

# **THE EFFECT OF SALES PROMOTION AND PRODUCT INNOVATION ON CONSUMERS BUYING DECISION AT CHATIME SUN PLAZA MEDAN**

**Maulidina Yuliani**

*Management of Science, Faculty of Economics and Business, Universitas Sumatera Utara,  
Medan, Indonesia*

*Author's email:  
[maulidinayuliani@gmail.com](mailto:maulidinayuliani@gmail.com)*

*Corresponding author: [maulidinayuliani@gmail.com](mailto:maulidinayuliani@gmail.com)*

**Abstract.** *A phenomenon that occurs to this day is that milk drinks with tea are now added with several types of toppings, one of which is the most popular is pearl or bubble topping which is made from tapioca flour and cooked with brown sugar. increasingly widespread to the point of being able to hypnotize consumers. Despite increasingly fierce competition due to the emergence of similar drink outlets, Chatime is able to survive as evidenced by the fact that Chatime outlets are never empty of visitors and there are still queues when ordering Chatime. This research aims to determine the influence of sales promotion and product innovation on purchasing decisions. This research is quantitative descriptive research. The population of this research is all Chatime consumers at the Sun Plaza Medan branch. The sample for this research was 110 people who were determined using the purposive sampling method. Primary data was obtained using a questionnaire, while the data analysis technique used was multiple linear regression analysis. The research results show that sales promotion and product innovation have a significant effect on purchasing decisions of Chatime consumers at the Sun Plaza Medan branch.*

**Keywords:** *Buying Decisions, Product Innovation, Sales Promotion.*

## **1. INTRODUCTION**

Rapid changes in all aspects in this modern era have caused everyone, especially every business actor, to continue to participate in these changes. Especially in the food and beverage industry sector. Every day more and more food and beverage outlets are emerging, namely until the first quarter of 2023, the growth of gross domestic product (GDP) in the growth of micro and small industries IMK (y-on-y) annual production in 2023 shows a continuing increasing trend with an annual increase of more than 5.43 percent. On the other hand, many also closed because they were unable to survive the increasingly tight competition, namely a decrease of 12.7% (BPS, 2023).

To overcome the competition, business actors must have a strategy and the right steps that must be implemented according to the form and target market. Market strategies can include satisfactory service, competitive prices, discounts in several periods such as on big days, products with guaranteed quality and quality in this case the taste of delicious food or drinks with guaranteed quality ingredients and attractive packaging will be able to influence consumer decisions in buying. With that, every company must be able to understand the survival of the company as an organization that seeks to meet the needs and desires of consumers is very dependent on consumer behavior (Tjiptiono & Chandra, 2012).

The phenomenon that has occurred until now, now milk drinks with tea are added with several types of toppings, among which the most popular are pearl toppings or boba (bubble) made from tapioca flour and cooked with brown sugar, which are increasingly popular and able to hypnotize consumers.

Reflecting on the above phenomenon, a business opportunity is depicted that is seen as quite promising, but also has a fairly high risk of failure. The risk of failure is of course caused by the level of tight competition due to the many brands that sell similar drinks ranging from Share Tea, Koi, Gulu Gulu, Xing Fu Tang and many others. However, even though the emergence of new outlets is increasingly crowded, Chatime's existence seems to be able to survive, as evidenced by the condition of Chatime outlets which are still filled with long queues (Arif, 2019).

The existence of boba drinks is also very phenomenal, as evidenced by the many Medan-class food vlogger reviews uploaded to social media, both Instagram and YouTube. Even one of the food vloggers named Irvan Hartani, based on a video on the YouTube channel *makanmana.net* in May 2019 entitled "Best Brown Sugar Boba Milk among Medan Culinary" felt confused when choosing what brands of boba drinks, especially the brown sugar series, would be used as review material because of the many brands available in the city of Medan. So they decided to choose these five brands plus one more bonus brand. Among them are Koi the Indonesia, Chatime Indonesia, Gulu Gulu Cheese Tea, Sugoi Day, Zeribowl and Milk Tea Pei Pa Koa as a bonus.

Chatime has been in Indonesia since 2011 and is operated by the Kawan Lama Sejahtera Group. Currently in Indonesia, Chatime outlets are increasingly being opened, namely in almost every major city in Indonesia as reported by the official Chatime website, that by November 2024 Chatime officially has more than 420 outlets spread across 44 cities in Indonesia. Chatime also opened outlets with the latest concept called Chatime Atealier. This concept complements the previous concept which was only take away and dine in, becoming take away, dine in, and cafe. However, specifically Chatime Atealier has only officially opened in 4 locations, namely Grand Indonesia, Kelapa Gading Mall, Cilandak Town Square and Kota Kasablanka Food Society Mall (Indonesia.chatime.com, 2021).

Due to Chatime's success in expanding its business wings, the role of sales promotion and product innovation is a concern in this study. Sales promotion has an important role in boosting Chatime's sales every day. According to Kotler (2006), sales promotion consists of a collection of various incentives designed to encourage faster and greater purchases of certain products and services by consumers or traders. This is in line with the alternatives that can be used to overcome increasingly competitive competition, namely Chatime needs to implement new ideas to encourage consumers to make buying decisions.

According to Keegan & Green (2015) innovation is a process. In order to obtain powerful resources with the capacity of the firm as new. For create values. Innovation and implement of practices an idea into the product or process new (Tjiptono & Chandra, 2012). According to Kotler & Armstrong (2016), innovation product is process which creative and change it become product which has many benefits, Where there is five dimension of innovation product that is relative advantage, compatibility, complexity, visibility, and communicability. In making purchasing decisions (buying decisions) are closely related to gender. Gender is part of the market segmentation from a demographic perspective that is considered by producers in marketing products. Gender is a trait that is embedded in men and women that is built socially and culturally, (Fitriani, 2019).

## **2. LITERATURE REVIEW**

### **2.1 Sales Promotion**

One form of promotional mix is sales promotion. Sales Promotion is an activity or material (or both) that acts as an invitation, providing added value or incentive to buy a product, to retailers, sales or consumers (Lee and Johnson, 2011). In essence, sales promotion can effectively attract consumers. This stimulates producers and retailers and consumers to buy a product and encourages salespeople to be aggressive in selling the product. Then Kotler and Armstrong (2014) argue that Sales Promotion consists of short-term incentives to encourage purchase or sales of product or service. This definition

explains that sales promotion is related to short-term incentives to encourage purchase or sales of a product or service. This incentive is related to rewards, whether it is related to a refund in the form of a discount, guarantee or can be in the form of product samples, merchandise and so on.

Kotler and Keller (2014) stated that sales promotions have the following characteristics:

- a. Communication, Sales promotion aims to attract attention and usually provides information that can direct customers to the product.
- b. Incentives, sales promotions provide customers with incentives or contributions that provide value to the buyer.
- c. Invitation, sales promotions invite customers to make a purchase now.

## *2.2 Product Innovation*

Product innovation is the result of the development of new products by a company or industry, whether existing or not. From old products that have reached saturation point in the market, an innovation is needed to replace the old product. According to Razeghi (2011), releasing new innovative products and increasing customer loyalty.

In some industries, technological innovation plays an important role and is the main key as a determining factor for competitive success (Tjiptono and Chandra, 2012). So that product innovation becomes an important part for every company, including in the food and beverage industry, to continue to renew its products continuously in order to be able to offer superior products.

According to Kotler & Armstrong (2016), product innovation is the process of developing creative ideas and turning them into useful products. There are five dimensions of product innovation, namely relative advantage, compatibility, complexity, divisibility and communicability. Relative advantage is the extent to which innovation appears superior to previously existing products. Compatibility is the extent to which product innovation is carried out in accordance with and matches the values and experiences of customers. Complexity is the extent to which innovation is difficult for consumers to understand, comprehend or use. Divisibility is the extent to which innovation can be tried on a limited basis. Then communicability is the extent to which the results of using the innovation can be communicated to others.

## *2.3 Buying Decision*

According to Kotler & Armstrong (2016) a purchasing decision is a buyer's decision about which brand to buy, which consists of five dimensions, namely need recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior. A purchasing decision is a consumer's attitude in determining a decision before making a purchase (Atmaja & Adiwinata, 2013). Meanwhile, according to Supranto & Limakrisna (2007), the dimensions of a purchasing decision consist of problem recognition, search of alternative solutions, evaluation of alternatives, purchase and postpurchase use of an reevaluation of chosen alternatives.

According to Kotler (2009), the indicators in buying decisions are consistency in a product, habits in buying products, giving recommendations to others, and making repeat purchases.

## *2.4 Relationship between Variables*

### **Relationship between Sales Promotion and Buying Decision**

Sales promotion has a partial and simultaneous influence on laptop purchasing decisions for consumers at the Pegasus Computer store (Kosim, 2019). This shows that the higher the sales promotion carried out by the company, the higher the consumer purchasing decision.

### **Relationship between Product Innovation and Buying Decision**

Based on the results of Berlianto's hypothesis testing (2018) found that product innovation has a positive effect on purchasing decisions. The coefficient value of product innovation shows a value of 0.318 (positive) which means that if the value of product innovation increases by 1 unit, it will increase purchasing decisions by 0.318 if other variables are constant.

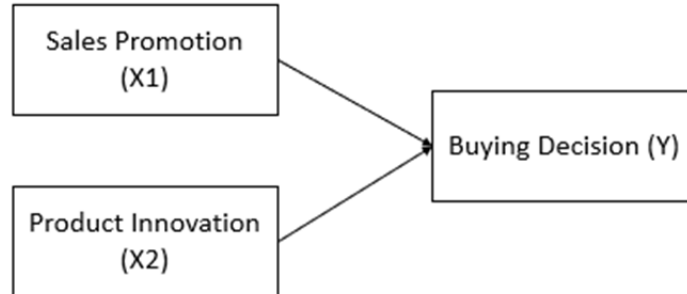


Figure 1. Conceptual Framework

### **3. RESEARCH METHODS**

This research was conducted using quantitative research methods. The research quantitative according to Suharsono (2015) one of type other research activities its specifications and structured with clear since beginning up to the maker design study, good about the purpose study, subject study, object of research, a sample of data, data sources.

The population in this study includes consumers of Chatime branch of Sun Plaza Medan and the sample taken in this study amounted to 110 respondents with the sampling technique used was purposive sampling. This purposive sampling method is limited to certain types obtained from people who can provide the desired information, either because they are the only people who have it or they fit several criteria set by the researcher. The researcher determined the criteria for the intended sample, namely consumers who have made purchases and have experience consuming Chatime beverage products at the Sun Plaza Medan branch.

The data collection technique in this study was by survey through filling out a questionnaire. A questionnaire is a data collection technique by providing a set of questions or written statements to respondents to answer (Sugiono, 2010). The questionnaire will be given to respondents who in this study were given to consumers of Chatime, Sun Plaza Medan branch, which was limited to 110 respondents to answer questions related to sales promotion variables, product innovation, and buying decisions.

The data analysis methods used in this study are:

$$\text{Equation: } BD = a + b_1 SP + b_2 PI + e$$

### **4. RESULTS AND DISCUSSION**

#### **Respondent Characteristics**

##### **CHARACTERISTICS BASED ON GENDER**

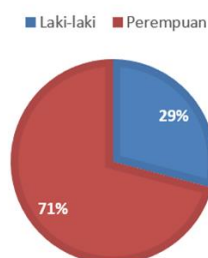


Figure 2. Characteristics Based on Gender

Figure 2 presents the characteristics of 110 respondents. Based on the figure, it is known that 71% of respondents or 78 people in this study are female consumers while 29% or 32 people are male consumers.

CHARACTERISTICS BASED ON EMPLOYMENT STATUS

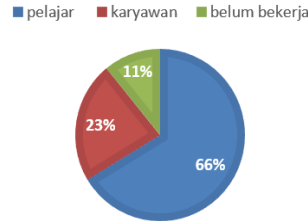


Figure 3. Characteristics Based on Employment Status

In the picture above, it is known that the largest number of respondents are respondents with jobs as students, which is 66% or 73 people. Then respondents with jobs as employees are 23% or 25 people. While the least is 12 people or 11% of respondents with unemployed status.

## Hypothesis

Table 1. Hypothesis Result

Coefficients <sup>a</sup>					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	t
1	(Constant)	4,093	,863		4,745
	SALES PROMOTION	,264	,093	,262	2,845
	PRODUCT INNOVATION	,256	,046	,513	5,582

a. Dependent Variable: BUYING DECISION

Based on the output results, the regression equation formula is:

$$Y = 4.093 + 0.264 \text{ Sales Promotion} + 0.256 \text{ Product Innovation} + e$$

The sales promotion variable has a positive and significant effect on purchasing decisions. This can be seen from the significance value of  $0.005 < 0.05$  and the calculated T value of  $2.845 > T \text{ table } 1.982$ , meaning that if the sales promotion variable (X1) is increased by one unit, the decision purchases (Y) will increase by 0.264 units.

The product innovation variable has a positive and significant effect on purchasing decisions. This can be seen from the significance value of  $0.000 < 0.05$  and the calculated T value of  $2.845 > T \text{ table } 1.982$ , meaning that if the product innovation variable (X2) is increased by one unit, the purchasing decision (Y) will increase by 0.256 units.

## Simultaneous Test (F Test)

Table 2. F Test Result

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	F
1	Regression	190,317	2	95,158	56,678
	Residual	179,647	107	1,679	
	Total	369,964	109		

a. Dependent Variable: BUYING DECISION  
b. Predictors: (Constant), PRODUCT INNOVATION, SALES PROMOTION

The table above shows that the calculated F value is 56.678 with a significance level of 0.000. The F-table value at a 95% confidence level ( $\alpha = 0.05$ ) is 4.81. Therefore, in both calculations, the calculated  $F > F_{table}$  ( $56.678 > 4.81$ ) and the significance level of  $0.000 < 0.05$  indicate that the influence of the sales promotion and product innovation variables simultaneously is positive and significant on purchasing decisions.

### Determination Coefficient Test (R<sup>2</sup>)

Table 3. Results of Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 <sup>a</sup>	.514	.505	1.29574
a. Predictors: (Constant), PRODUCT INNOVATION, SALES PROMOTION				

Table III shows that the R value of 0.717 means the relationship between sales promotion, product innovation and purchasing decisions is 71.7%. This means that the relationship is close, where the greater the R, the closer the relationship between the variables.

The adjusted R Square value is 0.514 which is equivalent to 51.4%. Where the purchasing decision (Y) can be explained by sales promotion (X1) and product innovation (X2). While the remaining 48.6% can be explained by other factors not examined by this study.

Adjusted R Square of 0.505 or 50.5% of purchasing decisions (Y) can be explained by sales promotion (X1) and product innovation (X2), while the remaining 49.5% can be explained by other factors not examined by this study.

Std Error of The Estimated means measuring the variation of the predicted value. Std Error of The Estimated is also called standard deviation, we can see the value of Std Error of The Estimated is 1.29574, meaning the smaller the standard deviation value means the better the model.

## Discussion

### 1. Hypothesis 1: The Influence of Sales Promotion on Buying Decisions.

The test results in this study indicate that sales promotion has a positive and significant effect on buying decisions. In this case, buying decisions made by consumers of Chatime Sun Plaza Medan branch will increase along with good sales promotion offers. This is supported by previous studies by Suryana, P. (2013); Oke, A. (2016); Rosaliana, F. & Kusumawati (2018); Kosim (2019); Mongi, Lidya, et al. (2013); Nugraha, KFM & Rinawati, R. (2019); positive sales promotions given to consumers will influence purchasing decisions. In Kasbella's research, WP (2017) also found the results of sales promotion testing as a factor influencing purchasing decisions with a fairly high portion of 79.8%.

### 2. Hypothesis 2: The Influence of Product Innovation on Buying Decisions.

Based on the test results in this study, it is known that product innovation has a significant effect on buying decisions. As we know that Chatime is aggressively releasing new innovations in its products. One of the latest is Chatime Popcan, here Chatime presents innovation in new flavors, new looks and new packaging.

The results of this study are in line with the research of Berlianto (2018); Lahindah et al. (2013); Almira, Amelia & Sutanto, JE (2018) and Setiawan, AT et al. (2018) which stated that product innovation has a significant influence on purchasing decisions.

## CONCLUSION

1. Sales promotion has an effect towards buying decision with positive and significant value on Chatime Sun Plaza Medan consumers. This means that with good sales promotion it will trigger Chatime Sun Plaza Medan consumers to make purchasing decisions.

2. Product innovation has a positive and significant influence on buying decisions, meaning that with product innovation... offered by Chatime company will increase the decision to purchase Chatime. This shows the tendency of Chatime Sun Plaza Medan consumers who are more interested and like the new things offered by Chatime.

## REFERENCES

- Arif, Abdul (2019). Contemporary Taiwanese Tea. Jakarta: ayosemarang.com, accessed on November 17, 2024.
- Atmaja & Adiwinata. (2013). "The Influence of Product, Price, Location and Service Quality on Purchasing Decisions at Kopitiam OEY". *Journal of Hospitality and Service Management*. Volume 2. No.1, 551-562.
- Berlianto, Margaretha P. (2018). "Analysis of the Influence of Product Quality and Product Innovation on Smartphone Purchasing Decisions". *Journal of Proceedings of the National Seminar: Management, Accounting and Banking* Volume 1. No. 1, 138-153.
- BPS. (2024). <http://www.bps.go.id/>, accessed on November 17, 2024.
- Chatime. (2020 ). <https://indonesia.chatime.com/>, accessed on November 17, 2024.
- Fitriana, Diana (2019). "The Influence of Gender on Online Product Purchasing Decisions (Case Study of Pontianak Society)". *STMIK Journal: Information Systems*. Volume 12, No.1.
- Ghozali, Imam. (2013). *Multivariate Analysis Application with SPSS Program*. Seventh Edition. Semarang.
- Ismail, Solihin (2012). *Strategic Management*. Jakarta: Erlangga.
- Kosim, SA (2019). "The Influence of Personal Selling and Sales Promotion on Laptop Purchasing Decisions of Pegasus Computer Store Consumers". *Jurnal Representamen*. Vol 5, No. 02.
- Kotler, P. & Armstrong, G. (2014). *Principles of Marketing*. 12th Edition, Volume 1 Translated by Bob Sabran. Jakarta: Erlangga.
- Kotler, P. & Armstrong, G. (2016). *Principles of Marketing* .13th Edition. Volume 1. Jakarta: Erlangga.
- Kotler, P. & Keller, K.L. (2014). *Marketing Management*. 13th Edition Volume 1. Jakarta: Erlangga.
- Kotler, P. (2005). *Marketing Management* Eleventh Edition. Volume 2. Jakarta: Indeks.
- Kotler, P. (2009). *Marketing Management* 13th Edition. USA: Pearson Prentice Hall.
- Lee, M. & Johnson, P. (2011). *Basic Principles of Advertising Advertising in Global Perspective*. Jakarta: Kencana.
- Razeghi, E. Tavwakolizadeh, S. & Ahmadi, F. (2011). "Inflammation and Pruritus in Hemodialysis Patients". *Saudi Journal of Kidney Disease and Transplantation* No. 19. 62-66.
- Sugiyono (2016). *Quantitative, Qualitative and R&D Research Methods*. 24th edition. Bandung: Alfabeta.
- Suharsono, Pugu (2015). "Improving High School Students' Mathematical Understanding and Disposition Ability Using Probing Prompting Technique". *Journal of Educational Science and Teaching*. Vol. 2 No. 3.
- Supranto, J. and Limakrisna (2007). *Consumer Behavior and Marketing Strategy to Win Business Competition ..* Jakarta: Mitra Wacana Media.
- Suryana, Popo. (2013). "Analysis of Factors Influencing Purchasing Decisions and Their Implications on Repurchase Interest". *Trinomika Journal* Vol.12, No. 2, 190-200.
- Tjiptono, F. & Chandra, G. (2012). *Strategic Management*. 2nd Edition. Yogyakarta: ANDI.

Trisnawati, E. Suroso, A. & Kumorohadi, U. (2012). "Analysis of Key Factors of Online Repurchase Intention (Case Study on Fesh Shop Consumers)". *Journal of Business and Economics [Online]* , Vol. 19, 2.