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RESEARCH ARTICLE

THE IMPACT OF CO-BRANDING, PRICE, AND ADVERTISING ON PURCHASING DECISIONS AT BTS MEAL MCDONALD'S INDONESIA

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Abstract

This study aims to analyze the factors influencing purchasing BTS Meal products at McDonald's Indonesia. The factors tested in this study were co-branding, pricing, and advertising. The data used in this study are primary data obtained from the results of questionnaires to McDonald's Indonesia customers. The questionnaire was processed into quantitative data as the basis of data in this study. This study used Structural Equation Modeling (SEM), and 130 respondents collected a sample through the Non-Probability-Purposive Sampling technique. The data was processed using Analysis of Moment Structure (AMOS) software and concluded that co-branding, price, and advertising significantly positively affected purchasing the BTS Meal menu at McDonald's Indonesia.

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Introduction:-

Multinational franchise companies in Indonesia engaged in the fast-food industry continue to experience development, such as Pizza Hut, KFC, Wendys, Hoka-Hoka Bento, McDonald's, and others. The increasing number of companies engaged in the fast-food industry creates high competition. Based on the survey, the Top Brand Award gave top brand results on fast food, namely KFC (Kentucky Fried Chicken) 36.6%, MC Donald's 27.4%, HokaHoka Bento 11.7%, CFC (California Fried Chicken), 6.6% and Burger King 4.8%. The company continues to compete by innovating in producing better products according to market needs. Therefore, fast-food companies implement innovation strategies, such as menu innovations, interior design innovations, and facilities. Based on a survey conducted by QSR Magazine in 2012, where QSR Magazine has surveyed in at least the last 15 years, it resulted that McDonald's is the fast-food company that gets the most significant sales in the world, with sales (non-United States) of 44.98 billion U.S. dollars and the number of store units (outside the U.S.) of 18,710 units (Purwanto, 2).

Based on research on the MSN Economics website, McDonald's globally experienced a decline in revenue in 2020. That year coincided with the Covid-19 pandemic that hit almost the entire world and greatly affected the economy of each country which was focused a lot on health. As one of the companies engaged in the food industry, they also feel the impact of this pandemic and continue trying to survive. To overcome this, some companies use an integrated operating system to consolidate similar activities and create activities deemed necessary for outsiders or collaboration.

Co-branding can be one of the solutions and a way out of two or more companies facing increasingly fierce competition. The increasing variety of desires and high consumer expectations for products, accompanied by the

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existence of imitation products at lower prices, are problems that companies must face. Phillip Kotler (2010) defines "Co-Branding as two or more known brands combined in an offering, where each other strengthens each other and hopes for attention from new consumers." In this research, McDonald's collaborated with BTS and created a product called BTS Meal.

When co-branding with other companies, the products created due to collaboration must go through price considerations, price is also one factor determining a consumer's purchasing decision. The price policy set by McDonald's affects the consumer's assessment of the products offered. Prices that are too high will make consumers switch to other similar products, and vice versa. If the price shown is too low, consumers will doubt the quality of the products offered, thereby reducing interest in buying these products. Consumers will feel satisfied if the price follows the expected rate. According to Kotler and Keller (2012), "pricing policy is very decisive in the marketing of a product or service because the price is the only element of the marketing mix that provides income for the organization or company."

Advertising is an essential promotional medium because the company can describe its products precisely and efficiently. In addition, advertising is a consumer attraction because the advertisement contains information that is useful in making purchase decisions. According to Kotler and Keller (2009), "advertising is all forms paid off for the non-personal presentation and promotion of ideas, goods, or services by a clear sponsor." Ads are delivered in various ways, audio, visually, and a combination. The most popular advertising media today besides television is social media. Information can be accessed easily anywhere and anytime.

A purchase decision is an action taken by a consumer in deciding to buy a particular product or service. Companies need to study consumer behavior as the embodiment of the entire human soul in their daily lives to get to know consumers. The perceptions of the influence of others and internal motivations will interact to determine the final decision that is considered most appropriate. According to Kotler (2002), "there are five stages in the purchase decision process, namely the introduction of needs, the search for information, the evaluation of alternatives, the purchase decision, and the behavior after purchase."

Several studies have proven that co-branding affects purchasing decisions; research by Ramdhani, Suharyono, and Hidayat (2018) regarding the Influence of Co-Branding on Customer Purchase Intention and Purchasing Decisions (Study on Wall's Selection Oreo Consumers in Indonesia). As a result, Co-Branding significantly affects customer purchase intentions and purchasing decisions. In addition, research conducted by M. Putri (2019) on the Influence of Co-Branding on Consumer Purchasing Decisions in Bandung (Torabika Cappuccino Case Study with PUBG Mobile) has results that show that the correlation coefficient formed is at a moderate level, the influence of co-branding with a decision variable of 18.4% of Co-Branding. This indicates that the two brands (Torabika and PUBG Mobile) did not contribute much to the purchase decision.

Some research has also proven price affects consumers' purchasing decisions. Research conducted by Wahyuni and Perdamean (2016); A. Islami, N. Maharani, and R. Oktini (2015) on the Effect of Price on Consumer Purchasing Decisions (Case Study at Henny Store Bandung City) found that price significantly has a positive effect on purchasing decisions. Then, research conducted by Destarini and Prambudi (2020), The Effect Of Products And Prices On Purchasing Decisions On Consumers 212 Mart Condet Batu Ampar, has research results that show a negative influence between price and purchase decisions.

Several studies have proven advertising influences consumers' purchasing decisions. The Effect of Social Media Advertising on Consumer Purchasing Decisions (Study on Mafia Fried Rice Consumers in Bandung City) by Siregar and Widodo (2018) shows Advertising significantly influences purchasing decisions. In addition, based on research conducted by Suryo, Suddin, and Widajanti (2019) regarding the Effect of Price, Advertising, Brand Image, and After-Sales Service on Wuling Car Purchase Decisions in the Surakarta Region, it is concluded that the price does not have a significant effect on the decision to buy Wuling cars in the Surakarta Region.

Based on this description, this study aims to analyze the impact of co-branding, price, and advertising on the purchase decision of the BTS Meal menu at McDonald's Indonesia.

Literature Review:-

Purchasing Decisions

According to Kotler and Keller (2016), the definition of a purchasing decision is "in the evaluation stage, the consumer forms preferences among the Brands in the choice set and may also form an intention to buy the most preferred Brand." According to a (2003), "decision-making taken by a person can be referred to as a problem-solving. Consumers have goals or behaviors they want to achieve or fulfill in decision-making. Furthermore, consumers decide which behaviors they want to do to achieve these goals". Kotler and Keller (2016) stated that the purchasing decision indicators are as follows: 1) Product Choice, 2) Brand Choice, 3) Dealer Choice, 4) Purchase Amount, 5) Purchase Timing, and 6) Payment method.

Co-Branding

According to Kotler (2012), "Co-Branding is marketing by combining their products with products from other companies in various ways." In Co-Branding, it is also called dualbranding or brand bundling of two or more well-known brands joining forces to create one or more products, then marketing together in some way. In addition, Kotler and Armstrong (2011) define "Co-Branding as the practice of using the names of established brands from two different companies on the same product." According to Kevin L. Keller (2008), the way consumers evaluate Co-Branding products is robust if: 1) Brand Awareness, 2) the Brand is Sufficiently Strong, 3) Favorable, 4) Unique association, 5) Positive consumer judgment, 6) Positive consumer feelings.

The Effect of Co-Branding (H1) on Purchasing Decisions

According to the research results, Putri (2019) said that Co-Branding affects purchasing decisions. This is in line with the research, and Kusuma, and Subari (2021), who conducted case study research on Cadbury Oreo, which said that co-branding affects purchasing decisions. Based on this description, the hypothesis of this study is:

H1: It is suspected that co-branding influenced the decision to buy the McDonald's Indonesia BTS Meal menu.

Price

According to Kotler and Armstrong (2012), "price is the amount charged for a product or service; more broadly, price is the sum of all the value provided by the customer to benefit from owning or using a product or service." According to Kotler (2012), "price is the only element of the marketing mix that generates revenue; other elements incur costs." According to Kotler and Armstrong (2012), "within the price variable, there are several elements of the main activity of the price, which include price lists, discounts, rebates, and payment periods." In this study, price measurement was measured by the following indicators: 1) Affordability of prices, 2) Conformity of price with product quality, 3) Price competitiveness and 4) Suitability of price with benefits.

The Effect of Price on Purchasing Decisions

According to the research results by A. Islami, Maharani, and R. Oktini (2015), price affects purchasing decisions. This is in line with the research of G. Igir, Tampi, and Taroreh (2018). They conducted case study research on the Daihatsu Grand Max Pick Up Car at P.T. Astra International Tbk Daihatsu Malalayang Branch. The research results said that price affects purchasing decisions. Meanwhile, Destarini and Prambudi's research (2020) found that price results did not affect purchasing decisions. Based on this description, the hypothesis of this research is:

H2: It is suspected that the price affects the purchase decision of the McDonald's Indonesia BTS Meal menu.

Advertisement

According to Kotler and Keller (2012), "advertising is a form of non-personal paid presentation and promotion of ideas, goods, or services by sponsors identified through print media (newspapers and magazines), broadcast media (radio and television), network media (telephone, cable, satellite, wireless), electronic media (sound recordings, video recordings, videodisks, C.D.s – ROMs, web pages), and display media (billboards, signs, poster)." According to Morissan (2010), "advertising as all forms of non-personal presentation, promotion and ideas about goods or services paid for by a sponsor." According to Hermawan (2012), the indicators used to measure advertising are 1) Providing information (to inform), 2) Persuading (to persuade), and 3) Reminding (to remind).

The Effect of Advertising (H3) on Purchasing Decisions

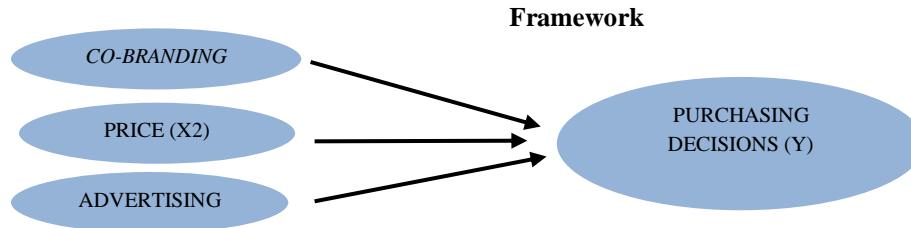
According to the results of research by Siregar and Widodo (2018), advertising affects purchasing decisions. This aligns with Wahyuni's research and Pardamean's (2016) Advertising Influence, Price, and Quality of Service towards

Simpat Card Purchasing Decisions at the Perbanas Institute. The results of the study show that advertising affects purchasing decisions. Meanwhile, Suryo, Suddin, and Widajanti's research (2019) found that advertising results did not affect purchasing decisions. Based on this description, the hypothesis of this research is:

H3: It is suspected that the advertisement influenced the McDonald's Indonesia BTS Meal menu purchase.

Framework

Based on the gap and research gap phenomenon that occurs, as well as the many theories and research that have existed before, it is diverse and inconsistent, making the author want to research more about the Influence of Co-Branding, Price, and Advertising on the BTS Meal Menu (McDonald's x BTS) on Consumer Purchase Decisions at McDonald's Indonesia.



Source: Primary Data, 2021.

Research Methods:-

This research uses descriptive and verifiable methods, verifying the analysis results based on the research carried out. The data obtained is processed, analyzed, and then processed based on the theories studied to draw a conclusion. The unit of analysis in this study is an individual analysis in the form of respondents' perceptions of co-branding, price, and advertising concerning the Purchase Decision of McDonald's x BTS Meal products. The population in this study is all McDonald's Indonesia customers. Samples taken from the population must be representative or representative to answer the problem in the research conducted. In this study, the authors used a non-probability sampling method by sampling 130 respondents of McDonald's Indonesia customers. The type or method of data used in this study is quantitative data based on primary data sources, namely data collected through the first party from the results of the distribution of questionnaires. The questionnaire results were processed with AMOS (Analysis of Moment Structures) version 22.

Validity and Reliability Testing using IBM SPSS Software version 26 by comparing the corrected item-total correlation value of each item with a statement with $r_{count} > r_{table}$, then the data is declared valid. A significant relationship occurs if the significance value (P Value) < 0.05 . This test used a trial sample of 60 respondents from a total of 130 respondents, so the r_{table} value was 0.254, and the significance level (2-tailed) was 60 at 5% at 0.05. It is known that the validity test results for all statement items on the Co-Branding variable (X1), namely H1 to H6, the Price variable (X2), namely H1 to H4, the Advertising variable (X3), namely H1 to H3, the Purchase Decision (Y) namely H1 to H6 are declared valid because the calculated value obtained by each statement is greater than the r_{table} value set at 0.254 and is significant because of the sig. (2-tailed) smaller than 0.05.

Reliability testing has a role in measuring the extent to which the measurements are fixed and consistent. Reliability testing is considered a data collection tool free from measurement errors. It is known that the value of the variable obtained is greater than the Value of Cronbach's Alpha which has been set by 0.70, called reliable. Cronbach's Alpha results are variable: Co-Branding at 0.869, Price at 0.914, Advertising at 0.721, and Purchase Decision at 0.923. Then it can be concluded that all the statement items on all variables are reliable.

Result and Discussion:-

An outlier can be detected by looking at the Mahalanobis distance table. In the table, the data is referred to as an outlier if it has an expensive value of d-squared exceeding 36,190, i.e., a chi-square value at an accessible degree of 19 (because there are 19 valid indicators analyzed) and a significant level of 0.001. The outlier detection results in the following table show that out of the 130 data analyzed, 6 data had a Mahalanobis distance above 36,190. This shows that there are outliers in the analyzed data. Outlier data will be output in the analysis using SEM, following outlier detection results:

Table 1:- OutlierDetection in SEM Data Observations Farthest from the Centroid (MahalanobisDistance) (Group Number 1).

Observation number	Mahalanobis d-squared	P1	P2
112	43,882	,001	,120
102	43,271	,001	,011
45	41,245	,002	,003
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69	13,168	,830	,990
52	13,138	,831	,985
66	13,056	,836	,981

Source: AMOS Data Processing Results, 2022

Normality Test and Multicollinearity Test

The normality test results showed that the research data had been distributed normally because the univariate kurtosis value of almost all indicators had been in the interval of $-2.58 < z < 2.58$ and with a multivariate c.r value of 6.880. The Multicholnarity test was carried out by looking at the correlation value between variables X. Models were declared free from multicollinearity if the correlation value between variables $X < 0.9$. In this SEM model, the Co-Branding, Price, and Advertising variables act as the variable X. The analysis results in the following table show the absence of multicollinearity among the three variables X because the magnitude of the correlation coefficient between the variables X does not exceed 0.9, so the assumption of the absence of multicollinearity has been fulfilled.

Table 2:- Correlations: (Group number 1 - Default model).

			Estimate
Co-Branding	<-->	Advertising	0,697
Co-Branding	<-->	Price	0,586
Price	<-->	Advertising	0,752

Source: AMOS Data Processing Results, 2022.

Confirmatory Factor Analysis (CFA) Test

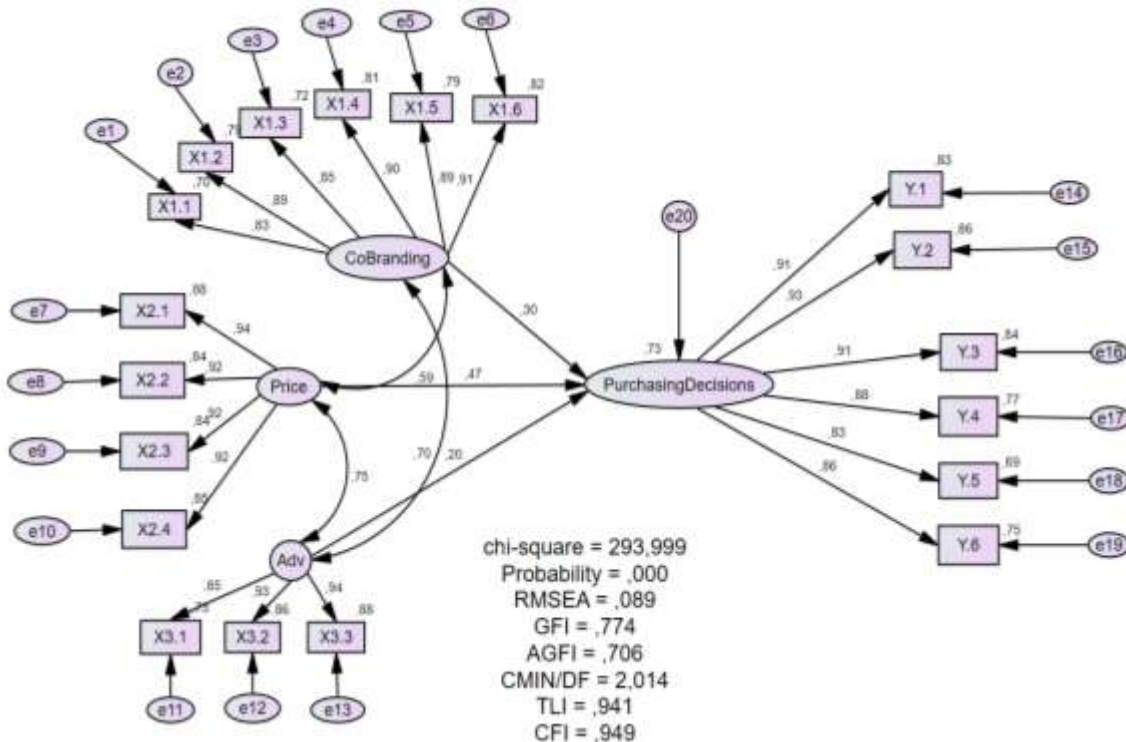


Table 3:- Goodness Of Fit Model Test Results.

The goodness of Fit Index	Cut-offvalue	Indicator Value	Conclusion
X ² chi-square	Close to 0	293,999	
Significance probability	≥ 0.05	0	Poor Fit
RMSEA	≤ 0.08	0,089	Marginal Fit
GFI	≥ 0.90	0,774	Poor Fit
AGFI	≥ 0.90	0,706	Poor Fit
CMIN/DF	≤ 2.00	2,014	Marginal Fit
TLI	≥ 0.95	0,941	Marginal Fit
Cfi	≥ 0.95	0,949	Marginal Fit

Source: AMOS Data Processing Results, 2022

From the results of the Goodness of Fit Model test in table 3 above, it can be concluded that the 1 Goodnessof Fit condition is in a marginal evaluation state and is not good because it has approached the predetermined cut-off value.

Table 4:- Direct Influence Test Results**Regression Weights: (Group Number 1 - Default Model)**

	Estimate	S.E	C.R	P	Label
Purchasing Decisions <--- Co-Branding	0,351	0,092	3,805	***	par_1
Purchasing Decisions <--- Price	0,395	0,074	5,337	***	par_2
Purchasing Decisions <--- Advertising	0,164	0,082	2,003	0,045	par_3

Source: AMOS Data Processing Results, 2022

Hypothesis 1 Test Results

The p-value of the influence of the Co-Branding variable on the Purchasing Decision (H1 ->Kep) of the study results showed a p-value value (***) < 0.05 with a C.R. of 3.508 > 1.96. So it can be concluded that Co-Branding significantly affects purchasing decisions, meaning that the Co-Branding that McDonald's and BTS have done is following McDonald's customer expectations. This supports the 1 H1 hypothesis in this study is accepted.

Hypothesis 2 Test Results

The p-value of the influence of the Price variable on the Purchasing Decision (H2 ->Kep) of the study results showed a p-value (***) value of < 0.05 with a C.R. of 5.337 > 1.96. So it is concluded that the price has a significant positive effect on the Purchase Decision, meaning that the price offered by McDonald's on the BTS Meal menu is following the expectations of McDonald's customers. This supports the 2 H2 hypotheses in this study being accepted.

Hypothesis 3 Test Results

The p-value of the influence of the Advertising variable on the Purchase Decision (H3 ->Kep) of the study results showed a p-value of 0.045 < 0.05 with a C.R. of 2.003 > 1.96. Soit can be concluded that advertising has a significant positive effect on purchasing decisions, meaning that ads have succeeded in informing and expanding reach according to customer expectations. This supports the 3 H3 hypotheses in this study is accepted.

Table 5:- Variable Causality Test.

Variable	Estimate
Co-Branding	0,351
Advertising	0,395
Price	0,164

Source: Primary Processing Data, 2022.

Table 6:- Residual Value (Z).

Variable	Estimate
Z	0,729

Source: Primary Processing Data, 2022.

Based on the results above, it can be concluded that the X2 Advertising variable has an influence of 0.395 and has the most dominant contribution to the Purchase Decision of McDonald's x BTS Meal products. This can be interpreted as the more suitable the price is given, the more it will affect the increase in the purchase decision by 0.721 points. This shows that the amount of contribution made by the Co-Branding, Price, and Advertising variables is 72.1%. In comparison, the remaining 27.9% of McDonald's customer Purchasing Decisions are influenced by other factors beyond the variables studied.

Conclusions and Recommendations:-

Conclusion:-

Based on the analysis results using the SEM method, the following conclusions can be obtained: The Co-Branding variable significantly affects the BTS Meal Purchase Decision variable. This shows that Co-Branding between BTS and McDonald's affects the specifics of the Purchase Decision. The Price Variable significantly positively affects the BTS Meal Purchase Decision variable. This shows that the more following the price of BTS Meal products given to customers, it will open opportunities for customers to make Purchase Decisions. Advertising Variables have a significant effect on the BTS Meal Purchase Decision variables. This shows that the BTS Meal advertisements carried out by McDonald's and BTS have succeeded in conveying information and attracting the attention of McDonald's customers.

Recommendations:-

Related to the conclusion of all variables, namely co-Branding, price, and advertising, it is known that the results obtained significantly affect the Purchasing Decision of the BTS Meal menu at McDonald's Indonesia. The proper steps in addition to maintaining successful Co-Branding are necessary to do Co-Branding with other large brands and vary. McDonald's efforts can be made by preserving price compatibility with product quality on every menu. Advertising can be done to make creative, unique, and exciting innovations that are in demand by McDonald's customers and can also reach all lines.

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