

Price Analysis on Increasing Consumer Purchase Intention at Mawar Store Rappang

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ABSTRACT

This study aims to analyze the effect of price on increasing consumer purchase intention at Mawar Store. Price is one of the strategic elements in marketing that can significantly influence consumer purchase decisions. This study employs two variables: the independent variable, which is Price Analysis, and the dependent variable, which is the Increase in Consumer Purchase Intention. The research adopts a quantitative approach to describe, explain, or summarize various conditions, phenomena, or research variables as they occur, through interviews, observations, and documentary materials. The results show a significant positive effect between price and consumer purchase intention, where more competitive prices tend to significantly increase consumer purchase intention. This research provides insights for business owners on the importance of an effective pricing strategy to enhance product appeal in the market. The findings are expected to serve as a reference for companies in formulating optimal pricing strategies to attract more consumers and increase sales.

INTRODUCTION

In today's competitive business environment, companies must adopt effective strategies to remain competitive and maintain their market share. One of the key areas where companies can differentiate themselves is through their pricing strategies. Price plays a crucial role in the decision-making process of consumers and can significantly influence whether or not a product or service is purchased. Companies must, therefore, carefully consider their pricing policies to ensure that they align with consumer expectations and market conditions. Consumer purchase intention is a significant factor for the long-term success of any business. It reflects a consumer's inclination or readiness to buy a product or service. When consumers develop a strong intention to purchase, it often translates into actual purchases, making it an important focus for businesses. Several factors can influence purchase intention, including product quality, brand reputation, marketing efforts, and most importantly, price. Understanding how these elements work together can help businesses craft more effective strategies to boost consumer interest and loyalty.

In the retail sector, price is often seen as a critical factor that consumers consider before making a purchase. For many consumers, price acts as a signal of value or quality. Competitive pricing can attract consumers who are price-sensitive, while premium pricing can appeal to consumers seeking higher quality or luxury products. Businesses need to find the right balance in pricing to cater to different consumer segments and maximize their sales. Mawar Store Rappang, a local retailer in the food and beverage industry, has been facing increased competition from other stores in the area. The store has had to reassess its pricing strategy to remain competitive and retain its customer base. Preliminary observations have shown that customers have mixed perceptions of the store's pricing, with some considering the prices to be higher than those of competitors. This presents an opportunity to investigate the impact of pricing on consumer purchase intention at Mawar Store.

This research aims to analyze how pricing affects consumer purchase intention at Mawar Store Rappang. Specifically, the study will examine whether competitive pricing strategies can increase the store's attractiveness and lead to higher purchase intentions among consumers. The study will focus on key pricing indicators, such as price affordability, price fairness, and the perceived value of products relative to their price. The importance of this study lies in its potential to provide practical insights for retail businesses, particularly those operating in competitive environments. By understanding how consumers perceive price and how it influences their purchasing behavior, businesses like Mawar Store can adjust their pricing strategies to better meet consumer expectations. This could lead to improved customer satisfaction, increased loyalty, and ultimately, higher sales. Furthermore, this study contributes to the broader literature on consumer behavior by exploring the relationship between price and purchase intention in a real-world retail setting. While previous research has focused on price as a determinant of consumer choice, this study will delve deeper into the specific context of a local retail store, providing a

more nuanced understanding of the factors that influence consumer decision-making.

LITERATURE REVIEW

The relationship between price and consumer behavior has been a central topic in marketing research for decades. Pricing strategies are fundamental to business success, as they not only determine the profitability of a company but also shape consumer perceptions and behaviors (Kotler & Armstrong, 2007). Price is often considered one of the most flexible elements of the marketing mix, as it can be adjusted more quickly than product features or distribution channels. This makes it a key tool for influencing consumer decisions, particularly in highly competitive markets (Basu Swastha, 2007). Consumer purchase intention is defined as the likelihood that a consumer will buy a particular product or service (Kotler & Keller, 2009). Purchase intention is influenced by various factors, including product quality, brand image, promotional activities, and, crucially, price. Studies have shown that price can serve both as an indicator of quality and as a determinant of perceived value (Monroe, 1973). When consumers perceive that the price of a product is fair or offers good value for money, they are more likely to form positive purchase intentions (Hasan, 2013).

According to Setiawan (2011), consumer purchase intention can be a reliable predictor of future sales, making it a critical variable for businesses aiming to enhance their market performance. Furthermore, price sensitivity varies among consumer segments, with some customers being more responsive to price changes than others. This variation necessitates the implementation of tailored pricing strategies to meet the diverse needs of different consumer groups (Griffin, 2009). Price is one of the four key elements in the marketing mix, alongside product, place, and promotion (Kotler & Armstrong, 2007). It is unique because it directly generates revenue, unlike the other three elements, which incur costs. Pricing strategies can be categorized into several types, including cost-based pricing, value-based pricing, and competition-based pricing. Each approach has its merits, depending on the business context and the target market (Stanton, 2008). In retail settings, price often plays a critical role in consumer decision-making. For instance, consumers may use price as a heuristic to assess the quality of a product. High prices are often associated with premium products, while low prices can indicate affordability or even lower quality (Grewal et al., 1998). Therefore, businesses must carefully position their prices to align with their brand image and the perceived value of their offerings (Zeithaml, 1988). Several factors influence how consumers perceive prices. Affordability is one of the most important factors, as consumers tend to compare prices against their budget constraints (Stanton, 2008). Price fairness is another crucial element, which refers to consumers' perceptions of whether the price they are charged is reasonable compared to the quality of the product or prices offered by competitors (Xia, Monroe & Cox, 2004). When consumers believe that a price is fair, they are more likely to develop positive attitudes toward the brand, leading to higher purchase intentions.

In addition, promotional pricing strategies, such as discounts and special offers, can also affect consumer purchase intentions. Promotions often create a sense of urgency, encouraging consumers to make immediate purchases (Alba et al., 1999). However, businesses must be cautious with excessive discounting, as it can devalue the product and lower long-term brand equity (Ailawadi et al., 2009). Price elasticity refers to the degree to which changes in price affect consumer demand. Products with high price elasticity experience significant changes in demand when prices fluctuate, while inelastic products show little change in demand (Tirole, 1988). Understanding the price elasticity of demand is crucial for businesses, as it helps them optimize their pricing strategies to maximize both sales and profits. Products with high elasticity, such as everyday consumer goods, often require competitive pricing to maintain sales volumes, whereas luxury or niche products may tolerate higher prices without significant reductions in demand (Grewal et al., 1998).

In competitive markets, price is frequently used as a tool to differentiate a business from its competitors. Businesses that successfully implement competitive pricing strategies are often able to attract price-sensitive customers without compromising their profitability (Kotler & Armstrong, 2007). However, pricing too low can lead to perceptions of low quality, while pricing too high can drive customers toward competitors (Zeithaml, 1988). Therefore, businesses must carefully consider their pricing relative to the competition and the value proposition they offer. Several studies have examined the relationship between price and consumer purchase intention in various retail contexts. For example, Hetty Sri Wardani (2018) investigated the impact of product quality and price on Muslim consumer purchase intentions in a fashion retail setting. The study found that while product quality significantly influenced purchase intention, price also played a crucial role, particularly among consumers who were highly price-sensitive. Rizky Amalina Bachriansyah (2011) conducted research on the influence of product quality, advertisement appeal, and price perception on purchase intention for Nokia mobile phones. The results indicated that price perception was one of the most influential factors affecting consumer decisions, highlighting the importance of competitive pricing in technology markets. Similarly, Lusia Oktaviani (2011) explored the role of brand image, product quality, and price in shaping consumer purchase intention for instant noodles. The findings showed that price, alongside brand image, was a significant determinant of purchase behavior, emphasizing the relevance of price in fast-moving consumer goods.

METHODOLOGY

This research aims to analyze the impact of pricing on consumer purchase intention at Mawar Store Rappang. To achieve the research objectives, a quantitative approach was employed. This approach allows for the collection and analysis of numerical data to identify relationships between price and consumer purchase intention. The study is designed as a correlational research that seeks to examine the relationship between pricing strategies (independent variable) and consumer purchase intention (dependent variable). The research utilizes a cross-sectional design, where data is collected at a single point in time

from the respondents, providing a snapshot of consumer behaviors and perceptions related to price. The research was conducted at Mawar Store Rappang, a retail outlet in the food and beverage sector located in Pancarijang District, Sidenreng Rappang Regency, South Sulawesi. The data collection process took place from July to August 2024. Mawar Store was selected for this research due to the store's competitive market environment and its relevance to the pricing challenges studied.

The population for this research consists of all consumers who have made purchases at Mawar Store. Given the size of the population, a sample was drawn using a non-probability sampling technique, specifically convenience sampling. A total of 93 respondents participated in the study. These respondents were selected based on their availability and willingness to participate at the time of data collection. Data for this research was collected using a structured questionnaire. The questionnaire was divided into two main sections: (1) demographic information, which gathered details about respondents' age, gender, and frequency of purchases, and (2) questions measuring the key variables of the study – price perception and consumer purchase intention. The questionnaire used a Likert scale to measure responses, where respondents were asked to indicate their agreement with various statements related to price and purchase intention on a scale from 1 (strongly disagree) to 5 (strongly agree). Indicators of price included affordability, fairness, and the perceived value of the product relative to its price, while indicators of consumer purchase intention included repeat purchase behavior and willingness to recommend the store to others. The research focuses on two primary variables: Price Analysis (X), which includes sub-indicators such as affordability, price fairness, price competitiveness, and price-quality relationship. Consumer Purchase Intention (Y), which includes sub-indicators such as intention to repurchase, recommendation to others, and commitment to future purchases.

The collected data were analyzed using both descriptive and inferential statistical methods. The descriptive analysis was used to summarize the demographic characteristics of the respondents and provide an overview of their perceptions of price and purchase intention. For the inferential analysis, Pearson correlation was employed to test the relationship between price and purchase intention. Additionally, a simple linear regression analysis was conducted to determine the extent to which price influences consumer purchase intention. The statistical software SPSS version 26 was used to perform all data analysis, ensuring accurate and reliable results. Before conducting the main data analysis, the research instrument (questionnaire) was tested for validity and reliability. The validity test was carried out using Pearson's correlation, with items considered valid if the correlation coefficient (r) was greater than the critical value from the table (r -table). Reliability was tested using Cronbach's alpha, with a value greater than 0.70 indicating acceptable internal consistency for the items. Ethical approval for the study was obtained from the relevant authorities at the university. Respondents were informed of the purpose of the study and assured that their participation was voluntary. Confidentiality was

maintained, and all data collected were anonymized to protect the identities of the participants.

RESULTS AND DISCUSSION

The study involved 93 respondents, with 63.4% being female and 36.6% male. The majority of respondents (21.5%) were aged between 20 and 25 years old, followed by 19.4% who were between 31 and 35 years old. These demographics provide a representative sample of Mawar Store's customers, giving insights into their purchasing behaviors and how price impacts their buying decisions. The descriptive analysis showed that most respondents had a positive perception of Mawar Store's pricing strategy. On a scale of 1 to 5, the average score for price affordability was 4.29 (85.8%), indicating that most customers found the prices at Mawar Store reasonable and affordable. The perception of price fairness scored an average of 4.22 (84.4%), demonstrating that customers generally felt that the prices were fair relative to the quality of the products offered. Additionally, the indicator for the price-quality relationship yielded a score of 4.08 (81.6%). This result suggests that customers believe they are getting good value for their money. Lastly, the perceived competitiveness of the prices at Mawar Store compared to other stores in the region received an average score of 4.03 (80.6%). In terms of consumer purchase intention, respondents indicated a high likelihood of repeat purchases, with an average score of 4.05 (81%). Additionally, 80.2% of respondents agreed that Mawar Store's product offerings met their needs. Furthermore, 81.4% of respondents were willing to recommend the store to others, reflecting strong customer satisfaction and loyalty. Lastly, the average score for product satisfaction relative to price was 83%, indicating that consumers perceive the prices to be in line with the quality received.

The Pearson correlation analysis was conducted to determine the relationship between price perception and consumer purchase intention. The results showed a positive and significant correlation ($r = 0.67$, $p < 0.05$) between the two variables. This indicates that as consumers' perception of price improves (in terms of affordability, fairness, and value), their intention to purchase from Mawar Store increases. A simple linear regression was conducted to determine the extent to which price influences consumer purchase intention. The results revealed that price perception explains approximately 45% of the variance in consumer purchase intention ($R^2 = 0.45$), which means that pricing is a significant predictor of consumer purchase behavior at Mawar Store. The regression equation was significant ($F(1, 91) = 23.67$, $p < 0.01$), indicating that price perception positively impacts purchase intention. The regression coefficient for price perception was 0.67, meaning that for every one-unit increase in the positive perception of price, consumer purchase intention increases by 0.67 units. This finding emphasizes the importance of maintaining competitive and fair pricing strategies to boost consumer interest and drive sales.

The findings of this study confirm that price plays a critical role in shaping consumer purchase intention at Mawar Store. As suggested by

previous literature, price serves as both an indicator of value and a determinant of customer satisfaction (Kotler & Keller, 2009; Zeithaml, 1988). The positive correlation between price perception and purchase intention observed in this study aligns with the research of Setiawan (2011) and Grewal et al. (1998), which found that competitive pricing can significantly enhance consumer purchase decisions. In the context of Mawar Store, the results indicate that consumers are highly responsive to the store's pricing strategy. When customers perceive that the prices are fair and reflect good value for money, their likelihood of making repeat purchases and recommending the store increases. This is consistent with Griffin's (2009) assertion that consumers with positive perceptions of price are more likely to remain loyal to a brand or store.

Moreover, the regression analysis highlights the substantial impact that price perception has on consumer behavior. Pricing explains nearly half of the variance in purchase intention, emphasizing that Mawar Store must continue to prioritize effective pricing strategies to maintain and grow its customer base. The strong relationship between price and purchase intention suggests that even minor adjustments in price could have significant implications for customer loyalty and sales growth. The practical implications of this study suggest that Mawar Store should focus on maintaining competitive prices while ensuring that the quality of its products justifies the cost. Offering occasional promotions or discounts could further enhance consumer purchase intention by increasing the perceived value of the products, as noted in the findings of Wardani (2018) and Amalina Bachriansyah (2011).

CONCLUSIONS AND RECOMMENDATIONS

This study aimed to analyze the impact of pricing on consumer purchase intention at Mawar Store Rappang. The findings reveal a significant positive relationship between price perception and consumer purchase intention, highlighting the crucial role that pricing plays in shaping customer behavior. Consumers at Mawar Store are highly sensitive to price affordability, fairness, and value relative to the quality of products, all of which significantly influence their purchasing decisions. The results of the study indicate that competitive and fair pricing strategies are key drivers of increased purchase intention. Customers who perceive that they are receiving good value for their money are more likely to make repeat purchases and recommend the store to others, further enhancing customer loyalty and brand satisfaction. The regression analysis showed that price perception accounts for 45% of the variance in consumer purchase intention, demonstrating that pricing is a major factor in determining consumer behavior at Mawar Store. This suggests that even small adjustments to pricing strategies can have a substantial impact on sales and customer retention. In practical terms, Mawar Store should continue to focus on maintaining competitive pricing while ensuring that the perceived value of its products justifies the cost. Offering occasional discounts or promotional offers could further enhance the perceived value of the products and strengthen customer loyalty.

FURTHER STUDY

This research still has limitations so further research needs to be done on the topic "Price Analysis on Increasing Consumer Purchase Intention at Mawar Store Rappang."

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