The implementation of The Decoy Effect Marketing Strategy of PT Telkomsel on Purchase Decisions in Garut

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Abstract

This study investigates the differences in purchase decisions before and after the decoy effect marketing strategy is implemented. The decoy effect is a behavior of consumers who tend to change their choices when an unbalanced third option is available. The population in this study is the people of Garut Regency. The sampling technique used in this study is a non-probability sampling technique. The findings in this study are Target products are the part of the product that is most in demand or will be chosen by consumers, which is then followed by Competitor products and the last is the Decoy product. The purchase decision is influenced by the consumers' behaviors and unexpected situations. The decoy effect marketing strategy greatly affected consumers' purchase decisions in Indonesia (Siswanto, 2019). The process was not successfully implemented to improve the target product as it only affected millennial consumers. The consumer would purchase based on their interests (characters and satisfaction). The novelty of this study is discovering an appropriate decoy effect strategy for the Indonesian context. The study used questionnaires to obtain the data. Then, the data was tested by Wilcoxon Test to find the significance of the purchase decision before and after the decoy effect strategy was implemented. The study is in line with the previous studies that the decoy effect strategy significantly influenced purchase decisions. Although it only applied to some products, the decoy effect strategy changed the consumer's perception to determine the purchase decisions. It was suggested that Indonesian companies thoroughly comprehend the decoy affects marketing strategy.

Keyword— Marketing Strategy, The Decoy Effect, Purchase Decisions, and PT Telkomsel.

I. INTRODUCTION

Trading is an economic activity carried out between producers and consumers as a distribution activity that guarantees the circulation, distribution and supply of goods through a market mechanism. In this case, producers and consumers are the subjects who play essential roles in trading activities. Thus, the interests of both parties will always need to be considered to benefit the two parties. From the consumer's point of view, profit means buying an item at the lowest price with the possibly highest quality. Meanwhile, from the producer's point of view, profit means selling as many products as possible to get the highest profit. As a result, producers that sell similar products compete with each other to maintain and develop their existence by relying on the marketing department to realize their business plans by implementing marketing strategies.

According to (Sadeli, Utami, & Djuwendah, 2017), a marketing strategy is a mix consisting of a combination of factors that can maximize the success of a company's marketing activities, including products that have particular benefits, locations or other names of distribution that make a product easily accessible to consumers, promotion to provide information to consumers about the products they have, and price as the essential marketing strategy variable which influenced consumers to make decisions of purchasing goods or services. Companies need to determine their products' prices to get the maximum profit. Companies might apply a price psychology trick called the decoy effect to achieve this goal.

The decoy effect is a phenomenon in which consumers tend to change a particular preference between two options when a third option is also presented (Decoy), which is dominated asymmetrically (Huber, Payne, and Puto, 1982). In other words, the decoy effect is a behavior in which a consumer tends to change his choice when an unbalanced third option is given. According to Monk (2016), there are three divisions of product categories. The first is Competitor Products which are products that have standard prices. The second one is the target product which is the most economical and profitable from the consumer's point of view, and the last is the decoy product

(bait) that has the least effective price which serves as a comparison product. Through this strategy, companies provide bait or "lure" for consumers to change their purchase decisions towards products that are more profitable for the company. The examples of the case before and after the application of the decoy effect can be seen in Figure 1.1.
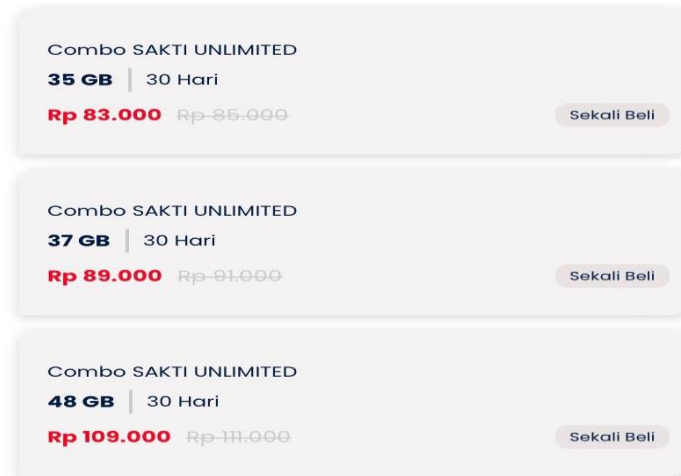

Fig 1. An Example Of The Case Before The Decoy Effect Strategy Implementation Kasus

Figure 1.1 shows an example of the application of the decoy effect available in My Telkomsel application which displays three options or alternative quota packages for the same or similar products. The first and second prices usually have a price increase that goes hand in hand with the corresponding number of products. However, the third price package, which basically just baits or decoy, tends to be slightly more expensive than the increase in the first and second price packages. Accordingly, it influences the purchase decisions made by consumers based on the consumer's own responses. This is supported by Djati (2020) in deciding to buy some products; consumers often have more than two choices involved in the buying process. Each producer carries out various ways or strategies so that consumers decide to buy their products. In addition, the study by Siswanto (2019) stated that the decoy effect strategy had an effect on consumers' purchase decisions, but the decoy effect strategy was not fully implemented to increase the target product because it only influenced the consumers of the X generation. Basically, every consumer who makes a purchase will first consider what is good in accordance with his interests before deciding what he wants to buy. Consumers will also choose according to the character and inner satisfaction that will be obtained later.

From the case above, it can be seen that the purchase decision is influenced by two factors that will determine consumer response. According to Kotler & Keller (2012), the purchase decision is the stage of the decision process in which consumers actually purchase a product with two factors that arise between purchasing tendencies and purchasing decisions, namely the attitude of other people and unexpected situation factors. This is supported by the result of research proposed by (Siswanto, 2019), who researched the decoy effect strategy and purchasing decisions in several segments based on demographics. The result stated that the decoy effect strategy affected consumers' purchase decisions in Indonesia. However, in this study, the decoy effect strategy was not fully implemented to increase the target product because only consumers with generation X were affected. Since every consumer who makes a purchase will first choose what is good in accordance with his interests before deciding what to buy, consumers will also choose according to the character and inner satisfaction that will be obtained later. Besides, this is also caused by the factor of pricing that is still poorly managed to increase consumer sensitivity to the decoy effect.

Based on the results of the observations made by the researchers through questionnaires via a google form, 57 people responded to these observations. This observation aimed to check the knowledge of people in Garut regarding the decoy effect strategy. 4 out of 57 people did not know and had never experienced the decoy effect. In contrast, the remaining 53 had experienced it but were not aware of the implementations of marketing strategies

or what is commonly called the decoy effect. Then the respondents were required to choose three types of products in maximum, in which the decoy effect strategy was implemented, from the five types of products available, as shown in Figure 1.2 below:
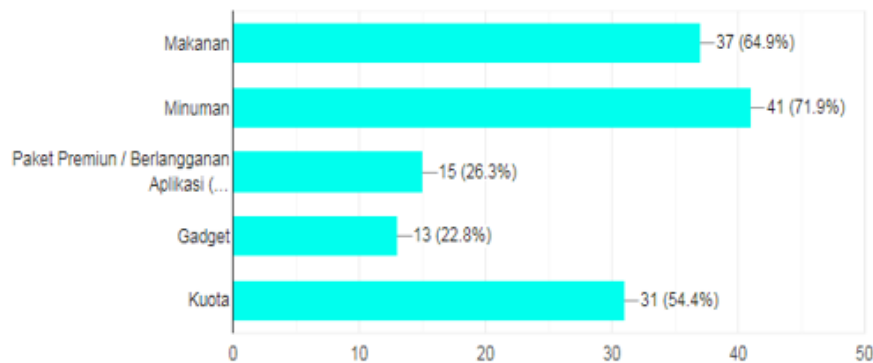

Fig 2. the result of preliminary research towards decoy effects products in Garut Source: the researchers observation in 2020)

According to the figure 2, from 57 respondents, drinks were in the first place, namely 39 respondents or equivalent to 72.2%, food was in the second place, namely 35 respondents or equivalent to 64.8%, then quota was in the third place with the acquisition of 30 respondents or equivalent to 55.6%, and in the fourth position at 27.8% or equivalent to 15 respondents chose premium packages/subscription to applications such as viu, Netflix and youtube. Lastly, the fifth position, gadgets, was occupied by 24.1% or equivalent to 12 respondents. From the observations above, the researcher concluded that people in Garut had experienced the decoy effect but were not aware that it was a marketing strategy.

II. LITERATURE REVIEW

A. Marketing Strategies

Marketing strategy is crucial for a company because a good marketing strategy can help the company to achieve its goals. According to Kotler (2011), marketing is a social process by which individuals or groups obtain their needs and wants by creating, offering, and exchanging valuable products and services and others freely. In a company, marketing provides customer satisfaction and welfare long-term to earn a profit. It pays attention to the dynamic interrelationships between the company's products and services, the customer wants and needs and the activities of competitors.

According to Tjiptono (2015), a marketing strategy is a fundamental tool to achieve the company goals by developing sustainable competitive advantages through the target market. It is a statement either implicitly or explicitly about how a brand or product line achieves its goals.

A marketing strategy provides direction related to market segmentation, target market identification, positioning, marketing mix elements, and marketing mix costs. According to Kotler & Keller (2012), all marketing strategies are constructed based on segmentation (market segmentation), targeting (setting targets), and positioning (positioning) or commonly abbreviated as STP.

In marketing, there is a marketing strategy called the marketing mix, which has an important role in influencing consumers to buy the products or services offered by the company. The marketing mix elements consist of all the variables the company can control to satisfy consumers. For the purpose of the company's establishment, the company needs to be able to grow and develop.

Companies blend a set of product, price, place, and promotional marketing tools to generate the desired responses in a defined target market. The concept of the marketing mix (Marketing Mix) consists of 4p, namely: product, price, place and promotion. Each element is interrelated and dependent on each other and becomes an optimal one according to the characteristics of the segment. (Kotler & Keller, Marketing Management, 15th Edition, 2016) reveals that the marketing mix includes the following 4p's:

a. Product

Products mean managing product elements including planning and developing the right product or service to be marketed. By changing an existing product or service, a company may add and take other actions that will affect the assortment of products or services.

b. Price

Price is a company management system that will determine the appropriate base price for a product or service and the strategy regarding price discounts, payment of transportation costs and various related variables.

c. Place

Place means how the company chooses the trade channel to distribute the products or services to the target market, and allows the company to develop a distribution system so that the delivery and commerce of physical products runs smoothly.

d. Promotion

Promotion is an element to inform and persuade the market about new products or services to the consumers through advertising, personal selling, sales promotions, and publications.

B. Decoy Effect

The decoy effect is a condition in which consumers have other preferences for existing products because of the emergence of bait products and provides new perceptions of the desired product. Another opinion suggests that the decoy effect strategy can introduce a relationship between higher prices for the same product or even lower quality products (Wu & Cosguner, 2020). The dimensions and indicators of the decoy effect, according to Wu & Cosguner (2020), explain that the decoy effect has three sub-systems that change consumer preferences, namely:

a. Target

The target is the product set by the company to be purchased by the consumers as it is the most expensive one.

b. Competitors

Competitors are the products with the lowest prices compared to the target product. If there are only competitor products and the target product, it will be dominated by the competitor one or the product with the lowest price.

c. Decoy

Decoy products are the least effective product because they are in the middle between the competitor products and the target product. To make the target product dominates the sale, the company makes the decoy product look very ineffective because it tends to compete with the price of the target product so that consumer preferences will judge that the target product is the most effective product than the competitor products and the decoy products.

C. Purchase Decisions

Alma (2012) argued that purchase decisions as a decision made by a consumer are influenced by the financial economy, technology, politics, culture, products, prices, locations, promotions, physical evidence, people and processes, thus, they form an attitude on consumers to process all information and the decision making on what products they will buy. The purchase decision is a process in which consumers go through five stages, namely problem recognition, information search, alternative evaluation, purchasing decisions, and post-purchase behavior, which begins long before the actual purchase is made and has an impact long after that.

a. The choice of the product is something that the company must pay attention to by focusing on consumer's interests and the advantages of products that emphasize the expected quality, the benefits of the product regarding the level of usability to meet consumer needs, and the selection of products according to the expected quality and benefits that consumers will get.

b. The choice of the brand should determine what brand to buy, so the company needs to know how consumers choose a brand, namely the interest in the brand that pays attention to the brand image stored in consumers' minds, brand habits are caused by the habit of buying the same product repeatedly, price suitability is considered by consumers to get a price that matches the quality and benefits of the product.

c. The number of purchases is determined by the consumer by taking into account the number of products that suit the wishes of different consumers.

d. The time of purchase adjusts to the needs when consumers feel the need to make a purchase, the benefits they feel after buying the product and have a reason to meet their needs.

The decoy effect is considered as something that is capable of changing consumer views in making purchase decisions. A good decoy is a bait that can change consumers' views and emerge a desire to buy a product. To creat a good decoy, the company needs to carry out various strategies to create new opportunities among the consumers by generating a decoy accepted by consumers and producing something positive in the consumers' minds in order to create a belief that the purchased product is at the lower price with a bigger size. If the decoy has a positive value in the consumers' minds, it will lead to high purchase decisions for the products desired by consumers.

III. RESEARCH METHODOLOGY

The research method used is quantitative research to test the predetermined hypothesis. In this study, the Wilcoxon Test was used to test the differences before and after the implementation of the Decoy Effect in the Purchase Decisions. The decoy effect on a marketing strategy is very appropriate if this phenomenon is studied in Indonesia, especially in Garut, considering the vast area and fairly rapid business development in various products. Researchers distributed questionnaires to the people in Garut to obtain the data. In this study, the Decoy Effect is the independent variable, and the Purchase Decision is the dependent variable. The operationalization of this research variable is explained in the following table:

Table 1. Variables

Research Variables	Dimensions	Indicators
Decoy Effect (X) (Wu & Cosguner, 2020)	1. Target	1.Gender
		2. Age
		3. Incomes
	2.Competitors	1. Product choice
		2. Positioning
		3. Brand choice
		4. Place
	3. Decoy (bait)	1. Price
		2. Benefits
		3. Quantity
The purchase decisions (Y) (Kotler & Keller, 2012)	1. Product choices	1. The excellence of the product
		2. The advances of the product
		3. The choice of the product
	2. Brand choices	1. The interest towards the brand
		2. The habit towards the brand
		3. The suitability of the price
	3. Number of sale	1. The number of purchase decisions
		2. The purchase decision for stockpiles

	4. Time	1. Based on the needs
		2. Benefits gained
		3. The rational of the purchase

IV. RESULT/FINDINGS

Validity test is a measure that shows the level of validity of an instrument or measuring instrument. The results of the validity test can be seen by comparing the r count > r table, while to obtain the r table, it can be seen from the rabel r and obtained a value of 0.195. In this study, the calculation is assisted by using SPSS 20. The following are the results of the validity test:

Table 2. Validity test of *Pre-Test*

No Item	*Correected Item Total Correlation* (r_{count})	r_{table} 5% (100)	Note
Item_1	0,716	0,195	Valid
Item_2	0,717	0,196	Valid
Item_3	0,639	0,197	Valid

The table above, it can be seen that the results of statistical testing show that rcount > rtable, then all question items for pre-test answers are declared valid.

Table 3. Validity test of *Post-Test*

No Item	*Correected Item Total Correlation* (r_{count})	r_{table} 5% (100)	Note
Item_4	0,723	0,195	Valid
Item_5	0,744	0,196	Valid
Item_6	0,466	0,197	Valid

The table above shows the validity of the post-test and revealed that rcount > rtable. This means that all question items for the Post-test answers are declared valid. Reliability test is used to determine whether the items to be tested are reliable in providing measurements before and after. The significance test was carried out at the level of $\alpha = 0.05$.

Table 4. Reliability test of Pre-Test

Cronbach's Alpha	Number of Items
0.451	3

From the table above, Cronbach Alpha is 0,451 > 0,195 (rtable). Thus, the table is considered reliable. It showed by the result of the rest in which Cronbach Alpha > rtabel, and considered the pre-test reliable.

Table 5. Reliability test of Post-Test

Cronbach's Alpha	N of Items
0.331	3

From the table above, Cronbach's Alpha is 0.331 > 0.195 (rtable). Thus the measuring instrument is considered reliable. This is based on the results of the reliability test which shows Cronbach Alpha > rtable, so that the post-test results are declared reliable. The normality test was used to test whether or not the data was normally distributed. Based on the histogram display in the attachment, it can be seen that the curve does not form a bell. The basis for decision making is based on probability. If the probability > 0.05, then the research data is normally distributed. Using the SPSS 20 Software Kolmogrov-Smirnov method, the following are the results of the calculation:

Table 6 Normal distribution test

		Unstandardized Residual
	N	100
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.74196028
Most Extreme Differences	Absolute	.314
	Positive	.217

	Negative	-.314
Kolmogorov-Smirnov Z		3.143
Asymp. Sig. (2-tailed)		0.000

a. Test distribution is Normal.

b. Calculated from data.

Based on the table, it shows that the value of Asymp.Sig. (2-tailed) of 0.000 <0.05 (alpha), then the data is not normally distributed.

Based on the previous test above, it can be said that one of the conditions for using parametric testing (Sample Paired T-Test) is not met, so that hypothesis testing utilized non-parametric testing, namely Wilcoxon test.

V.   DISCUSSION

Wilcoxon test is a tool to test two pairs of populations. Wilcoxon test results can be seen by comparing Asymp. Sig > significance level (α). In this study, the calculations used SPSS 20 software. The following is the output of the Wilcoxon test.

Table 7 *Wilcoxon* test

Ranks

		N	Mean Rank	Sum of Ranks
Post Internet quota - Pre a Internet quota	Negative Ranks	32[a]	38.00	1216.00
	Positive Ranks	50[b]	43.74	2187.00
	Ties	18[c]		
	Total	100		

a. Post < Pre
b. Post > Pre
c. Post = Pre

The negative ranks or differences (negative) between Telkomsel products for pre-test and post-test are 32 for N value, 38.00 for Mean rank and 1216,00 for sum of rank. This value of 32 indicates a decrease (reduction) from the value of the pre-test to the post-test. The positive ranks or difference (positive) between Telkomsel products for pre-test and post-test are 50 positive data (N), which means that 50 respondents experienced an increase in their purchasing decisions from the pre-test to the post-test. The mean rank or average increase is 43.74, while the number of positive ranks or sum of rank is 2187.00. Ties is the similarity of pre-test and post-test scores. The ties value is 18, so it can be said that there is the same value between pre-test and post-test, which is 18.

Table 8 Wilcoxon test

Test Statistica

	Post Internet quota - Pre Internet quota
Z	-2.491[b]
Asymp. Sig. (2-tailed)	0.013

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

Asymp significance results. Sig. (2-tailed) is 0.013 < 0.05, so H0 is rejected. Thus, the conclusion is that there is a significant difference between before and after the implementation of the decoy effect on the consumer's purchasing decisions for Telkomsel products in Garut.

From the results above, the value of each product has a significant effect on the purchase decisions between before and after the strategy implementation. The results of this study are consistent with the results of research conducted by Claudia Marchella Siswanto (2019) which stated that the decoy effect had a significant effect on the consumer purchase decisions. These results explain that consumers of the X generation were affected by the price and the size of the product when deciding to purchase a product that encouraged the purchase decisions. The same thing happened to the results of the research conducted by Wu & Cosguner (2020) stated that there was a significant increase, especially in the sale of engagement rings, when consumers were given different prices.

The target product was determined from a product that was considered to have a high value at the most reasonable price; the competitor's product was the product that had an appropriate value and product price (on average); the decoy product was the product that had low values with inappropriate prices. So it can be concluded

that the target product was the most demanded product or would highly be chosen by the consumers, which was then followed by the competitor product and the last is the decoy product.

VI. CONCLUSION AND RECOMMENDATION

Based on the results of the research, the Decoy Effect influences the consumer's purchase decisions. However, not all products had a significant difference between before and after the implementation of the Decoy Effect. Nevertheless, the Decoy Effect was still able to change the consumer's point of view in determining the Purchase Decision. It is suggested that Telkomsel in Garut fully understand the Decoy Effect strategy. Practically, the strategy could be started by setting the price that influences consumer psychology more (according to the theory) so that the Decoy Effect strategy is successful and emerges with a positive impact, namely an increase in the company's higher income level.

From the results of 100 respondents regarding the implementation of the decoy effect strategy on Telkomsel products, in this illustration/case it can be seen between options 1 and 2 which apparently have prices that are not too much different. Then most people think they will definitely choose option 3 because there are many advantages there even though the price is more expensive. Therefore, choice 2 is called Decoy. Judging from the average choice before and after where there are 18 values which indicate that the value after is superior to the value before which means H0 is rejected. At the time of the pre-test respondents chose the 1st choice as many as 81 people and the 2nd choice as many as 19 people. Meanwhile, during the post-test, 18 people were given a third choice (decoy) to change their choice to a larger package size for reasons of a more affordable price and the many benefits offered. Thus, it can be concluded that based on testing of 100 respondents, it is proven by Ties of 18 and seen from the mean results so that the hypothesis decision H0 is rejected, which means that there is a significant difference between before and after the Decoy Effect is applied to purchasing decisions on Telkomsel products.

The failure of the Decoy Effect strategy might be caused by too many factors that influence a consumer (respondent) to make decisions, whether it's a factor of need, a number of family members, lifestyle, and much more. Thus, the Decoy Effect strategy is not successful in influencing the consumer's purchase decisions as the company wishes. For further research, it is expected to add other variables to be tested.

The researchers only conducted significance tests on the results of before and after the Decoy Effect. As the researchers used designed prices, further research may use different tests with prices that already exist in the products. In this study, it is not certain that the objects used are the products of the companies that set the Decoy Effect strategy's, so that the future research may add products from companies that have implemented the Decoy Effect strategy to ensure the Decoy Effect strategy success in Indonesia. In addition, the object of research may use products that are considered to have more emotional value for consumers.

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