digital technology-based micro and small businesses in Padang City. b) To determine and analyze the effect of product innovation on consumer purchasing decisions in digital technology-based micro and small businesses in Padang City. c) To determine and analyze the effect of joint promotion and product innovation on consumer purchasing decisions in digital technology-based micro and small businesses in Padang City.

1.1 Promotion

Promotion is marketers' effort to communicate with target audiences [1]. Communication is the process of influencing others' behavior by sharing ideas, information, or feeling with them. Next, there are three promotion indicators: informing, persuading, and reminding [4].

1.2 Product Innovation

Product innovation is not only creating new products the company produces. However, it can also be interpreted as improving the quality (both in terms of raw materials, physical form, or capabilities) of goods that have previously been marketed

[2]. Besides that, product innovation consists of three indicators, including product expansion, product imitation, and new products [5].

1.3 Purchase Decision

The purchase decision selects an action from two or more alternatives [8]. If the consumer makes a decision, he has a series of decisions regarding the type of product, brand, time, model, price, method of payment, and others. There are five purchasing decision indicators, including recognition of needs, information search, evaluation of alternatives, purchase decisions, and post-purchase behavior [1].

2 Methods

This research uses a descriptive quantitative method. The technique used is nonprobability sampling, namely purposive sampling, with the number of samples in the study being 100 respondents. The data analysis technique used is multiple linear regression, t-test, F test, and coefficient of determination. Based on multiple linear regression analysis, it was found that $Y = 7,544 + 0,785X_1 + 0,573X_2 + e$.

3 Results and Discussion

3.1 The Effect of Promotional Variables on Consumer Purchase Decisions for Micro and Small Businesses Based on Digital Technology in Padang City

Based on the results of data processing, it is known that the promotion variable has a positive and significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in Padang City, with a significance value of $0.000 < 0.05$. This can be seen from the value of $t_{count} > t_{table}$, that is $(3,577 > 1,660)$. It can be concluded that promotion has an influence on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. The results of this study are supported by research by Fikri (2020), which explains that promotion has a significant effect on consumer purchasing decisions [3].

3.2 The Effect of Product Innovation Variables on Consumer Purchase Decisions for Micro and Small Businesses Based on Digital Technology in Padang City

Based on the results of data processing, it is known that product innovation variables have a positive and significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in Padang City, with a significance value of $0.000 < 0.05$. This can be seen from the value of $t_{count} > t_{table}$, namely $(3,758 > 1,660)$. The results of this study are supported by research by Sinta (2021), who explains that product innovation results have a significant effect on consumer purchasing decisions [9].

3.3 The Effect of Product Promotion and Innovation on Consumer Purchase Decisions for Micro and Small Businesses Based on Digital Technology in Padang City

Based on the results of research data processing, it can be seen that the value of $F_{count} > F_{table}$ or $52,584 > 2,31$ and a significance value of $0.000 < 0.005$. So, the promotion and product innovation variables together have a significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. The results of this study are supported by Mulyani's research (2019), which states that product promotion and innovation have a significant effect on consumer purchasing decisions [6].

4 Conclusion

The promotion variable has a positive and significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. This means that the promotion will affect the increasing number of consumers who will know the products being sold and make purchases of the products being promoted, especially consumers of micro and small businesses based on digital technology in the city of Padang.

Product innovation variables have a positive and significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. This means that creating product innovations for old products or creating new products will affect the purchasing decisions of consumers of micro and small businesses based on digital technology in the city of Padang because of the various variations of the products offered.

The variables of promotion and product innovation together have a significant effect on consumer purchasing decisions for micro and small businesses based on digital technology in the city of Padang. This means that the collaboration of product promotion and innovation will affect improving consumer purchasing decisions of technology-based micro and small businesses in the city of Padang.

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