

CHAPTER I

INTRODUCTION

1.1 Background

Price is the only element in the marketing mix that generates revenue; all other aspects represent cost. Price is also one of the most flexible elements of the marketing mix. Unlike product features and channel commitments, prices can be changed quickly. At the same time, pricing is the number one problem many marketing executives face, and many companies need to handle pricing better. Some managers view pricing as a big headache, preferring to focus on other marketing mix elements. However, savvy managers treat pricing as a critical strategic tool for creating and capturing customer value. Price has a direct impact on the company's profit. A small percentage of the price increase can result in a large portion of profitability. More importantly, as part of the company's overall value proposition, price is crucial in creating customer value and building customer relationships. So, instead of shying away from pricing, savvy marketers embrace it as an essential competitive asset. Factors influencing consumers to buy products are not only the quality of the products offered. The selling price of the product is the main factor when the buyer wants to purchase an item. Therefore, your business must set costs according to the considerations incurred to the cost of marketing the product. For this reason, careful calculations are needed because pricing is not only to reap profits but also to develop the business (Armstrong, 2017).

The market is an essential factor for achieving successful business activity. The company's goals can be achieved by mastering the market, so it must be known and understand the marketing concept. The business philosophy states that customer satisfaction is an economic and social condition for the company's survival. The idea of marketing teaches that the marketing activities of an enterprise should begin with activities to identify and formulate the wants and needs of consumers. Understanding consumer behavior in buying a product will

be beneficial for the company in determining and developing the product to be made. Companies must study consumer behavior from the intended target market so that the resulting product gets an adequate response from consumers. Research on who is in the consumer market, what consumers buy, when they buy, who is involved in the purchase, why consumers buy, and how they believe is an analysis of the market closely related to the consumer. Consumers will demand various products, so there will be many options for consumers to determine the product to be purchased. For consumers, the variety of products will determine their decision to buy the product.

Price is essential in influencing customer behavior and has been studied extensively. Range theory implies that the scale of reported customer meetings is used to set lower or higher expectations for consumers. Hence, their position depends on the attractiveness of market prices in this area. Reference pricing has been debated as a factor that significantly affects a customer's purchasing behavior. Following the combination of adaptation and pricing theory, the internal reference price is defined as an adaptation based on recent pricing experience. In this sense, Fink et al. found that the lowest price plays a vital role as an indicator of the reference price, while the price of past brands seems to be the most significant predictor over time (Salindo, 2021).

The issue of pricing decision-making in the dual-channel supply chain has always been a hot research topic. In previous studies, scholars mainly studied and analyzed different prices from dual-channel supply chains. For example, Kong et al. studied the impact of BOPS on different pricing strategies in the dual-channel supply chain. Qin et al. learn how trade credit policy affects pricing strategies for dual-channel supply chains. Although there are fewer studies on double-channel unified pricing, they have gradually received attention from scholars in recent years. For example, Liu et al. learned the impact of integrated pricing of producers and channel selection based on the retail price markup strategy on the dual-channel supply chain. Wang and Yang discussed the impact of retailers' unified pricing on all parties in the supply chain under the background of competition between the two chains. Niu et al. Learn the impact of a retailer's online and

offline pricing strategies on the profits of each node in the supply chain under fair preference. Ji et al. found that under a unified differential pricing and pricing strategy, the repurchase contract does not affect the optimal pricing and return strategy. Liu et al. learned the strategy of promoting and coordinating the dual-channel supply chain under the integrated price of manufacturers. Based on the assumption that uniform pricing increases customer demand and reduces operating costs, Cai et al. analyze the impact of uniform pricing on the profits of all parties in the supply chain (Yi, 2020).

Every consumer has a different lifestyle in their daily lives. For this, their needs are different, and these are the needs that make different decisions. Decisions can be evaluated, complex, compared, and chosen in addition to buying from various products according to consumers' opinions about a particular product. It makes realizing and understanding the fundamental problem of consumer decision-making for marketers to make their products and services different from others in the market. Consumer decision-making involves identifying needs, gathering information, evaluating alternatives, and making purchasing decisions. Consumer behavior can be determined by being influenced by environmental factors and psychological and economic factors. Consumer decision-making behavior is a network that includes everything from introducing problems to post-purchase activities. The information search phase in the buyer's decision process changes at this point because consumers demand more information about products that can meet their needs. Information can also be obtained through recommendations from people with previous product experience. At this level, consumers tend to think about risk management and list the features of a particular brand (Gopinath, 2020).

In reality, on the ground, of course, all factors influence consumer purchasing decisions for a product. It is the subject of discussion in this study. Many problems arise in running a business, including some of the influences in the industry. This study will discuss pricing and product variations and seek an impact on buying decisions at Bos Salad Bengkalis.

Customer purchasing decisions for a product require several factors. In this study, product variations and pricing are discussed. Because Bos Salad Bengkalis' business is still considered a new business in Bengkalis, some research is needed to see the effect of product variations and pricing on buying decisions for Bos Salad Bengkalis products.

The background above makes the motivation to do this research because purchasing decisions are, of course, very influential in a business. Things that, of course, greatly influence purchasing decisions are pricing and product variations that will later make consumers choose what products will be appropriate and would be their choice. Especially residents of Bengkalis Island, whose purchase decisions are pretty unique, so the motivation to conduct this research is also to see whether the price and variety of products can change the decision to buy.

A researcher was interested in researching a problem entitled "**The Influence of Product Variation and Pricing Strategy Toward Purchasing Decisions at Bos Salad Bengkalis.**"

1.2 Formulation of the Problem

According to the title and based on the background above, the formulation of this research problem is how the effect of product variations and pricing strategies on the decision to purchase Bos Salad products.

1.3 Purpose of the Study

From the formulation of the problem stated, the research objectives can be determined as follows:

1. To find out the effect of product variations toward purchasing decisions on salad boss products.
2. To find out the effect of pricing strategies toward purchasing decisions on Boss salad products.
3. To find out the effect of product variations and pricing strategies toward purchasing decisions on boss salad products.

1.4 Significance of the Study

The benefits to be achieved in carrying out this research are as follows:

1. For Researcher

It added to the author's insight, especially about marketing management and consumers' purchasing decisions based on product variations and pricing.

2. For the community

Become additional information and input to consumers about the purchase decision of a product so that it helps provide a wise decision.

3. For third parties or other parties

As the material for information and comparison, if needed by other researchers regarding purchasing decisions, product variations, and pricing strategies.

1.5 Scope and Limitation of the Problem

This study will only examine the factors of product variation and pricing strategies for consumer purchasing decisions on Bos Salad Bengkalis products.

1.6 Writing System

The systematic writing of the research conducted for the effect of product variations and pricing strategy towards purchasing decisions at Bos Salad Bengkalis is as follows:

CHAPTER I: INTRODUCTION

Is an introductory chapter that describes the background, problem limitation, problem formulation, research objectives, research benefits, and research systematic.

CHAPTER II: LITERATURE REVIEW

Expressing the theoretical basis and theoretical basis that will be used in the completion of research both in general and specific theory which consists of previous research and theoretical basis.

CHAPTER III: METHODOLOGY AND COMPLETION PROCESS

In this chapter describes the method of conducting research, which consists of location, time and object of research, types and sources of data, methods of data analysis, types of research, and research schedules and budgets.

CHAPTER IV: RESULTS AND DISCUSSION

In this chapter the author will elaborate on the discussion of the results of research analyzes that have been carried out by interviewing, observing, and other sources.

CHAPTER V: CONCLUSIONS AND SUGGESTIONS

In this chapter the author will describe the conclusions obtained from the discussion as well as the suggestions to be submitted by the author.