



Discount Price Decisions in Attracting Buyer Interest in ASHAC&C SMEs in Jambi

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ABSTRACT

Price structure is one of the pricing strategies that is important in increasing consumer purchasing interest. Price is also the only part of the marketing mix that provides income for the company. The partner chosen in the PKM activity is a culinary business located in Jambi. PKM aims to assist partners in an effort to increase their knowledge ability in finding and understanding the right price structure in conducting business activities on the products sold. The method offered in this activity is training/socialization through zoom. The material is in the form of understanding the price structure which includes: understanding the price structure. The purpose of making discounts, factors that determine discount price decisions, factors that determine the structure of quality discounts. The importance of price structure in increasing purchase interest in partner products. Through this activity, it is hoped that the problems that arise in partner businesses will be resolved, partners can increase buyer interest by using the right discount price strategy. Outputs of PKM activities in the form of publications to national journals and HKI (Intellectual Property Rights).

Keywords: Pricing, Discounts, Training, SMEs

1. Introduction

In the business world, price is the most important factor in attracting consumer attention. Price is always the main concern of consumers for behavior to make decisions to buy goods or services offered by the company. Therefore, companies need to pay attention to various considerations in setting prices appropriately and correctly. Nagle & Müller (2017) state that "strategic pricing is interrelated marketing coordination, for most companies strategic pricing requires more than just a change in attitude but also requires when, who and how to make pricing decisions. Strategic pricing also requires management to take responsibility for establishing pricing policies and procedures that are consistent with the objectives for the company".

Price is considered one of the important factors in product success and therefore can achieve the goals of a company. The main factor that can determine price is product cost. With a high product price, the selling price is also high so that it does not harm the company that sells it. The second factor in determining product prices is competitor prices. Competitor prices determine the selling price that will be given to consumers so that consumers can choose products of the same quality and prices that are not much different. According to Hammond (2020), price is a medium for analyzing decisions made by consumers. Companies that sell goods or services certainly have their own strategies / decisions in pricing the goods or services they sell. To prevent the closure of the company, the company carries out various pricing strategies. In this case the company will

create a price structure to attract purchasing interest in a product of goods or services that they sell to consumers.

Pricing structure is an approach to pricing products and services that determines discounts or offers that are consistent with a company's goals and strategies. To create a price structure, of course, there are several things that must be considered, including the purpose of making discounts, factors that determine discount price decisions, factors that determine the quality discount structure. The importance of price structure in increasing SME sales.

Price structure is the price of a product that determines discounts or offers that are consistent with the goals and strategies of a company. From the theory put forward, it can be concluded that the purpose of making discounts is to attract consumer purchasing interest in an item / product being sold. Then in a pricing structure there are several objectives, especially price cuts or discounts, namely profit-oriented, volume-oriented, image-oriented, and price stabilization. Price discounts are a way for companies to generate revenue quickly (Kusnawan et al., 2019). One of the attractive factors that drive consumer purchasing decisions is the element of savings from normal prices or what is commonly referred to as discounts. Chen (2020) stated that price discounts can influence purchasing decisions in complex ways, depending on perceptions of product quality and brand image. They suggest that significant discounts on products that are considered high quality can increase perceived value and strengthen purchasing decisions.

The partner who is the place of activity is Asha Snack, Cake & Cookies, a cake production house that serves orders for various kinds of cakes. Founded by Mrs. Siti Setyawati Hapipa. She is an Assistant Secretary in the members of SMEs in Paal Merah District, Jambi City. Previously she was a worker in the accountant field, but after getting married she moved and quit her job. Now she opens her cake business in her own residence. She does most of the production herself, from buying ingredients, processing dough, cooking, and delivering orders. From the results of observations made to partners about discount prices. Partners have problems about prices, for that the main problems that will be studied in PKM activities are: "How to increase the knowledge of SMEs in recognizing the price structure in making decisions on determining discount prices at Asha Snack, Cake & Cookies SMEs located in Jambi.



Figure 1. Marketing Steps

Source: Simkin (2000)

2. Methodology

The method of implementing activities related to the priority of partner problems, in the form of providing knowledge about discount prices. For this reason, the stages of activities taken in realizing activities can be grouped into 3 parts, namely;

- a. Preparation Stage
- b. Implementation Stage
- c. Final Stage of activity

Preparation stage, in this stage, initial observations are made to identify the main problems faced by the partners. The main focus of this activity is: a) gaining a deeper understanding of the conditions of the partners, and b) conducting in-depth interviews with partners online to identify the priority issues that need to be addressed immediately, to prevent them from becoming ongoing problems. Additionally, a team of students is determined, and a proposal is prepared to be submitted to LPPM.

Implementation stage involves the preparation of training materials, scheduling the socialization, preparing all necessary resources for implementation, dividing tasks among students assisting the team, identifying the community to be socialized with MSMEs, preparing various training procedures, organizing equipment, and ensuring supporting infrastructure for the activities. This stage includes delivering material on the importance of knowledge about discount pricing, followed by a discussion.

Final results stage, in this stage, an evaluation is conducted to assess the success of the program. This includes preparing reports and creating outputs in the form of publications and IPR. The reporting stage serves as the accountability for all service activities. The following is a restatement of the three stages of PKM implementation in the form of the flowchart below.

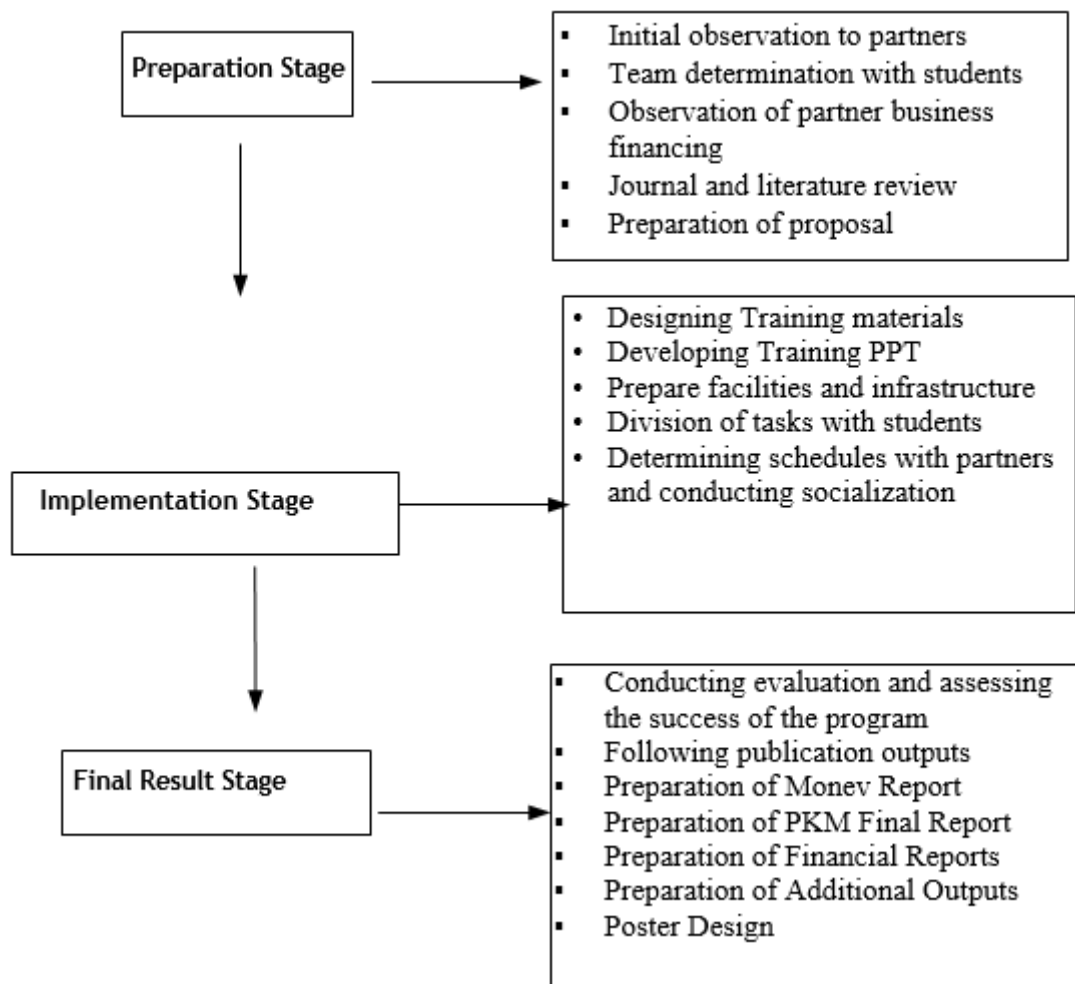


Figure 2. Implementation Stages of Community Service Activities

3. Results and Discussion

3.1. Partner Business Overview

The partner who is the place of activity is Asha Snack, Cake & Cookies, providing a variety of processed cakes such as cupcakes, pastries, brownies, sponge cakes as well as various snack cakes such as risol and spring rolls. Brownies and nastar are the mainstay of Asha Snack, Cake & Cookies. The cakes made by Mrs. Siti have been guaranteed to be delicious, this can be proven by the demand in the past and the number of people who subscribe to her. The set price of the cakes also varies depending on the type, size and topping. Starting from Original Brownies Rp30,000, Brownies Topping Rp35,000, Cake Rp45,000. Meanwhile, nastar cakes are sold at Rp150,000 for original nastar and Rp180,000 for nastar with toppings. Mrs. Siti's idea to establish this business originated from her hobby of cooking. She learned cooking techniques from various sources such as self-taught and by attending baking classes. The advantages of Asha Snack, Cake & Cookies cakes are that they taste good, have a variety of interesting toppings, and there are many fans of Mrs. Siti's cakes. This certainly goes straight with the existing opportunities, where in the surrounding area, there are still minimal people selling similar products, so most people choose to order cakes at Asha Snack, Cake & Cookies. However, the remote location is a weakness of Asha Snack, Cake & Cookies, this results in difficulty in distributing products to consumers, especially those outside the area. In addition, there are threats in the form of potential competitors who are rumored to be opening a business in the form of snacks located close to the Asha Snack, Cake & Cookies business. Usually Mrs. Siti is able to produce cakes every day. The maximum demand capacity that Mrs. Siti can accommodate reaches 260 cakes for cupcakes, in which case 2 doughs are made, with 1 dough producing up to 130 cakes. While for brownie cookies it can reach up to 22 cookies in a month. During the Eid period, nastar cakes are usually 150 original nastar 180 toppings.

Table 1. Partner Description

Company Name	Asha Snack, Cake & Cookies
Owner's Name	Siti Setiyawa Hapipa
Line of Business	Food & Beverage
Product Types	Cake & Cookies
Business Address	Jl pertanian RT 30 Liposos II Kel. Eka Jaya Kec. Paal Merah Kota Jambi
Phone Number	0852-6665-4707

3.2. Model of Science and Technology (IPTEK) Transferred to Partners

3.2.1. Definition of Discount (price discount)

Peter & Olson (2014) discounts are long-term plans made by consumers to get low prices systematically after knowing that products sold at high prices have decreased in product value. Meanwhile, Kotler (2019) stated that discounts are the determination of price adjustments for consumers such as payments made early, purchase volume, and purchases beyond expectations.

3.2.2. Why Sellers May Provide Discounts

According to Chen (2020) Sellers may offer discounts to buyers to:

- a) Use cash first, if the seller is experiencing a cash flow shortage
- b) Avoid customer collection costs and efforts
- c) Reinvest cash into the business to help it grow faster

3.2.3. Factors that determine discount pricing decisions

Discounts given by companies can provide benefits for consumers and companies, for consumers, of course, the benefits obtained are in the form of discounts and for the company the benefits obtained are the number of consumers who use the products of the company. The more consumers who use the more famous the products marketed by the company. There are several factors that can cause companies to give discounts to the products they market. Kotler & Armstrong (2019) argues that there are several factors that determine the determination of price discounts that can be explored more broadly. For this case, it explains more about the importance of the reasons why companies choose discounts compared to low pricing. Discounts can create consumer perceptions so that they are more willing to buy because:

- a) Information that a product was originally sold at a high price may indicate that the company focuses on supplying high-quality products. High-quality products such as the materials used are materials that have good grades.
- b) The higher first price of a product can show that the quality of the product is good or not to use.

In addition to the discount setting factor, consumers will compare the current price with other prices or the previous price of the product that consumers want to buy. In this case, companies are more likely to sell products at a certain price if they believe that consumers have previously paid a higher price for a product elsewhere.

3.2.4. Factors that determine the quantity discount structure

Monroe (1990) discusses the factors that determine the quantity discount structure, among others:

- a) How much discount the company receives from the supplier: This is motivated by economies of scale, which is a factor in determining the quantity discount offered. The greater the discount received from the supplier will be positively proportional to the amount of quantity discount determined for consumers.
- b) Storage cost of goods: If stored goods start to deteriorate, it will create price-sensitive demand. Thus, the quantity discount offered will be greater. And vice versa.
- c) Supply chain costs: High or low supply chain costs make companies decide to sell their products on one product with several buyers or one buyer with several products.
- d) Expected future production costs: If production costs are expected to rise, the company needs to adjust the quantity discount structure.

The determining factor of the quantity discount structure is that the quantity discount can reduce the purchase cost with the aim of reducing the total inventory cost, so that the buyer can increase the purchase volume. However, in order to minimize the purchase cost, a large discount is not always necessary, because the material expiration time is short, and a large order can only increase the total inventory cost.

Quantity discounts should be given equally to all customers and should not exceed the cost of sales of the seller. The savings include selling costs, inventory costs, and transportation costs. These discounts can be given non-cumulatively (based on each order placed) or cumulatively (based on the number of units ordered over a period of time). Discounts incentivize customers to buy more goods from the seller. The presentation of the material is presented in the form of PPT.

4. Conclusion

There are several things that can be concluded from the results of the activities that have been carried out, including the following. The training on discount pricing was delivered through a PPT presentation covering the definition of pricing, the purpose of discounts, the main purpose of the pricing structure, the reasons why discounts need to be given, and the structure of quantity discounts. The training and socialization were conducted online through the Zoom platform and ran smoothly. The socialization partners showed high enthusiasm in receiving and understanding the materials presented. They also engaged in discussion sessions and Q&A sessions with the implementers during the socialization process.

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