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4Ps and Consumer Purchase Decisions: A Study of Giant Ekspres Makassar

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Abstract: This study investigated the influence of the 4Ps marketing mix (product, price, promotion, and place) on consumer purchase decisions within the Makassar Giant Ekspres retail industry. Employing a descriptive quantitative approach with Structural Equation Modeling (SEM) analysis using SmartPLS 4.0, the study analyzed data from 100 respondents. The findings revealed that the 4Ps marketing mix significantly influenced purchase decisions, explaining 48% of the variance. The inner model analysis indicated that "price" had the most substantial impact on purchase decisions. Hypothesis testing confirmed the significant influence of "price," "promotion," and "place" on purchase decisions, while "product" showed no significant influence. These results suggest that consumers are increasingly driven by price, promotion, and convenience when making purchase decisions. They are less concerned with traditional product-centric factors such as variety, quality, and appearance. In essence, consumers are more likely to purchase a product, even if it is not a necessity or doesn't meet their ideal standards, as long as it is priced competitively, promoted effectively, and easily accessible.

Keywords: 4P, Marketing Mix, Purchase Decision

A. Introduction

The retail industry is undergoing a period of rapid transformation, driven by the rise of e-commerce, evolving consumer preferences, and the increasing adoption of digital technologies. This shift has led to heightened competition, forcing retailers to adapt their marketing strategies to remain competitive. The Indonesian Trade Union Confederation (KSPI) has expressed concerns about potential job losses in the retail industry due to the emergence of advanced technologies in the era of Industry

4.0 (CNN, 2018). This concern was underscored by the closure of 26 Giant Supermarket outlets and the subsequent layoff of 532 employees across Indonesia in early 2019 (Merdeka.com, 2019). Giant, which operates four outlets in Makassar, saw one of its stores, Giant Pettarani, affected by this closure.

Giant, a subsidiary of PT Hero, operated 125 outlets as of May 31, 2019 (Kompas.com, 2019). Tony Mampuk, Corporate Affairs GM of Hero Supermarket,



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reported a 6% decline in food business sales (Giant and Hero) in September 2018, resulting in an operational loss of Rp 163 billion (Kumparan.com, 2019). Hero's director, Hadrianus, attributed this decline to increased competition in the Indonesian food retail sector, driven by evolving consumer shopping patterns, necessitating new strategies to revitalize customer offerings (Kompas.com, 2019).

In this dynamic environment, understanding and effectively implementing the marketing mix is crucial for retailers to achieve success. The marketing mix, a fundamental concept in marketing, encompasses four key elements: product, price, place, and promotion. These elements, often referred to as the 4Ps, represent the controllable variables that a company uses to influence consumer behavior and achieve its marketing objectives (Kotler & Keller, 2016).

In the context of the Makassar Giant Ekspres retail industry, this study aims to investigate the influence of the 4Ps marketing mix on consumer purchase decisions. Specifically, we seek to understand how the elements of product, price, place, and promotion impact consumer choices in this competitive market.

The dynamic nature of the marketing mix is further emphasized in the context of Industry 4.0. While "place" was once a critical consideration for consumers in their shopping experiences, the proliferation of convenient online shopping applications has raised questions about its continued relevance within the 4Ps marketing mix. Is "place" becoming a less significant factor for consumers, contributing to the closure of retail outlets like Giant? This raises intriguing questions about the influence of the 4Ps marketing mix on consumer purchase decisions within the Makassar Giant Ekspres retail industry.

B. Materials and Methods

This study employed a descriptive quantitative approach using primary data collected from 100 consumers of Giant Ekspres Makassar. The respondents were selected based on the criteria of being consumers who had shopped at Giant Ekspres Makassar at least once in the past month and were aged between 17 and 65 years, assuming this age range represents individuals who are actively involved in making purchase decisions.

The study utilized both latent and manifest variables. Latent variables, also known as factors, constructs, or unobserved variables, are formed through observed indicators (Ferdinand, 2014). The latent variables in this study include product (X1), price (X2), promotion (X3), place (X4), and purchase decision (Y). Manifest variables, also referred to as observed variables or indicator variables, are measurable variables whose data can be obtained through field research, including surveys (Ferdinand, 2014). The manifest variables in this study encompass the indicators of the latent variables, as shown in the Table 1 below:

Tabel 1. Variables

Latent variables	Manifest variables
<i>Product (X1)</i>	1. Variety (X1.1) 2. Quality (X1.2) 3. Appearance (X1.3)
<i>Price (X2)</i>	1. Competitor pricing (X2.1) 2. Discounts (X2.2) 3. Payment system variety (X2.3)
<i>Promotion (X3)</i>	1. Advertising attractiveness (X3.1) 2. Competitor publicity (X3.2)
<i>Place (X4)</i>	1. Accessibility (X4.1) 2. Visibility (X4.2) 3. Parking space (X4.3) 4. Regulations (X4.4)
<i>Purchase Decision (Y)</i>	1. Culture (Y.1) 2. Social (Y.2) 3. Personal (Y.3) 4. Psychological (Y.4)

Source: Primary data processed (2024)

To assess the validity and reliability of the indicators forming the latent constructs, confirmatory factor analysis (CFA) was conducted. Validity was evaluated based on convergent and discriminant validity, with indicator loadings exceeding 0.70 (although values between 0.60 and 0.70 are still acceptable, Latan & Temalagi, 2013) for each indicator. This involved comparing the square root of the average variance extracted (AVE) for each construct with the correlations between constructs.

Reliability was assessed through composite reliability and Cronbach's alpha values, both exceeding 0.70. However, a minimum AVE of 0.50 for all constructs is required for reliable results, which can be determined from the outer model of the CFA (Ghozali & Latan, 2015), although values between 0.60 and 0.70 are still acceptable (Latan & Temalagi, 2013).

Prior to data collection, a validity and reliability test were conducted on the indicators. Out of 27 initial items developed by the researcher, 16 items were deemed valid (>0.50) from a total of 27 indicators.

Hypotheses Development

The hypotheses guiding this study were formulated based on a comprehensive review of empirical research, relevant theories, and theoretical frameworks.

H1 : Product has a positive and significant effect on purchase decisions.

H2 : Price has a positive and significant effect on purchase decisions.

H3 : Promotion has a positive and significant effect on purchase decisions.

H4 : Place has a positive and significant effect on purchase decisions.

C. Result and Discussion
Measurement Model / Outer Model

Convergent validity was assessed by examining the loading factors and discriminant validity by comparing the square root of the average variance extracted (AVE) with the correlations between constructs. The loading factors for each indicator are presented in the Figure 1 below:

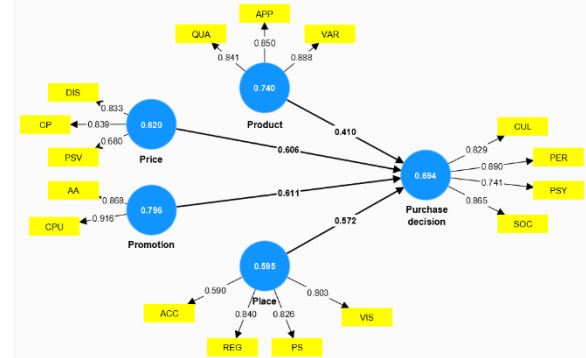


Figure 1. Loading Factor Value

From the Figure 1 indicators exhibited loading factors below 0.70 are "accessibility" (0.590) and "payment system variety" (0.680). Although these indicators have the loading factor below 0.70, but still necessary include because reliability was evaluated based on the AVE and Cronbach's alpha values. The AVE values for all indicators exceeded 0.50, and Cronbach's alpha values exceeded 0.60, indicating acceptable reliability. The reliability values for each indicator are presented in the Table 2 below:

Table 2. Loading Factor Value

Construct	AVE	Cronbach's alpha
Purchase desicion	0.694	0.852
Product	0.740	0.826
Price	0.620	0.693
Promotion	0.796	0.747
Place	0.595	0.772

Source: Primary data processed (2024)

These validated indicators were then used for multiple regression analysis using Partial Least Squares (PLS). The model

consists of measurement equations (outer model) and structural equations (inner model).

Outer Model Equations:

Product: The most influential indicator for this variable is "variant" (X1.1). The equation for this variable is $X1 = 0.888X1.1 + 0.841X1.2 + 0.850X1.3$.

Price: The most influential indicator for this variable is "competitor price" (X2.1). The equation for this variable is $X2 = 0.839X2.1 + 0.833X2.2 + 0.680X2.3$.

Promotion: The most influential indicator for this variable is "competitor publicity" (X3.2). The equation for this variable is $X3 = 0.868X3.1 + 0.916X3.2$.

Place: The most influential indicator for this variable is "regulations" (X4.4). The equation for this variable is $X4 = 0.590X4.1 + 0.803X4.2 + 0.826X4.3 + 0.840X4.4$.

Purchase Decision: The most influential indicator for this variable is "personal" (Y.3). The equation for this variable is $Y = 0.829Y.1 + 0.865Y.2 + 0.890Y.3 + 0.741Y.4$.

Inner Model Equation:

The inner model equation reveals the relationships between the latent variables: $Y = -0.093X1 + 0.355X2 + 0.310X3 + 0.235X4$. This equation indicates that "price" (X2) has the most significant influence on "purchase decision" (Y) with a coefficient of 0.355, compared to "product" (X1), "promotion" (X3), and "place" (X4).

Structural Model Evaluation:

The structural model was evaluated based on R-squared and F-squared values, as shown in the Table 3 and 4:

Table 3. R-squared adj. Values for Marketing Mix (4P) on Purchase Decision

	R squared adj.
Purchase decision	0.480

Source: Primary data processed (2024)

The R-squared value of 0.480 indicates that the latent variables "product" "price" "promotion" and "place" account for 48% of the variation in "purchase decision" with the remaining 52% potentially influenced by other variables outside the scope of this study.

Table 4. F-squared Values for Marketing Mix (4P) on Purchase Decision

	Purchase decision
Product	0.010
Price	0.127
Promotion	0.106
Place	0.059

Source: Primary data processed (2024)

Sholihin and Ratmono (2013) categorized the effect range into three levels: weak (0.02), moderate (0.15), and strong (0.35). Based on the F-squared values, it can be concluded that all variables have a moderate effect (≥ 0.02) except for "product", which has a weak effect (≤ 0.02).

Hypothesis Testing:

Hypothesis testing was conducted using bootstrapping with SmartPLS. The t-table value is 1.66 (with a significance level of 0.10 for a two-tailed test). The t-statistic and significance values for each construct based on bootstrapping results are presented below:

Table 5. T-statistic and Significance Values

	T Stat.	P Value
Product → Purchase desicion	0.674	0.500
Price → Purchase desicion	2.118	0.034
Promotion → Purchase desicion	1.743	0.081
Place → Purchase desicion	2.079	0.038

Source: Primary data processed (2024)

The hypothesis testing criteria are: 1) if the t-statistic < t-table, then H1 is rejected and H0 is accepted; 2) if the t-statistic > t-table, then H1 is accepted and H0 is rejected.

Influence of Product on Purchase Decision: The bootstrapping results show a

t-statistic of $0.674 < 1.66$ with a significance value of $0.500 > 0.10$. Therefore, H1 is rejected, indicating that "product" does not have a significant influence on consumer purchase decisions in the Giant Ekspres Makassar retail industry. This means that consumer purchase decisions at Giant Ekspres Makassar will not change even if the product offerings change.

Influence of Price on Purchase Decision: The bootstrapping results show a t-statistic of $2.118 > 1.66$ with a significance value of $0.034 < 0.10$. Therefore, H1 is accepted, indicating that "price" has a significant influence on consumer purchase decisions in the Giant Ekspres Makassar retail industry. This means that consumer purchase decisions at Giant Ekspres Makassar will change if the price changes.

Influence of Promotion on Purchase Decision: The bootstrapping results show a t-statistic of $1.743 > 1.66$ with a significance value of $0.081 < 0.10$. Therefore, H1 is accepted, indicating that "promotion" has a significant influence on consumer purchase decisions in the Giant Ekspres Makassar retail industry. This means that consumer purchase decisions at Giant Ekspres Makassar will change even if the promotion strategies change.

Influence of Place on Purchase Decision: The bootstrapping results show a t-statistic of $2.079 > 1.66$ with a significance value of $0.038 < 0.10$. Therefore, H1 is accepted, indicating that "place" has a significant influence on consumer purchase decisions in the Giant Ekspres Makassar retail industry. This means that consumer purchase decisions at Giant Ekspres Makassar will change even if the location of the store changes.

Discussion:

The research delves into the factors influencing customer purchasing decisions at Giant Ekspres Makassar, a supermarket

chain in Indonesia, against the backdrop of a rapidly evolving retail landscape. The study was initially conducted at Giant Gowa, but due to the closure of that store, it was shifted to Giant Ekspres, mirroring the broader trend of retail closures driven by Industry 4.0 advancements.

Interestingly, the study found that "price" emerged as the most significant factor influencing purchasing decisions, with a high t-value ($2.118 > 1.66$) and a low p-value ($0.034 < 0.10$). This indicates that consumers prioritize price when making purchasing decisions. Within the "price" variable, competitor pricing (0.839) was identified as the most influential indicator. Customers are drawn to Giant due to its competitive pricing compared to other similar retailers. This suggests that any price fluctuations could significantly impact purchasing decisions.

Beside "price", "promotion", and "place" also influenced purchase decision. These results align with another research of Ojo & Olorunfemi (2023) titled "The Impact of Price, Promotion, and Place on Consumer Purchase Decisions: A Study of Fast-Moving Consumer Goods in Nigeria". This research investigated the impact of price, promotion, and place on consumer purchase decisions for fast-moving consumer goods (FMCG) in Nigeria.

The study uses a quantitative approach and employs a survey questionnaire to collect data from 350 respondents. The findings reveal that all three marketing mix elements have a significant positive impact on consumer purchase decisions. The study also highlights the importance of considering cultural factors when developing marketing strategies.

Another study that demonstrated the influence on purchase decisions is Nguyen & Lee's (2022) research titled "The Role of Price, Promotion, and Place in Consumer

Purchase Decisions: A Case Study of the Coffee Industry in Vietnam." This study examined the role of price, promotion, and place in consumer purchase decisions for coffee in Vietnam.

The study uses a mixed-methods approach, combining quantitative data from a survey of 200 coffee consumers with qualitative data from interviews with coffee shop owners. The findings indicate that price and promotion are key drivers of consumer purchase decisions, while place plays a supporting role. The study also highlights the importance of understanding consumer preferences and perceptions when developing marketing strategies.

The study also explored the "purchase decision" variable, finding that personal factors (0.890) were the most influential driver of purchase decisions, outweighing cultural, social, and psychological factors, which were excluded due to reliability and validity issues. Consumers choose Giant Ekspres because it offers a wide range of household necessities, not necessarily because of social recommendations or cultural preferences.

The study also revealed an interesting trend regarding the impact of age on shopping preferences. The number of respondents decreased with increasing age groups, suggesting that older consumers are less likely to shop at Giant Ekspres Makassar. This trend requires further investigation to understand the underlying factors driving this preference.

D. Conclusion

Based on the research findings, focusing solely on the 4Ps of marketing (product, price, promotion, and place), we can conclude that the most significant factor influencing customer purchase decisions at Giant Ekspres Makassar is price. Consumers are highly sensitive to pricing

and are drawn to Giant due to its competitive pricing compared to other similar retailers. This emphasizes the need for Giant Ekspres Makassar to maintain competitive pricing strategies to attract and retain customers.

The findings suggest that consumers are increasingly driven by price, promotion, and convenience when making purchase decisions. They are less concerned with the traditional product-centric factors such as need, quality, and aesthetics. This indicates a shift in consumer behavior, where affordability, attractive promotions, and easy accessibility are now key drivers of purchase decisions. In essence, consumers are more likely to purchase a product, even if it is not a necessity or does not meet their ideal standards, if it is priced competitively, promoted effectively, and easily accessible.

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