

## The Influence of Marketing Mix on Purchasing Decision of NPK Phonska Plus Non-Subsidized Fertilizer in Project Agrosolution PT Petrokimia Gresik



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**ABSTRACT:** Sales are the most important aspect for the sustainability of a company. The thing that must be done to increase sales is to increase consumer purchasing decisions. Purchasing decisions generally depend on aspects of the marketing mix provided by the company. This research aims to assess how 4P marketing mix, which consists of products, prices, place, and promotions, influences customer purchasing decision of NPK Phonska Plus Non-Subsidized fertilizers in Project Agrosolution PT Petrokimia Gresik. The research is based on quantitative research that uses saturated sampling technique. This research's population and sample consisted of all main distributors who had used and purchased NPK Phonska Plus Non-Subsidized fertilizer through Project Agrosolution PT Petrokimia Gresik with 44 respondents in total. The analysis in this research used the Smart-PLS test tool. Based on the result of the research, product, price, place, and promotion are partially influence the purchasing decision of NPK Phonska Plus Non-Subsidized in a positive and significant way.

**KEYWORDS:** Marketing Mix, Purchasing Decision, NPK, Non-Subsidized Fertilizer

### I. INTRODUCTION

Indonesia is known as an agricultural country, where it can be seen that the agricultural sector is the main sector in meeting food needs. One of the important needs to increase agricultural productivity is fertilizer. Fertilizers are given to meet the main nutrients of plants, which are N (Nitrogen), P (Phospor), and K (Potassium), which decrease with plant growth.

PT Petrokimia Gresik is one of the most complete producers of fertilizers and chemicals for agroindustry solutions in Indonesia under the auspices of PT Pupuk Indonesia. PT Petrokimia Gresik produces various types of subsidized fertilizers, non-subsidized fertilizers, and also other chemicals needed for agroindustry solutions. One of the superior fertilizers offered by PT Petrokimia Gresik is NPK Phonska Plus Non-Subsidized fertilizer which contains 15% Nitrogen (N), 15% Phosphorus (P205), 15% Potassium (K20), 15% Sulfur (S) 9%, Zink (Zn) 2000ppm, where the content in this fertilizer is more complex and complete than other NPK fertilizers.

The most important aspect in the life of a company is sales, because through sales, profits will be obtained which are used to run the company. One of the departments responsible for selling non-subsidized fertilizers at Petrokimia Gresik is the Project Agrosolution department. In its sales activities, Project Agrosolution will be selling fertilizers to distributors who have registered as partners. In this study, the researcher makes the realization of sales of NPK Phonska Plus Non-Subsidized fertilizer in Project Agrosolution department as the main focus of the problem. Since January 2021, the sales level of NPK Phonska Plus Non-Subsidized fertilizer often fluctuates in each month. But there was a very significant decrease of 148,289 tons or from 170,334 tons of total sales in 2021 dropped dramatically to a total of only 22,045 tons in 2022.

The success of a sale generally depends on the marketing strategy carried out in an effort to obtain optimal sales in certain ways and expenses. Marketing Mix or Marketing Mix is a marketing strategy consisting of a variety of strategic marketing tactics used in combination by companies to accomplish what is needed in their intended market. The marketing mix including product, price, place, and promotion (Kotler & Armstrong, 2016). Purchasing decision are defined as consumer understanding of the needs and desires for a product that is assessed from various aspects by establishing goals for purchases and identifying existing alternates in which purchasing decisions are always followed with post-purchase behaviour (Arianto & Octavia, 2021). Customers will usually consider various aspects of the marketing mix in the product before making a purchase decision.

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In the process of selling NPK Phonska Plus Non-Subsidized fertilizer, Project Agrosolution PT Petrokimia Gresik has implemented and paid attention to aspects of the marketing mix. However, there is still a decline in sales of these fertilizers. This has made researchers interested in knowing the influence of marketing mix on purchasing decisions of NPK Phonska Plus Non-Subsidized fertilizers at Project Agrosolution PT Petrokimia Gresik.

## II. LITERATURE REVIEW

### Product

According to Alma in (Farisanu et al., 2023) product is a combination of both immaterial and material elements which include color, cost, brand, and services received by customers in order to fulfill customer needs and expectations. Kotler in (Andayani, 2019) states that products are part of a marketing stimulus which is one of the variables that may influence a consumer's decision to purchase. This is in align with previous research by (Ufi et al., 2020) and (Saputra & Roswaty, 2020) which shows that product variables have a significant effect on purchasing decision. According to Cannon et al in (Pane, 2018) there are 4 indicators in measuring products, namely: Product quality, product packaging, product brand, and guarantee.

### Price

Price is a monetary (money) or non-monetary (value) unit that is exchanged for the advantages from a product or service (Kotler & Armstrong, 2018). In general, buyers will look for the lowest price, but if the price is high along with the increased benefits obtained by the buyer, the buyer will usually still continue to purchase the product. According to research conducted by (Hariyani, 2020) and (Wangarry et al., 2018) purchasing decision are positively and significantly influenced by price. Indicators used as price measurements, based on research conducted by Purnamasari et al. (2018), are Price Match with Product Quality, Price Satisfaction, and Discounts.

### Place

Kotler & Armstrong (2018) say that distribution channels are all activities carried out by companies to manage trade channels in terms of distributing goods and services to reach the intended market. Good place will increase consumer purchasing decision, the easier and faster the process of product distribution channels to the hands of consumers, the more interested consumers will be in making purchases (Susilo et al., 2022). Research conducted by (Pane, 2018) and (Gunawan, 2020) shows that purchasing decision are positively and significantly influenced by place. According to Gitosudarmo (2014) there are 3 indicators of distribution channels, namely: Product Availability, Distribution Reach, and Level of Convenience.

### Promotion

According to Kotler & Keller in (Kristanto & Pudjoprastyono, 2022) promotion is a variety of efforts made by producers to attract customers and inform the products being sold to increase sales volume. Tjiptono in (Radji & Kasim, 2018) states that no matter how high-quality a product is, if consumers aren't aware and unsure about the benefits of the product, consumers will never decide to purchase the product. This is in align with research by (Ufi et al., 2020) and (Rais et al., 2021) which shows that promotional variable have a significant effect on purchasing decision. Promotion indicators according to Kotler & Keller in (Senggetang et al., 2019) are Promotion Frequency, Promotion Quality, Promotion Quantity, and Promotion Accuracy or Appropriateness.

### Purchasing Decision

Purchasing decision can be interpreted as consumer understanding of the needs and desires for a product based on the process of selecting two or more alternatives, so that purchasing decision are always followed by post-purchase behavior (Shafrizal & Pudjoprastyono, 2022). According to Kotler and Keller in (Pratama & Santoso, 2018) the indicators of purchasing decision consist of 4, including Stability in a product, Habits in buying products, Providing recommendations to others, and Making repeat purchases.

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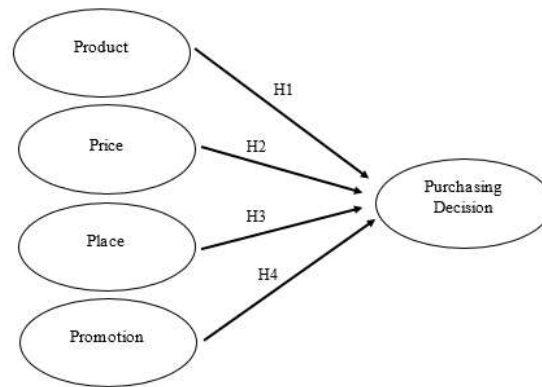


Figure 1. Conceptual Framework

## Hypotheses

H1: Product have a positive influence on purchasing decision ; H2: Price have a positive influence on purchasing decision ; H3: Place have a positive influence on purchasing decision ; H4: Promotion have a positive influence on purchasing decision.

## III. RESEARCH METHODOLOGY

The research is based on quantitative research that uses primary data obtained from distributing questionnaires via google form to respondents. This research used an ordinal scale with Likert weighting techniques as a measuring scale. Populations uses on this research are all Main Distributors who have used and purchased NPK Phonska Plus Non-Subsidized fertilizer through Project Agrosolution PT Petrokimia Gresik. This research uses saturated sampling technique where the entire population will be the sample in the study, so that all Main Distributors who have used and purchased NPK Phonska Plus Non-Subsidized fertilizer through Project Agrosolution PT Petrokimia Gresik will be the respondents in this research in total amount of 44 Main Distributors. Partial Least Square (PLS) analysis method with the Smart PLS program was used as the analytical method in this research.

## IV. RESULTS AND DISCUSSION

### Outer Model Test

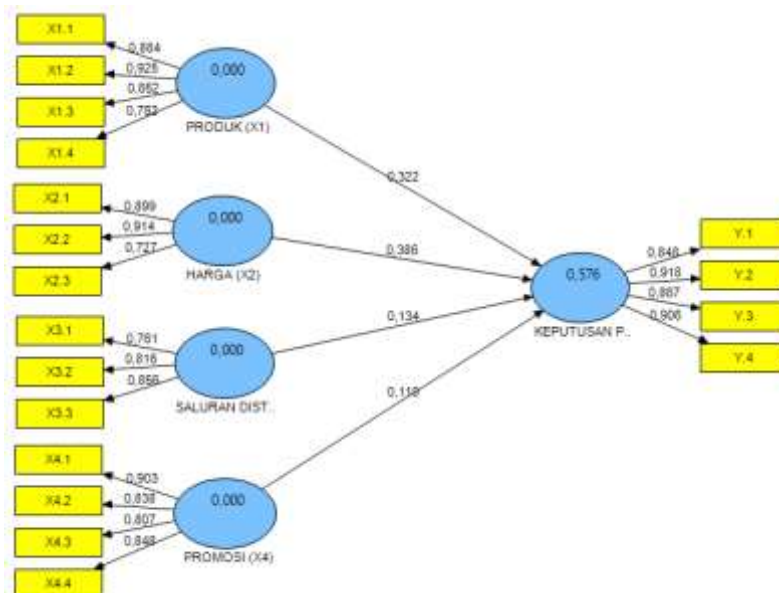


Figure 2. Outer Model PLS

Based on the figure above, it is shows that the loading factor on each indicator both on the Product (X1), Price (X2), Place (X3), Promotion (X4) and Purchasing Decision (Y) variables, obtains values above 0.6, This indicates that all of the research's indicators are valid or have excellent validity and can be used as measuring instrumens for tested variables.

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**Table 1. Average Variance Extracted (AVE)**

	<b>AVE</b>
Price (X2)	0,723896
Purchasing Decision (Y)	0,783464
Product (X1)	0,743586
Promotion (X4)	0,722121
Place (X3)	0,659458

Result of the AVE test for Product (X1) is 0.743586, Price (X2) is 0.723896, Place (X3) is 0.659458, Promotion (X4) is 0.722121, and Purchasing Decision (Y) is 0.783464. In general, the variables in this study may be regarded as valid because all five variables had values more than 0.5.

**Table 2. Composite Reliability**

	<b>Composite Reliability</b>
Price (X2)	0,886201
Purchasing Decision (Y)	0,935307
Product (X1)	0,920360
Promotion (X4)	0,912106
Place (X3)	0,852860

Results of the Composite Reliability test for Product (X1) is 0.920360, Price (X2) is 0.886201, Place (X3) is 0.852860, Promotion (X4) is 0.912106, and Purchasing Decision (Y) is 0.935307, the variables in this study may be regarded as reliable because all five variables had values more than 0.70.

**Table 3. Latent Variable Correlations**

	PRICE (X2)	PURCHASING DECISION (Y)	PRODUCT (X1)	PROMOTION (X4)	PLACE (X3)
Price (X2)	1,000000				
Purchasing Decision (Y)	0,605898	1,000000			
Product (X1)	0,432855	0,853538	1,000000		
Promotion (X4)	0,445123	0,606721	0,762925	1,000000	
Place (X3)	0,237574	0,484989	0,602389	0,593180	1,000000

Product (X1) and purchasing decision (Y) have the strongest correlation value of 0.853538, furthermore, it can be said that the influence between Product (X1) on Purchasing Decision (Y) in this research model has a greater influence than the influence between the other variables on purchasing decision.

**Table 4 R Square**

	<b>R Square</b>
Price (X2)	
Purchasing Decision (Y)	0,575858
Product (X1)	
Promotion (X4)	
Place (X3)	

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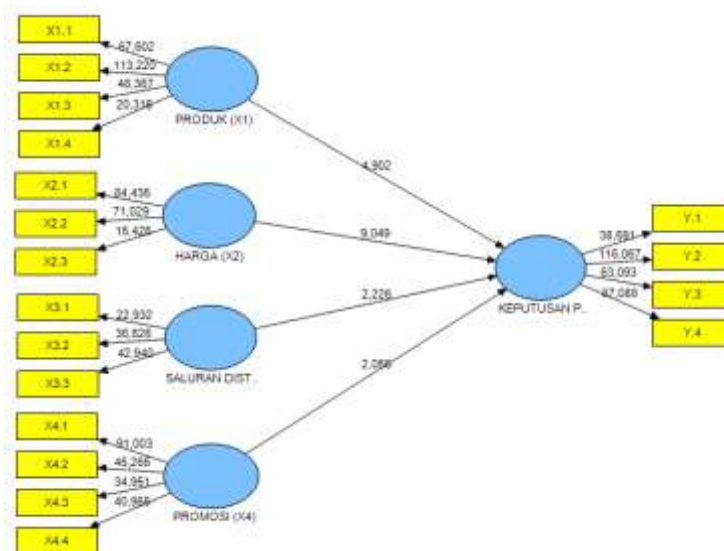
In this research the value of  $R^2 = 0.575858$ . With a variance of 57.58%, it can be assumed that the model may describe the occurrence of purchasing decisions, which are influenced by independent factors such as product, price, place, and promotion. The rest of the 42.42% is influenced by external factors within this research.

## Hypotheses Test

**Table 5. Mean, STDEV, and P Values**

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STERR )	P Values
PRODUCT (X1) -> PURCHASING DECISION (Y)	0,321923	0,318648	0,065674	4,901830	0,000
PRICE (X2) -> PURCHASING DECISION (Y)	0,385807	0,387243	0,042633	9,049488	0,000
PLACE (X3) -> PURCHASING DECISION (Y)	0,134335	0,141194	0,060358	2,225636	0,028
PROMOTION (X4) -> PURCHASING DECISION (Y)	0,109702	0,102768	0,053393	2,054632	0,042

The results of the significance of the T-Statistic value can be seen from the smartPLS output bootstrapping in the following picture:



**Figure 3. Inner Model with Bootstrapping T-Statistic significant value**

### The Influence of Product on Purchasing Decision

According to the results of the test in this research, it can be stated that products contribute to the purchase decision of NPK Phonska Plus Non-Subsidized fertilizer at Project Agrosolution PT Petrokimia Gresik. With that, the hypothesis can be accepted, which means that if the product has increased in terms of quality, packaging, guarantee, and brand, the purchasing decision will also increase and vice versa. According to the largest values of factor loading, product packaging is the most influential indicator of products on customer purchasing decision. So it can be interpreted that in making purchasing decision, consumers pay the most attention to the packaging of these products. In this case, consumers see that NPK Phonska Plus Non-Subsidized fertilizer has good packaging and is not easily torn so that it is safe to carry in long distance shipments to the location of each distributor and also includes sufficient information about the contents of the product. Results from this research are in line with research conducted by Nuraini et al. (2023) which shows the results that products have a positive and significant influence on purchasing decision. In addition, research conducted by Candra et al. (2019) also found that purchasing decision are positively and significantly influenced by products.

### The Influence of Price on Purchasing Decision

According to the research that has been conducted, the results show that price contributes to the decision to purchase NPK Phonska Plus fertilizer at Project Agrosolution PT Petrokimia Gresik. With that the hypothesis can be accepted, which means that

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if the price is more appropriate, the purchasing decision will also increase and vice versa. According to the largest values of factor loading, price satisfaction is the most influential indicator of products on customer purchasing decision. This shows that distributors make purchasing decision for NPK Phonska Plus Non-Subsidized fertilizer if the price offered is in appropriate with the expectations of distributor. Results of this research are in line with Rais et al. (2021) which shows that price has a positive and significant effect on purchasing decision. The results of this research are also coincide with research by Nuraini et al. (2023) which states that purchasing decision are positively and significantly influenced by price.

### The Influence of Place on Purchasing Decision

From the research that has been conducted, it is found that the Place contributes to the purchase decision of NPK Phonska Plus fertilizer at Project Agrosolution PT Petrokimia Gresik. With that the hypothesis can be accepted, which means that if the distribution channel has increased in ease of access and retrieval, the purchasing decision will also increase and vice versa. According to the largest values of factor loading, level of convenience is the most influential indicator of products on customer purchasing decision. In this case, it can be seen that the level of convenience in accessing the location of taking NPK Phonska Plus Non-Subsidized fertilizer most influences purchasing decision by distributors because the ease of access to the collection location is related to the efficiency of the time that will be spent by the distributor. The results of this research are align with previous research by Wijaya et al. (2019) which found that place have a positive and significant effect on purchasing decision. In addition, this research are also align with research by Nazmi (2021) that stated purchasing decision are positively and significantly influenced by place.

### The Influence of Promotion on Purchasing Decision

According to the results in this research, it can be stated promotion contributes to the purchase decision of NPK Phonska Plus fertilizer at Project Agrosolution PT Petrokimia Gresik. With that the hypothesis can be accepted, which means that if the frequency, quality, and suitability of promotions increase, purchasing decision will also increase and vice versa. According to the largest values of factor loading, promotion frequency is the most influential indicator of products on customer purchasing decision. This shows that the level of frequency with which distributors see promotions regarding NPK Phonska Plus Non-Subsidized fertilizer greatly influences their purchasing decision. The more frequent the promotion of NPK Phonska Plus Non-Subsidized fertilizer, the more the distributor will remember to make purchasing decision. This research are line up with Ariamanda & Wardhani (2022) which stated that promotion has a positive and significant influence on purchasing decision. This research is also align with research by Setyaningrum & Supriyono (2022) which also found that purchasing decision are positively and significantly influenced by promotion.

## V. CONCLUSIONS

Based on the test results with PLS, it can be inferred that marketing mix contributes to purchasing decision of NPK Phonska Plus Non-Subsidized fertilizer at Project Agrosolution PT Petrokimia Gresik. This study shows that the better the elements of the marketing mix provided, the higher the purchasing decision that will be made by distributors. So it is hoped that the company will maintain and improve the elements of the marketing mix provided to distributors so that they remain good. As a consideration for future research, it is recommendable to use another variable like service quality, online customer reviews, and experiential marketing because these are also thought to influence consumer purchasing decision.

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