Conference Paper

The Effect of Promotion Mix on the Purchasing Decisions of Kaluna Living Pillows with Brand Awareness as an Intervening Variable

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Abstract

The purpose of this study was to determine the effect of the promotion mix on the decision to purchase Kaluna Living pillows with brand awareness as an intervening variable. The sample in this study was 96 Kaluna Living consumers, where the non-probability technique used in this study was purposive sampling. The independent variable was the promotion mix, while the dependent variables were brand awareness and purchasing decisions. Data collection was conducted using a questionnaire. The data were analyzed using the Partial Least Square-Structural Equation Model (SEM) with partial least square (PLS) path analysis using the Smart PLS 3.0 software. The results showed that the promotion mix had a positive and significant effect on brand awareness; brand awareness had a positive and significant effect on purchasing decisions; the promotion mix had a positive and significant effect on purchasing decisions; and brand awareness was able to mediate part of the influence of the promotion mix on the purchasing decisions with a VAF value of 30.3%.

Keywords: promotion mix, brand awareness, purchase decisions, accessories home, creative industries

1. Introduction

Kaluna Living, as one of the businesses engaged in home accessories, sees an opportunity in this industry. Kaluna Living, founded in early 2017, has a market segmentation in the middle class who have a high interest in the beauty aspect of a house. One of the top products from Kaluna Living is sofa cushions. Two types of sofa cushions are sold by Kaluna Living, namely ready stock sofa cushions that have been designed by Kaluna Living with a Scandinavian design style, and customized sofa cushions that can be ordered by consumers based on their desire to add names, change colors, and so on.
Kaluna Living’s pillow sales decreased in 2018, then increased again in 2019. This decline in pillow sales can be caused by a poorly managed and consistent promotional strategy. During the past three years, Kaluna Living has made several promotional efforts to increase sales. [1] stated that promotion is a strategy that is often used by various businesses to attract customers. A promotion mix is an essential approach to increasing sales. That is why companies try to carry out attractive promotional strategies to influence consumers through various media, using online media.

Based on the results of the Indonesian Polling study in collaboration with the Indonesian Internet Service Providers Association (APJII), the number of internet users in Indonesia grew 10.12 percent in 2018. Of the total population of 264 million people in Indonesia, 171.17 million, or around 64.8 percent, have become internet users. This figure has increased from 2017, where the internet penetration rate in Indonesia was percent. This figure is undoubtedly good news for business people who use online media to become a means of sales and promotion, especially Kaluna Living.

Some of the promotional efforts that have been made by Kaluna Living are through Instagram. Kaluna Living’s Instagram, which currently has 1,827 followers, is used as a product catalog and also to inform sales promotions such as when there are shopping festival discounts and others. Kaluna Living also participates in events with an appropriate target market such as the 2018 & 2019 Sunday Market, 2019 Inacraft, and the 2019 Surabaya Yoga Festival.

Even though they have made promotional efforts and participated in several events, the turnover growth from Kaluna Living is still low when compared to competitors in the same field who sell home accessories. One of them is Chic & Darling. Based on data compiled by researchers from the wanitawirausaha.com website (2018), the owner of Chic & Darling said that Chic & Darling’s revenue in 2018 had touched hundreds of millions every month.

Also, sales of pillow products increased in line with the increase in turnover. At the beginning of its establishment in 2013, 50 pillows were sold per month but increased to 100 pieces per month, until finally in 2018-2019, an average of 800 pillows were sold per month. The business owner, who was founded in 2013, said, to increase sales and turnover, he made several efforts, including holding events every 2-3 months, having a website and maintaining customers through the website, collaborating products with influencers: social media and others.

The efforts made by Kaluna Living & its competitors can be classified as a promotion mix. [2] defines a promotion mix is a term used to describe a set of tools that a company or business can use to communicate the benefits of a product or service effectively.
to its consumers. According to [3], the promotion mix is also called the marketing communication mix of a company, a specific blend of advertising, sales promotion, direct marketing, and personal selling, and public relations (public relations), which companies use to communicate customer value and build customer relationships persuasively. In [4] journal, it is also stated that, currently, social media is a new element in the promotion mix. This is because, in addition to social media can be used by companies to communicate with their consumers, social media can also be a means for consumers to communicate with other consumers [4].

Based on the explanation above, the hypothesis of this study is:

H1: Promotion mix has a significant effect on brand awareness.

H2: Brand awareness has a significant effect on the decision to purchase Kaluna Living pillows.

H3: Promotion mix has a significant effect on the decision to purchase Kaluna Living pillows.

H4: Promotion mix has a significant effect on the decision to purchase Kaluna Living pillows with brand awareness as an intervening variable.

Based on the descriptions of theoretical studies and empirical studies that have been explained, the conceptual analysis model in this study can be described as follows:

![Analysis Model](image)

**Figure 1: Analysis Model**

### 2. Method and Equipment

The research approach used in this research is quantitative. This type of research is a type of explanatory research. The research data is numerical so that it can be processed with specific statistical methods. The information was collected by distributing questionnaires online to the predetermined number of respondents. This research was...
conducted to know the effect of promotion mix on purchasing decisions for Kaluna Living pillows with brand awareness as an intervening variable.

The location of this research is in the city of Surabaya because Kaluna Living’s products are located in Surabaya. Still, researchers will also research Kaluna Living consumers outside Surabaya, who make online purchases. The time in this research was carried out for two months, from March 2020 to April 2020.

In this study, the population to be studied is the subject of Kaluna Living consumers who have made purchases more than once. Through the data held by Kaluna Living, there are 127 consumers. The researcher chooses a non-probability sample where each unit or element in the population does not have the same chance of being selected as the sample. The non-probability technique used in this study was purposive sampling. The characteristics and criteria for the sample in this study are:

- Respondents are Kaluna Living consumers who have made purchases more than once
- Respondents are at least 18 years old. With this age limit, respondents are believed to be able to make decisions and can understand the contents of the questionnaire.

The number of populations is known, so the number of sample respondents taken can be calculated using the formula Yamane, Isaac, and Michael as follows:

\[ n = \frac{N}{1 + N(e^2)} \]

Information:
- \( n \) = Number of samples required
- \( N \) = Total population
- \( e \) = 5% sample error rate (sampling error)

Therefore, in this research the total number of respondents are 96. This study examines the effect of Promotion Mix and Brand Awareness on Kaluna Living Consumer Purchasing Decisions. The data analysis technique used in this research is structural equation modeling, namely PLS-SEM (Structure Equation Modeling), because this study aims to develop a theory. In this study, the path analysis will be used with partial least square (PLS) using the Smart PLS 3.0 software.

3. Result
3.1. Respondent Description

3.1.1. Respondents Description by Age

| Age    | Number of Respondents | Percentages |
|--------|------------------------|-------------|
| 18-25  | 19                     | 19.7        |
| 26-35  | 69                     | 71.8        |
| 36-42  | 8                      | 8.5         |

Primary data, 2020

Based on the table, respondents aged 26-35 years are the largest respondents, with 69 people or 71.8% of the total respondents. Ages 26 to 35 years show that users or consumers of Kaluna Living products are consumers of productive age. Therefore, Kaluna Living can concentrate on consumers of that age range because it is assumed that at that age, the consumer has a fixed income. Also, most Indonesians aged 26-35 years have entered the stage of marriage and are occupying the first house, so the desire to fill their house with home décor items is higher.

Respondents with the second-highest percentage ranking were respondents aged 18-25 years, namely 19 people or 19.7% of the total respondents. This shows that Kaluna Living products are starting to be popular with young people. This potential can be used by Kaluna Living to produce a variety of products with colors that are popular with young people, as well as having aesthetics and product functions that are still useful for these young consumers.

3.1.2. Respondents Description by Job

| Job Type          | Number of Respondents | Percentages |
|-------------------|-----------------------|-------------|
| Entrepreneur      | 26                    | 27.2        |
| General employees | 57                    | 59.3        |
| Housewife         | 13                    | 13.5        |

Primary Data, 2020

In the data shown in Table 2, the occupation of the respondents with the largest number is private employees, namely 57 people or 59.3% of the total. Entrepreneurs follow this number in second place, with a percentage of 27.2% or 26 people. Based on these data, it means that Kaluna Living has the opportunity to promote its products,
namely pillows in office or corporate areas, so that Kaluna Living pillows can not only be used at home but also in commercial places such as offices, cafes/restaurants, and others.

3.2. R-square

The first step in evaluating the inner model is looking at the R-square value or the coefficient of determination. Based on the results of data processing, the R-square value is obtained as follows:

| Variable            | R-Square |
|---------------------|----------|
| Brand Awareness     | 0.848    |
| Purchase Decision   | 0.969    |

Based on the results shown in Table 3, the R-square value for the Brand Awareness variable is 0.848, which means that the Promotion Mix can affect Brand Awareness by 84.8%. In comparison, the remaining 15.2% is explained by other factors not examined in this study. The R-Square value in the Purchasing Decision variable is 0.969, which can be interpreted that the Promotion Mix can affect 96.9% of Kaluna Living Consumer Purchasing Decisions. Simultaneously, the remaining 3.1% is explained by other variables not examined in this study.

3.3. Q-Square

Q-Square testing serves to validate the predictive ability of the model. The higher the Q-Square value (close to 1), the resulting model can have high prediction accuracy. The value of Q-Square can be calculated based on the R-Square. Based on Table 3 it can be seen that the Q-Square value is as follows:

$$Q\text{-Square} = 1 - (1 - 0.848) \times (1 - 0.969) = 0.995 = 99\%$$

Based on the results of these calculations, it can be seen that the Q-Square value is 0.995. Exogenous variables have a good predictive relevance ability for endogenous variables because the Q-Square value is above 0. This indicates that the Promotion Mix as an exogenous latent variable can play a good (appropriate) role as an explanatory variable capable of predicting Brand Awareness and Purchasing Decisions as endogenous variables.
3.4. Hypothesis testing

To measure the research hypothesis it can be done by looking at the t-statistic value. In determining whether a proposed hypothesis is accepted, it is determined by testing the hypothesis using the bootstrapping function in SmartPLS 3.0. The hypothesis is accepted when the significance level is less than 0.05 or has a t-statistic that exceeds the t-table [5]. The t-statistic for the 5% significance level with a sample of 96 is 1.98. The following is the t-statistic value obtained in this study:

![Table 4: Outer Loading & T-statistic](image)

Based on the results in Table 4 above, it can be seen that the t statistical value of each indicator has a value above 1.98, so it can be concluded that the indicator can explain the corresponding variable.

3.5. Direct Effect Analysis

The data in Table 5 below can show the direct effect between variables in this research:

A hypothesis can be accepted if the t statistical value is more significant than the t-table or the p-value is less than 0.05. Based on the results of the analysis above, in the first hypothesis, namely Promotion Mix, it is found that the Promotion Mix has a significant effect on Brand Awareness in a positive direction. This is indicated by the t statistic value, which is more than the t table value (1.98), which is equal to 3.396 and
the p-value, which is less than 0.05, namely 0.000. At the original sample value, the result is 0.922, which indicates that the direction of the relationship between Promotion Mix and Brand Awareness has a positive effect. So, the first hypothesis is accepted.

In the second hypothesis, namely the effect of Promotion Mix on Purchasing Decisions, the result is that there is a significant influence in a positive direction. This is indicated by the t statistical value, which is more than the t table value (1.98), equal to 54.056 and the p-value, which is less than 0.05, namely 0.000. At the original sample value, the result is 0.954, which indicates that the direction of the relationship between the Promotion Mix and Purchase Decision has a positive effect. Then it can be said that the second hypothesis is accepted.

The third hypothesis shows a significant influence between Brand Awareness on Purchasing Decisions in a positive direction. This is indicated by the t statistical value, which is more than the t table value (1.98), equal to 100.284 and the p-value, which is less than 0.05, namely 0.001. In the original sample value, the result is 0.452, which indicates that the direction of the relationship between Brand Awareness and Purchase Decision has a positive effect. Then it can be said that the third hypothesis is accepted.

3.6. Analysis of Indirect Effect (Intervening)

To find out whether Brand Awareness mediates the influence of Promotion Mix on Purchasing Decisions, it can be seen through the indirect effect between variables in this study, which is shown in Table 6 below:

| Variable                      | Original Sample | Sample Mean | Standard Deviation | T Statistics | P-Value | Result |
|-------------------------------|-----------------|-------------|--------------------|--------------|---------|--------|
| Promotion Mix → Brand Awareness → Purchase Decision | 0.417 | 0.424 | 0.125 | 3.334 | 0.001 | Accepted |
Based on the results in the table above, it is known that the fourth hypothesis, namely the indirect effect of Promotion Mix on Purchasing Decisions, has a significant value. This is indicated by the t statistic value, which is more than the t table value (1.98), which is equal to 3.334 and the p-value, which is less than 0.05, namely 0.001. In the original sample value, the result is 0.417, which indicates that the direction of the relationship between the Promotion Mix, which affects the Purchase Decision with Brand Awareness as an intervening variable, is positive. Then it can be said that the fourth hypothesis is accepted.

To find out the intervening effect of this model, it can be done by calculating the VAF formula as follows:

\[
VAF = \frac{\text{Indirect Effect}}{\text{Direct Effect} + \text{Indirect Effect}} \times 100\%
\]

\[
VAF = \frac{(0.922 \times 0.452)}{(0.922 \times 0.452) + 0.954} \times 100\%
\]

\[
VAF = \frac{0.416}{1.370} = 0.303 = 30.3\%
\]

Based on the above results, the VAF value in this study was 30.3%. Referring to the criteria belonging to [5], namely that the VAF criteria > 80% is called full mediation, VAF between 20-80% is called partial mediation, and VAF <20% is called non-meditating, if the VAF value > 80%, then the variable mediates as a whole. So it can be said that the VAF value in this study is included in Partial mediation.

### 3.7. The Effect of Promotion Mix on Brand Awareness

Based on the results of the analysis that has been done, it is known that the Promotion Mix has a significant effect on Brand Awareness. This is indicated by the results of the t statistical value above the t table value of 1.98, which is equal to 3.396. Also, the p-value of 0.000 is smaller than 0.05. These results explain that the promotion mix has an effect on brand awareness. The promotion mix, according to [6], is a specific blend of advertising, sales promotion, public relations, personal selling, and direct marketing tools that companies use to communicate customer value and build customer relationships in general persuasively. These forms can be distinguished based on specific tasks.

Based on the results of the analysis above, it can be interpreted that the better and the more intense the promotion mix is carried out, the consumer’s brand awareness of
Kaluna Living pillow products will increase. Vice versa, if the promotional mix activities are carried out poorly and poorly, the level of consumer brand awareness will be lower.

The results of this study are supported by the results of research conducted by [7] that the more a business conducts personal selling activities, the more brand awareness of products and services will increase. [8] also reveals a positive relationship between promotional activities, one of which is personal selling to brand awareness. The same is true of Kaluna Living. The growth of brand awareness by consumers of Kaluna Living pillow products is due to the ongoing promotional activities in every aspect of the Promotion Mix, namely advertising, sales promotion, personal selling, public relations, and direct marketing using social media. These activities include doing Instagram Ads on Instagram, providing special discounts on national online shopping days, participating in the Surabaya Sunday Market event, etc. If this is done consistently and continuously, the Kaluna Living pillow can occupy the highest hierarchy in brand awareness, which is to become the top of mind in the minds of consumers.

3.8. The Effect of Brand Awareness on Purchase Decisions

Furthermore, regarding the effect of brand awareness on purchasing decisions, based on the results of the analysis that has been carried out, it is known that there is a positive and significant influence between brand awareness and purchasing decisions. The t-statistic value indicates this above the t Table 1.98, equal to 100.284 and a p-value of 0.001 below 0.05. Based on this, it means that Kaluna Living consumers decide to buy Kaluna Living pillows because they already feel familiar and know the Kaluna Living brand. The original sample value also indicates this on the effect of brand awareness on purchasing decisions, which is 0.452. The results of this study are supported by the results of research conducted by [9] that brand awareness has a positive and significant influence on purchasing decisions. In the study, it was also stated that the majority of consumers would prefer to buy products or brands that they are familiar with and often hear about. [10] also said that of the various factors that influence consumers in purchasing a product or service, usually consumers always consider the quality, price, and products that are well known to the public.

3.9. The Effect of Promotion Mix on Purchase Decisions

Next, regarding the influence of the promotion mix on purchasing decisions, based on the results of the analysis that has been carried out, it is known that there is a positive
and significant influence between the promotion mix and purchasing decisions. The t statistic value indicates this above the t Table 1.98, which is 54.056, and the p-value is 0.000 below 0.05. The results of this study are supported by the results of research conducted by [11], which states that the promotion mix affects purchasing decisions. In this study, it was noted that all sub-variables in the promotion mix, namely advertising, sales promotion, personal selling, and public relations, affected purchasing decisions. [12] also supports the results of this study. In his research, it was found that advertising, direct marketing, and sales promotion included in the promotion mix have a positive and significant effect on purchasing decisions.

This means that the purchasing decisions of Kaluna Living consumers will increase if the promotional mix activities are made more attractive with high intensity. Likewise, if the promotional mix activities carried out by Kaluna Living are considered unattractive by consumers, the potential for consumers to make purchasing decisions will tend to be low. An example is when Kaluna Living created a sales promotion program to celebrate Eid or Christmas by creating a special hampers package sent to colleagues / closest people. In the promo program, pillow orders increased dramatically. Likewise, when Kaluna Living made a wedding gift package program. Consumer purchasing decisions increased when Kaluna Living created a unique wedding gift program that was packaged attractively.

3.10. The Effect of Promotion Mix on Purchase Decisions with Brand Awareness as an Intervening Variable

Based on the results of the analysis that has been carried out, it is known that there is a positive and significant influence between the promotion mix on purchasing decisions mediated by brand awareness. The t statistic value indicates this above the t Table 1.98, which is 3.334, and the p-value is 0.001 below 0.05. The results of the analysis also show that the role of brand awareness indirectly mediates the influence of the promotional mix on purchasing decisions. Furthermore, in examining the VAF formula, a value of 30.3% was obtained, which means that brand awareness in this study is included in the partial mediation category. Based on the results of this analysis, it can be interpreted that in Kaluna Living, the promotional mix carried out by Kaluna Living can increase brand awareness, which in turn influences consumers in making purchasing decisions.

The results of this analysis are supported by research belonging to [13] that there is a significant influence between promotion and brand awareness on consumer purchasing decisions. In this study, it was found that there was no significant effect of self-promotion
on purchasing decisions. Still, simultaneously there was a significant influence between promotion and brand awareness on purchase decisions. Furthermore, the results show that the promotional variable directly affects the brand awareness variable, while the promotion variable indirectly affects purchase decisions.

4. Conclusion

Based on the results of the data in this study, it was found that brand awareness partly mediates the influence of the promotion mix on purchasing decisions. This may imply that other variables are essential aspects of the effect of the promotional mix on purchase decisions.

Furthermore, what can be done in increasing brand awareness by using a promotion mix includes increasing the frequency of advertisements on Instagram, adding to other social media channels such as Youtube, Facebook Pages, and Twitter, increasing the frequency of creative events that are participated in, and adding stockists or consignment shops in cities other than Surabaya and Jakarta.

Researchers also found that Kaluna Living consumers still have difficulty distinguishing between Kaluna Living pillow products when compared to Kaluna Living pillow products. So then Kaluna Living can differentiate and add a distinctive uniqueness to the pillow that differentiates it from competitors.

In this case, Kaluna Living can conduct group discussion forums with specific consumers to carry out research and predictions regarding features, colors, accents, and other aspects of pillows, the results of which can be used as the main character of Kaluna Living pillow products.

5. Research Limitation

The limitation in this study only focuses on brand awareness, which is an intervening variable between the influence of the promotion mix on purchasing decisions. So the suggestion for further research is for other researchers to examine variables other than brand awareness, which can be an intervening variable between promotion mix and purchasing decisions. So later, it can be found that other variables are essential aspects when consumers make purchasing decisions besides brand awareness.
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