



## **INCREASE SERVICE SALES TURNOVER THROUGH A DIGITAL MARKETING APPROACH: EFFECTIVE?**

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### **ABSTRACT**

*This study aims to analyze the influence of price and product innovation on purchasing decisions of gold jewelery at Toko Emas Gadjah, located in Bali. In an increasingly competitive market environment, price and product innovation are key determinants that significantly affect consumer preferences and behavior in selecting gold jewelry products. The research adopts a quantitative approach using a survey method by distributing questionnaires to 100 respondents who are active customers of Toko Emas Gadjah. The results of data analysis indicate that the price variable has a significant influence on purchasing decisions, as consumers tend to consider affordability and price competitiveness before making a purchase. Additionally, product innovation encompassing variety in design, uniqueness and novelty also contributes positively to consumer purchasing decisions. These findings offer managerial implications for store owners and managers, particularly in formulating competitive pricing strategies and encouraging the development of innovative products that align with market preferences, with the aim of enhancing product attractiveness and increasing sales volume.*

**Keywords:** Price, Product Innovation, Purchase Decision, Gold Jewellery, Gadjah Gold Shop

### **A. INTRODUCTION**

Gold jewellery has a stable and rising demand due to its high economic value and appeal as a fashion accessory. The Indonesian gold jewellery industry continues to grow alongside the increasing purchasing power of the public and trends in jewellery use. Consumers often see price as the main factor in their purchasing decisions. Product innovations, such as unique designs and better quality, are also appealing. Consumers tend to choose jewellery that meets aesthetic standards and aligns with trends. Product pricing and new innovations are very important in this regard within the competitive market.

Gadjah Gold Store, established in 1918, is one of the leading gold shops with over 100 years of experience. It now has approximately 150 branches in East Java, Bali, and Bandung. With gold content of 6k, 8k, 9k, 16k, 17k, and 24k, we offer a variety of gold jewellery with diverse and attractive designs.

Gold shops must optimise their marketing strategies and products to remain appealing to customers in a competitive business world. Gadjah Gold Shop in Bali is one of the jewellery stores attempting to survive by offering competitive prices and innovating in their product designs. Despite various efforts, Gadjah Gold Shop still struggles to attract and retain customers.

According to Setiadi (2016) in Muhammad Nur Fadillah and Eka Ludiya, (n.d.), product innovation is the process of creating or developing new products intended to meet customer needs and expectations, thereby fostering buying interest. The buyer's decision is the expected outcome of this objective. Gadjah Bali Gold Store actively engages in product innovation by launching new jewellery designs that follow market trends. They also offer a variety of jewellery models that can be customised to customer preferences, such as custom jewellery, which always keeps up with the latest trends, allowing customers to find jewellery options that match their style and preferences.

According to Buchari Alma (2016) in CRI Ponto (2023), the purchase decision is a consumer decision influenced by internal factors (psychological and personal) as well as external factors (social and cultural). As a result, consumers develop certain attitudes based on the information received and then make logical conclusions to determine which product to choose to purchase. Factors such as price and product innovation influence purchasing decisions. In relation to Gadjah Gold Shop, consumers' choices to transact are influenced by a combination of two main variables, namely competitive pricing and interesting product innovation. Consumers tend to prefer jewellery that not only offers quality products but also presents innovations that meet their expectations. Through appropriate pricing strategies and innovations in product development, Gadjah Gold Shop Bali Branch is able to strengthen its competitiveness and create consumer loyalty in the increasingly evolving jewellery market.

## B. LITERATURE REVIEW

### Understanding Price

Price can be defined as the monetary value assigned to a good or service. It indicates the amount of money that consumers spend to gain benefits from the good or service. Kotler and Armstrong (2016) state that price is a sum of costs charged as compensation for the benefits obtained from the ownership or use of a product or service (Tecoalu et al., 2021);(Arifin, dkk 2025).

On the other hand, Tjiptono (2020) states that price is a certain or nominal value used as a medium of exchange to obtain ownership rights or benefits from a product or service (Tecoalu et al., 2021); (Widawati & Arifin, 2021).

Based on that explanation, it shows that price is a form of value exchange given by consumers to sellers in return for the products or services they purchase. These factors are influenced by internal and external environments.

### Factors Influencing Price Setting

According to Dharmmesta and Irawan (2022), several factors that influence prices include:

#### 1. The Economic Situation

Economic factors such as inflation, financial crises, and exchange rates greatly affect price changes. These changes lead to price adjustments, particularly among businesses.

#### 2. Supply and Demand

The quantity of goods available and the level of market demand greatly influence the price of goods. Price changes are caused by imbalances between supply and demand.

#### 3. Price Elasticity of Demand

Prices are also influenced by market demand. If demand for a product is elastic, a slight increase in price can significantly reduce the amount demanded. Conversely, if demand is inelastic, price changes have little effect on sales volume.

#### 4. Competition

The level of competition in the market affects the prices of goods or services. Competition becomes tighter when there are many buyers and sellers. Sellers cannot raise prices because they risk losing customers.

#### 5. Production Cost

The main pricing factor is production cost. Companies risk suffering losses if the selling price does not cover production and operational costs. Therefore, it is important for businesses to set prices that balance profit margins and customer purchasing power.

## C. RESEARCH METHODS

### Types of research

The aim of this research is to evaluate the effect of price and product innovation on consumer decision-making for purchasing gold jewellery at Gadjah Gold Store Branch Bali. A quantitative approach was chosen because this method can provide objective measurements of the relationships between variables through the use of numerical data, thereby generating trustworthy information relevant to support strategic actions.

### Data source

The causal associative research type is used in this study. The aim is to find out how the independent variables (price and product innovation) affect the dependent variable (purchase decision). The numerical data obtained is used to statistically analyse the causal relationships between the variables.

In this study, the type of data used is quantitative data, which consists of numbers obtained from the distribution of questionnaires to respondents:

1. a. Primary Data: data collected directly from questionnaires distributed to customers of Gadjah Gold Shop Bali.
2. Secondary Data: data collected from literature, journals, theoretical books, and documents related to the research subject.

This study uses an explanatory design, which is an approach aimed at explaining the causal relationship between the studied variables through systematic and measurable hypothesis testing.

### Data analysis technique

The purpose of this research is to analyze the influence of price and innovation on consumer decisions to purchase gold jewelry at Gadjah Gold Shop Branch Bali. Several steps will be taken to analyze the data obtained through the distribution of questionnaires:

1. Classical Assumption Test

To ensure that the data is suitable for a multiple linear regression model, classical assumption tests are conducted before proceeding with the regression analysis. The classical assumption tests consist of:

- a. Normality Test

The statistical method called the normality test is used to determine whether a data set follows a normal distribution.

To ensure that the information obtained from this research meets the assumptions of a normal distribution, a normality test was conducted using the Central Limit Theorem method, also known as CLT.

When the sample data is large ( $n$  greater than 30), the distribution of the sample mean will approach a normal distribution. The CLT considers this as a basis, so if the number of samples meets the CLT criteria, researchers can assume that the data is normally distributed and does not require more complex normality tests, especially in cases where the original data is not normal.

- b. Multicollinearity Test

This test aims to determine whether there is a strong correlation, either high or perfect, among independent variables in a regression model. The Tolerance and Variance Inflation Factor (VIF) values in a regression model are very important for detecting multicollinearity. If the VIF value is less than 10 and the Tolerance value is greater than 0.1, then the study does not have a multicollinearity problem.

- c. Heteroscedasticity Test

Heteroskedasticity test functions to assess the inequality of residual variances at different predictor values in a regression model. This inequality can undermine the

validity of regression results due to a violation of one of the fundamental assumptions of classical linear regression.

In this study, a scatter plot between the predicted values (ZPRED) and the residual values is used to detect heteroscedasticity. The data is considered to meet the criteria in heteroscedasticity testing through the Scatter Plot if the data distribution appears balanced, both above and below the 0 axis.

## 2. Multiple Linear Regression Analysis

In this study, the multiple linear regression method is used to measure the extent of the influence of price and product innovation variables on purchasing decisions, both jointly and individually.

The regression equation model used is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Y = Purchase Decision

X<sub>1</sub> = Price

X<sub>2</sub> = Product Innovation

a = Constant

b<sub>1</sub>, b<sub>2</sub> = Regression coefficient

e = error

The data processing stage of this research involves the use of statistical programs such as SPSS to obtain more accurate and statistically tested results.

## 3. Hypothesis Testing

This study uses a quantitative approach to examine the causal relationship between independent and dependent variables. This is done by analyzing questionnaire data in a gradual and systematic manner, following the procedure below:

### a. t-test (Partial Test)

Regardless of the influence of each independent variable—price and product innovation—on the dependent variable—purchase decisions—the t-test is used.

Formula:

$$t = \frac{b_i}{SE_{bi}}$$

b<sub>i</sub> = regression coefficient of each independent variable

SE<sub>bi</sub> = standard error of b<sub>i</sub>

Testing criteria:

- 1) If the Sig. (p-value) < 0.05, then the variable X partially has a significant influence on Y
- 2) If Sig. > 0.05, then it has no significant effect

### b. F Test (Simultaneous Test)

The F test aims to determine whether, collectively, the independent variables of price and product innovation have a significant effect on purchasing decisions as the dependent variable. Formulation:

$$F = \frac{(R^2 / k)}{(1 - R^2)(n - k - 1)}$$

R<sup>2</sup> = coefficient of determination

k = number of independent variables

n = sample size

Testing criteria:

- 1) If Sig. < 0.05, then there is a significant simultaneous effect of variable X on Y
- 2) If Sig. > 0.05, then there is no significant simultaneous effect

### c. Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination is used to calculate the extent to which the independent variable (X) affect changes in the dependent variable (Y).

The  $R^2$  value ranges from 0 to 1

- 1)  $R^2 = 0$  means that the variable X does not explain any variation in Y at all
- 2)  $R^2 = 1$  means that the variable X explains 100% of the variation in Y

## D. RESEARCH RESULTS AND DISCUSSION

The research results show that the price variable (X1) has a regression coefficient of 0.165 and a significance value of 0.103—higher than the significance level of 0.05. The study indicates that although the prices offered by the store are relatively cheap and in accordance with the product quality, the price factor does not significantly affect consumers' decisions to buy gold jewelry at Gadjah Gold Store Bali Branch.

With a regression coefficient value of 0.664 and a significance value of 0.000 ( $< 0.05$ ), the analysis results show that the Product Innovation variable (X2) has a significant and positive effect on consumer purchasing decisions. This indicates that any advancement in product innovation will contribute significantly to consumer purchasing decisions.

The diversity of designs, adaptation to market trends, and model updates are the innovations intended. This shows that customers of Gadjah Gold Store Bali Branch really enjoy creative and attractive gold products.

### Research results

These results are in line with modern marketing theory, which states that product innovation is an important way to win market competition (Kotler & Keller, 2016). Lestari's study (2022) also supports this finding, which found that product innovation has a significant impact on consumer interest and purchase decisions for jewelry. (Nuryadi *et al.*, 2023)

The F-test results indicate that the variables Product Innovation and Price together have a significant effect on consumers' decisions to purchase goods at Gadjah Gold Store, Bali Branch. Therefore, even though price individually does not have a significant effect, its presence remains important as one of the factors shaping consumers' purchasing decisions. (Arifin & Utomo, 2022)

In addition, a determination coefficient ( $R^2$ ) value of 0.649, or 64.9%, was obtained, which means that the combination of Price and Product Innovation variables can account for 64.9% of the variations in purchasing decisions. Other variables outside the model, such as service, promotion, store reputation, and other psychological factors, contribute 35.1% of these variations.

This indicates that the regression model used can explain the behavior of gold jewelry buyers well.

## E. CONCLUSIONS AND SUGGESTIONS

### Conclusion

A study on the influence of price and product innovation on consumer decisions to purchase gold jewelry at Toko Emas Gadjah Bali Branch reached the following conclusions:

#### 1. The Influence of Price on Purchase Decisions

Based on research, price does not have a significant impact on the decision to purchase gold jewelry at Gadjah Gold Store Bali Branch. Studies show that although the prices offered by the store are relatively low and match the product quality, this factor is not strong enough to significantly influence purchasing decisions. This may be because gold jewelry consumers, especially at Gadjah Gold Store Bali Branch, prioritize other aspects such as design, quality, and innovation rather than merely considering the price.

This finding is in line with previous studies by Nugroho (2021) which stated that competitive prices are not always the main factor in purchasing decisions for fashion and jewelry items, as perceived value and design uniqueness often have a greater influence.

## 2. Pengaruh Inovasi Produk terhadap Keputusan Pembelian

This finding is in line with previous studies by Nugroho (2021) which stated that competitive prices are not always the main factor in purchasing decisions for fashion and jewelry items, as perceived value and design uniqueness often have a greater influence.

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## 3. The Influence of Price and Product Innovation on Purchase Decisions

The coefficient of determination ( $R^2$ ) has a value of 0.649 or 64.9%, indicating that 64.9% of the variation in Purchase Decisions can be explained by the combination of the Price and Product Innovation variables. The remaining 35.1% is influenced by other variables outside the model, such as promotions, service, store reputation, and other psychological factors.

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This confirms that the regression model applied has good explanatory power and is relevant in the context of consumer behavior related to gold jewelry purchases.

Overall, the findings of this study indicate that product innovation plays a major and important role in influencing purchasing decisions, while price functions more as an additional factor. This confirms that in the field of gold jewelry, design creativity and product quality are key factors in enhancing consumer appeal and loyalty.

### Suggestion

Based on the research results and conclusions above, the author provides the following suggestions:

#### 1. For Gadjah Gold Store Bali Branch

##### a. Product Innovation Enhancement

Considering that product innovation is a key factor influencing purchasing decisions, Toko Emas Gadjah Bali Branch needs to continuously update product designs in line with local and global market trends. The store can offer a collection of modern, elegant, and diverse designs, as well as provide custom design services so that consumers can personalize products according to their preferences.

##### b. Competitive Price

Price does not have a significant individual impact, but stores should still pay attention to a competitive, fair, and transparent pricing strategy. This is crucial to maintain customer trust, especially amid global gold price fluctuations that can affect people's purchasing power.

##### c. Service Quality

In addition to innovation and price, other aspects such as service quality, creative promotional campaigns, and brand image must also be strengthened to increase customer loyalty and expand market share.

Toko Emas Gadjah Cabang Bali harus meningkatkan promosi dan reputasi merek, misalnya melalui media sosial, program loyalitas pelanggan, serta kampanye pemasaran yang inovatif. Dengan citra merek yang kuat, konsumen akan semakin percaya dan cenderung menjadikan Toko Emas Gadjah sebagai pilihan utama untuk membeli perhiasan emas.

## 2. For Consumers

Consumers are expected to be more careful in making purchasing decisions, not only paying attention to the price but also considering product innovation, quality, as well as suitability with individual needs and lifestyle. The purchasing decisions made can provide long-term satisfaction, both in terms of aesthetics and investment value.

In addition to innovation and price, other aspects such as service quality, creative promotional campaigns, and brand image must also be strengthened to increase customer loyalty and expand market share.

Gadjah Gold Store Bali Branch should enhance promotion and brand reputation, such as through social media, customer loyalty programs, and innovative marketing campaigns. With a solid brand image, consumers will be more confident and tend to make Gadjah Gold Store their primary choice for buying gold jewelry.

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