

**THE CORRELATION BETWEEN SALES
PROMOTIONAL MIX AND CUSTOMER
PURCHASING DECISION**

**(A Case of Kartu Halo Product in Bali Nusra Area –
Bangli Region)**

By

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In partial fulfillment of the requirements for
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Indonesia
2012**

**THESIS ADVISER
RECOMMENDATION LETTER**

This thesis entitled “**The Underlying Factors Effecting Employee Motivation At Work**” prepared and submitted by Warsame Ali Sheikhdon in partial fulfillment of the requirements for the degree of bachelor in the Faculty of Economic has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 31 January 2012

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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “**The Correlation between Sales Promotional Mix and Customer Purchasing Decision (A Case of Kartu Halo Product in Bali Nusra Area - Bangli Region)**” is to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in a part, to another university to obtain degree

Cikarang, Indonesia, January 27 2012

Dewa Gede Arya Widitya Yudha

PANEL OF EXAMINERS APPROVAL SHEET

The Panel of Examiners declare that the thesis entitled “ **The Correlation Between Sales Promotional Mix and Customer Purchasing Decision**” (A Case of **Kartu Halo Product in Bali Nusra Area – Bangli Region**) ” that was submitted by Dewa Gede Arya Widitya Yudha majoring in Management from the Faculty of Economic was assessed and approved to have passed the Oral Examinations on January 11, 2012

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ABSTRACT

The aim of this research is to find out the correlation of Kartu Halo sales promotional mix advertising (newspaper, magazines. billboard, and radio advertising), sales promotion (price pack deal and merchandise giving) sponsorship (event sponsorship and religion sponsorship) simultaneously towards customer purchasing decision among Kartu Halo subscribers in Bangli Bali, as well as to see how big the correlation of each independent variable towards dependent variable.

A study location located in Bangli-Bangli with total 166 respondent which is Kartu Halo subscribers and recruited using systematic random sampling technique while the result of hierarchical multiple regression in F – test found that advertising, sales promotion and sponsorship has correlation in customer purchasing decision with the result is $F = 26.927$ and sig is 0.000 means there was significant correlation between all independent variables towards dependent variable.

In t – test found that there was positive correlation between advertising towards customer purchasing decision with t value result is 2.906 and t sig is 0.004. There was positive correlation between sales promotion towards customer purchasing decision with t value result is 5.826, t sig is 0.00 and there was negative correlation between sponsorship and customer purchasing decision with t result is -1.182, t sig is 0.239.

In r square found that the number of advertising coefficient correlation is 0.189 means 18.9 % variability the dependent variable customer purchasing decision can be explained by the variability in advertising. The number of sales promotion coefficient correlation is 0.397 means 39.7 % variability the dependent variable customer purchasing decision can be explained by the variability in sales promotion. The sponsorship has no number of coefficient correlations because in t test shows that sponsorship has negative correlation in customer purchasing decision.

The findings of this research concluded that Advertising (newspaper, magazines, billboard, radio advertising) and Sales Promotion (price pack deal, merchandise giving) has positive correlation in customer purchasing decision of Kartu Halo product in Bangli region while in the contrary sponsorship (religion sponsorship and event sponsorship) has negative correlation in customer purchasing decision of Kartu Halo product in Bangli region.

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Developing this thesis has given the author many good experiences. It allows the author to apply all the knowledge that has been learned during three years college time. It also enhances the author's thinking skill as well as management and timing skill. It was very valuable experiences for the author. Hopefully, this thesis could be a beginning step for the author to produce a better and more qualified work in the future.

Jakarta, January 27 2011

Dewa Gede Arya Widitya Yudha

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LIST OF ACRONYMS

SPSS	: Statistical Products and Solution Services
ADV	: Advertising
Etc	: et cetera
VIF	: Variance inflation Factor
CustPurchDecis	: Customer Purchasing Decision
PT	: <i>Perseroan Terbatas</i>

CHAPTER I

INTRODUCTION

1.1. Background of the Study.

Nowadays Cellular Telecommunications development in Indonesia is the fastest and highest in the Asia Pacific Region by placing PT Telkomsel Tbk as the biggest operators who have the largest market share in Indonesia. PT Telkomsel Tbk continue to expand their business penetration by expand their network coverable to cover all areas in Indonesia while enhancing the quality of services they provided.

Bali is one potential market for telecommunication industry in Indonesia. Nowadays PT Telkomsel Tbk has begun to focus on Bali because of economic condition in Bali which is increasing. Agriculture industry, services industry and tourism industry is the major sector that improve the economic condition in Bali. This positive condition indirectly will impact on telecommunication industry development in Bali.

PT Telkomsel Tbk has two types of products that directly separate its customers into two categories; the first one is “Postpaid Card – Kartu Halo” and “Prepaid Card - Kartu Simpati and Kartu AS”. However most of the Balinese people prefer to use prepaid cards because it is cheaper. The growth of post-paid card subscribers in Bali is very low. This is more due to the characteristics of the Balinese people who are still very sensitive to price fluctuations.

But on the contrary, nowadays the number of postpaid card subscribers in Bali has increase significantly. In term of the prices, postpaid is more expensive rather than prepaid. The prices set by PT Telkomsel Tbk for postpaid card is higher than prepaid card due to the abondement fee, tariffs structure, and taxes. In the other

side, the flexibility in using postpaid is more complicated. For using postpaid cards services it requires the customer to complete their personal data, application form, registration, and verification. By seeing this, increasing in postpaid card user in Bali is a positive movement for Telkomsel to focus on.

At the beginning, Kartu Halo only intended for upper middle class of customers but with the number of Kartu Halo subscribers in Bali which is increasing, PT Telkomsel Tbk provides three service options, called Kartu Halo Family, Kartu Halo Hybrid and Kartu Halo Bebas. By divided into 3 category of segmentation, this strategy has a purpose to reach all segments of Kartu Halo subscribers

One factor that increasing the number of subscribers of Kartu Halo in Bali is the success of PT Telkomsel Tbk in choosing the appropriate sales promotion mix towards customer acceptances. Appropriate sales promotion mix greatly assist PT Telkomsel to build awareness about Kartu Halo, giving product knowledge and lead to customer purchasing decision.

Because sales promotional mix is a very important thing and has a crucial part for PT Telkomsel Tbk through their product call Kartu Halo, I would like to discuss this issue to my thesis. Hope it could be a benefit for the company where I do the research and the others to understanding the role of sales promotional mix.

1.2. Company Profile

Telkomsel is the leading operator of cellular telecommunications services in Indonesia that provides cellular services through GSM Dual Band (900 & 1800), GPRS, Wi-Fi, EDGE, 3G, HSDPA and HSPA+ networks throughout Indonesia. Internationally, Telkomsel collaborate with 362 roaming partners in 196 countries

With the largest network coverage in Indonesia, reaching over 95% of Indonesia's population, Telkomsel network covers all of the country's provinces and regencies/counties, and almost all of the sub-counties ("Kecamatan") in Indonesia. As the leader in the broadband market, Telkomsel was the first to

launch the “Next Generation Flash HSPA+ which will be rolled out in 24 cities across Indonesia by 2010

To serve different segments of customers, Telkomsel offers its customers the choice between two prepaid cards- Simpati and Kartu As, or the post-paid Kartu HALO.



Figure 1.1 Example of Sales Promotional Tools (Billboard and Newspapers) PT. Telkomsel Tbk (Bali Area only)
Source: PT Telkomsel Tbk

In its sixteenth year of operations since the first commercial launch of its post-paid services on May 26, 1995, Telkomsel continues to maintain its leading market share and as the trendsetter in mobile lifestyles. As at end of June 2011, Telkomsel’s customer base reached 178 million customers, representing a market share of approximately 51% of the full-mobility cellular market.

For the last 5 years (2005-2009), Telkomsel's operating revenues have grown from Rp21.13 trillion in 2005 to Rp41.58 trillion in 2009. Over the same period, the total number of Telkomsel's customer base increased from approximately 24.27 million as at end of 2005 to 81.64 million as at end of 2009, representing a CAGR of 54%/ (Telkomsel Company Profile – Bali Nusra Regional Report 2010.

1.3. Problem Identified

Kartu Halo subscribers in Bali have been increasing rapidly, however there are some region which have been facing a slow growth. One of the regions is Bangli which has the slowest growth and the smallest number of Kartu Halo. The problem is the correlation between PT Telkomsel Tbk sales promotional mix consist of advertising, sales promotion and sponsorship towards customer purchasing decision are not giving the sales expectation and growth number of Kartu Halo subscribers for Kartu Halo in Bangli area where the total of Kartu Halo subscribers in Bangli area is 281 subscribers only (Telkomsel Company Profile – Bali Nusra Regional Report 2010).

1.4. Statement of the Problem

From this study, the researcher will find out the level of correlation between sales promotion mix (advertising, sales promotion and sponsorship) towards customer purchasing decision in Bangli area. From the result, the researcher will find out the problem that is formulated as follows:

- 1) How is the correlation between advertising towards customers purchasing decision?
- 2) How is the correlation between sales promotions towards customers purchasing decision?
- 3) How is the correlation between sponsorship towards customers purchasing decision?
- 4) How is the correlation between sales promotional mix towards customers purchasing decision?

1.5. Research Objectives

This research objectives of this research is to know the significance of the correlation between sales promotional mix consist of advertising, sales promotion and advertising towards customer purchasing decision and how big the correlation of each variables towards customer purchasing decision.

1.6. Significance of the Study

1.6.1. For Academic Community

Management student must understand many aspects in the field. A sales promotion mix is one of important aspects in management especially in marketing management. By doing this research, it will help the student to understand more about sales promotion, the theory in sales promotion, the application of sales promotion, the impact of sales promotion and how to set the right sales promotion mix based on segmentation.

1.6.2. For the Company

This thesis will give more information about the customer response for each sales promotional mix that PT Telkomsel Tbk used to promote Kartu Halo in Bangli area. By doing this research it will contribute a data that PT Telkomsel Tbk can use to analyzing and evaluating their sales promotion mix towards customer perception and acceptance in Bangli area.

1.6.3. For the Researcher

The study itself will help the researcher because the researcher will learn the application of sales promotion mix towards customer purchasing decision. Some factor such us; area, customer acceptances and customer perception affected the customer decision making to purchase a product. The researcher learns that successful sales promotional mix has to adapt with its segmentation.

1.7. Theoretical Framework

The framework below presents a simple model that identifies the key factor in the communication process in purchasing decision by customers. The process begins when the source of promotion mix communication determines what information is to be communicated and encoded. Marketing mix is a major part on communication process. Sales promotion mix (X variable) create the promotion with the result is the message that will convey the intended meaning about the

brand to the consumer. At the end of the process is the customer response; it might take action which could include going to curious about product, building brand awareness and making a purchasing decision (Y variable).

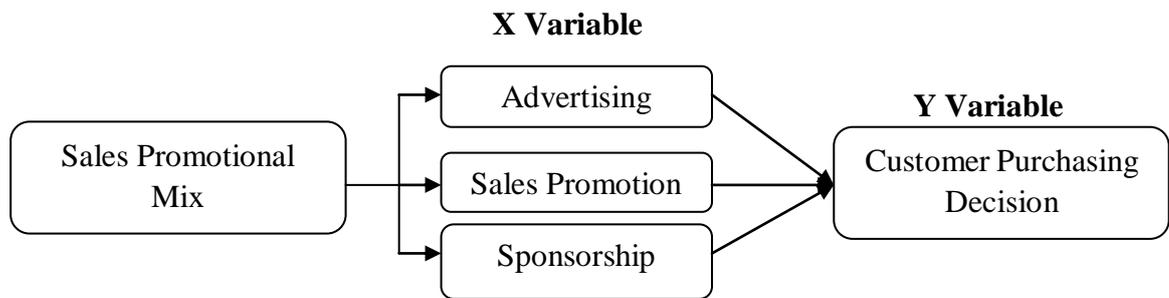


Figure1.2 Theoretical Framework
Source: constructed by researcher

1.8. Scope and Limitations of the Study

This Study is an attempt to determine the correlation between sales promotional mix consist of advertising, sales promotion and sponsorship for PT Telkomsel Tbk which have dominant effect on customer purchasing decision. This study is a study that's conducted in Bangli region (Bali) and the company is located in the center of Kota Bali.

1.9. Assumption and Hypothesis

The hypothesis that the researcher intend to test:

1. Advertising

Ho: Advertising has no correlation with customer purchasing decision at Kartu Halo product

H1: Advertising has correlation with customer purchasing decision at Kartu Halo product

2. Sales Promotion

Ho: sales promotion has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotion has correlation with customer purchasing decision at Kartu Halo product

3. Sponsorship

Ho: sponsorship has no correlation with customer purchasing decision at Kartu Halo product

H1: sponsorship has correlation with customer purchasing decision at Kartu Halo product

4. Sales Promotional Mix

Ho: sales promotional mix has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotional mix has correlation with customer purchasing decision at Kartu Halo product

1.10. Definition of Terms

- a) Customer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service. (Herbert Simon, 2007)
- b) Advertisement: Any paid form of non personal presentation, and promotion of ideas, goods or services by an identified sponsor. Advertising allows a company to dramatize their product through the artful use of visual, print, sounds and colors. (J Paul Peter and Jerry C. Olson, 2005)
- c) sponsorship : a business relationship between a provider of funds, resources or services and an individual, event or organization which offers in return rights and association that may be used for commercial advantage in return. For the sponsorship, investment support an event, activity or organization by providing money or other resources that is of value to the sponsored event
- d) Sales promotions : tactical activities used as part of the overall promotional mix. They are intended to produce quick and short-term changes in consumer or business to business buying behaviors. This can range from money off vouchers, inviting to buy today and save money off the normal list price, or, maybe buy one get one free. (Carl Mc Daniel, 2006)

CHAPTER II

LITERATURE REVIEW

2.1. Past Research

The research entitled “**Korelasi Promosi Produk Rokok Terhadap Keputusan Pembeli Rokok Sampoerna Mild Pada Mahasiswa S1 Fakultas Ekonomi Univesitas Sumatera Utara** ” conducted by Bastian Lieza Universitas Sumatera Utara , Indonesia. *Total terdapat 120 sample yang digunakan untuk keperluan research dengan hasil unsur-unsur bauran pemasaran (promotion mix) yaitu periklanan (advertising), penjualan perorangan (personal selling), promosi penjualan (sales promotion), publisitas (publicity), pemasaran langsung (direct marketing), dan hubungan masyarakat secara bersama-sama mempunyai korelasi terhadap keputusan pembelian produk rokok Sampoerna A-Mild pada mahasiswa SI Fakultas Ekonomi USU. Serta diduga ada unsur bauran pemasaran yang memiliki korelasi dominan terhadap keputusan pembelian produk rokok Sampoerna A-Mild pada mahasiswa SI Fakultas Ekonomi USU. Setelah penelitian dilakukan menghasilkan kesimpulan bahwa benar iklan, penjualan perorangan, promosi penjualan, publisitas, pemasaran langsung, dan hubungan masyarakat secara bersarna-sama berkorelasi terhadap keputusan pembelian produk rokok Sampoema A-Mild pada mahasiswa SI Fakultas Ekonomi USU, serta diantara variabel bebas yang diteliti, temyata variabel iklan, promosi penjualan, dan hubungan masyarakat mempunyai korelasi posifif terhadap keputusan pembelian produk rokok Sampoerna A- Mild pada mahasiswa S-1 Fakultas Ekonomi USU.*

The second past research entitled “**The Correlation of Sales Promotion Factors on Purchase Decisions - A Case Study of Healthy Drink in Thailand**” conducted by Rangsang Nochai and Titida Nochai for King Mongkut’s Institute of Technology Ladkrabang and Assumption University, Thailand. The convenience

sampling technique was used in collecting the sample data with total 191 respondents. The result of this research indicated that the sales promotion factors “offer member card for discount”, “extend warranty period”; Bundled with scanner”, Billboard, radio, leaflet, and magazine’ and “Able to pay by installment “are the important factors that have correlation on consumer’s purchasing decision.

The third past research entitled “**The correlation of Sales Promotion towards Buying Behavior**” conducted by Osman Syahulini, Benjamin and Yeok Sok Fon for University Putra Malaysia in June, 12 2011 with the result a total of 150 respondents were recruited using systematic random sampling technique. This study found that there was significant correlation between price discount towards buying behavior , there was significant relationship between advertising towards buying behavior, there was significant relationship between free samples towards buying behavior and there was significant relationship between rebates towards buying behavior

2.2. Customer Purchasing Decision

Customer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service (Herbert Simon, 1957). In the other side Purchase decision is the buyer’s decision about which brand to purchase (Philip Kotler and Gary Amstrong, 2010). According to I. B. Myers (1962) a person's decision making process depends to a significant degree on their cognitive style. Philip Kotler and Gary Amstrong (2010) believe in the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally the consumer purchase decision will be buy the most proffered brand,

2.3. Advertising

Philip Kotler and Gary Amstrong (2010) in their book principle of marketing 13th edition; Advertising is any paid form nonperson presentation and promotion of ideas, goods or services by an identified sponsor. While J. Paul Peter and Jerry c

Olson (2008) identified that advertising is intended to influence consumers' affect and cognition – their evaluation, feelings, knowledge, meanings, belief, attitudes, and images concerning product and brand. Bovee (2006) defines advertising as non personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media. And business dictionary in own definition about advertising is the activity or profession of producing information for promoting the sale of commercial products or services. Dina Marlina, Bina Sarana Informatika (2009) explained that *“Periklanan adalah kegiatan komunikasi yang dilakukan pembuat barang, atau pemasok jasa dengan masyarakat banyak atau sekelompok orang tertentu yang bertujuan untuk menunjang upaya pemasaran”*. Advertising consist of sales promotional tools that support the marketing effort. Berman / Evans (2006) explain about advertising as paid, non personal communication transmitted through out of store mass media by an identified sponsor and advertising used to achieved the objectives or build the company images to achieve sales Gilbert (2006). Advertising have a good potential to influence lot of people by send a single message.

2.4. Sales Promotion

Philip Kotler (2010) sales promotion is short term incentives to encourage the purchase or sale of a product or services. J. Paul Peter (2008) believes sales promotion is direct inducement to the consumer to make purchase. Dave Dolak (2008) define sales promotion is a activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Drypen (2010) in his opinion about sales promotion refers to many kinds of incentives and techniques directed towards consumers and traders with the intention to produce immediate or short-term sales effects and Business Dictionary explained about sales promotional tools as a stimulation of sales achieved through contests, demonstrations, discounts, exhibitions or trade shows, games, giveaways, point-of-sale displays and

merchandising, special offers, and similar activities. Berman and Evans (2006) identified sales promotion tools encompasses the paid communication activities other than advertising, public relation and personal selling that stimulate consumer purchases and dealer effectiveness”. Levy and Weitz (2006) said sales promotion offers additional value and incentive to customers to visit the store or buying the merchandises in the specific period.

2.5. Sponsorship

Patricia Martin (2010) with her book “Succeeding with Sponsorship” the definition of sponsorship is a business relationship between a provider of funds, resources or services and an individual, event or organization which offers in return rights and association that may be used for commercial advantage in return. For the sponsorship, investment support an event, activity or organization by providing money or other resources that is of value to the sponsored event. This is usually in return for advertising space at the event or as part of the publicity for the event. (Gail S Bower, 2010). Peter Allwood from BDS sponsorship co (2008) defines sponsorship as a business relationship between a provider of funds, resources or services and an individual, event or organization which offers in return rights and association that may be used for commercial advantage in return for the sponsorship investment. Gilbert (2006) in his opinion about sponsorship “the material or financial support of a specific activity, normally but not exclusively sports or arts which does not form of the sponsor company’s normal business.

CHAPTER III

RESEARCH METHODOLOGY

3.1. Research Design

For this research, the researcher conducted in two ways through qualitative analysis which is to design the questioners by interviewing the company and the customer. The second one is quantitative analysis which is use the data that are structured from questioners in the form of numbers by using Statistical Products and Solution Services (SPSS).

Adopted from past research in literature review from chapter II, the researcher will apply qualitative and quantitative method in order to analyze the influence of each sales promotional mix (Advertising, Sales Promotion and Sponsorship) towards customer purchasing decision for Kartu Halo in Bangli – Bali

In the theory terms, quantitative research is the time honored scientific method. It is about prediction, generalizing a sample to a larger group of subjects, and using numbers to prove or disprove a hypothesis (York, 1998). While qualitative research is analyzed and interprets objectives to the purpose of discovery underlying meaning and not involve mathematical model. (Denzin Norman & Lincoln Yvonne, 2005)

For the analysis, the researcher uses Multiple Regression analysis. The researcher use multiple regression as the function to understand the functional relationships between the dependent (customer purchasing decision) and independent variables (sales promotion mix) to see what might be causing the variation in the dependent variable. (pp. 239-246 McDonald, J.H. 2009). For the collecting data, the researcher uses questionnaire with Likert scale as the primary data.

3.2. Research Instrument

There are 2 instruments that the researcher in doing the research. The first instrument is a data collection that is done by researcher by doing library research, reading literature review, various reports, past research material published by the publisher, internet and spreading questionnaire. To obtain the result of this research, the data analysis was observed by SPSS 16 as the second instrument.

3.2.1 Data Collection

To produce accurate data, valid and into to the main objectives the research need to do appropriate data collection. Before spreading the questionnaire the researcher do interview with the company in order to fulfill the mutual wants and needs between the company and the researcher. After both of the researcher and the company agree to design type of the question and structure of the questionnaire, the researcher collect and read literature reviews in order to increase the knowledge of the researcher about the problem that are going to observe. The researcher makes the questionnaire consist of 2 parts which is the firsts part consist of correspondent profile and the second parts consist of 18 question with multiple choice of Likerts Scale where the scale is :

5 = SA = Strongly Agree

4 = A = Agree

3 = NAD = Neither Agree Nor Disagree

2 = D = Disagree

1 = SD = Strongly Disagree.

The question is the statement about the sales promotional mix towards customer purchasing decision.

Table 3.1. Likert Scale

No	Statement	SA	A	NAD	D	SD
1						
2						
3						

Source: www.en.wikipedia.org/wiki/likert_scale

The researcher was doing the pretest with total 30 respondents to check the reliability and validity to know that the questioners can achieve the objectives of the research. The targets of this pre-test are Kartu Halo subscribers who are living in Bangli – Bali in October - 17, 2011. while doing the pre-test questionnaire, the company are given the permission by giving the data about Kartu Halo subscribers and help the researcher by assigned their sales person to spread the questioners to the target respondent.

3.3. Population and Sampling

Performance Gerai Halo Kab.Bangli-Bali											
Bulan : Januari s/d September 2011											
Bulan/2011	Gerai Halo	Kelas	Target Sales	Realisasi Sales	Sales Aktif (M+4)	Fee sales KartuHALO	50% (dibayarkan pada M + 4)	Sub total sales M+4	Jumlah Pelanggan & Pembayaran KH	Fee Pembayaran KH	Sub total pembayaran KH
JANUARI	Bangli	c	16	7	6	75.000	37.500	225.000	168	3.500	588.000
FEBRUARI			12	4	9	75.000	37.500	337.500	174	3.500	609.000
MARET			12	16	7	75.000	37.500	262.500	190	3.500	665.000
APRIL			40	2	4	75.000	37.500	150.000	408	3.500	1.428.000
MEI			35	1	2	75.000	37.500	75.000	235	3.500	822.500
JUNI			33	17	15	75.000	37.500	562.500	448	3.500	1.568.000
JULI			27	10	2	75.000	37.500	75.000	249	3.500	871.500
AGUSTUS			25	4	1	75.000	37.500	37.500	177	3.500	619.500
SEPTEMBER			25	4	4	75.000	37.500	150.000	201	3.500	703.500
Jml rata2 Pelanggan Kartu Halo/bln									281		

Denpasar, 26 Oktober 2011
Telkomsel Regional BaliNusra

Figure 3.1. Kartu Halo Subscribers in Bangli – Bali 2011

Source: PT Telkomsel Tbk

The population of the research will be taken from Telkomsel Subscribers who domicile in Bangli – Bali with total of 281 subscribers. The sample will select from population. In this kind of research, the researcher prefers using margin

error 0.05 (5%). Its meaning the level of error is 5% and the research has 95% confidence level.

Ariola. Et. Ad (2006) in her book *Principles and Methods of Research* (eds.); 2006 explain to find the sample size population when it is not possible to study an entire population; a smaller sample is taken using a random sampling technique. Slovin's formula allows a researcher to sample the population with a desired degree of accuracy. It gives the researcher an idea of how large his sample size needs to be to ensure a reasonable accuracy with the formula (Slovin, 1960) as follows:

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{N}{1 + Ne^2} = \frac{281}{1 + 281(0.05)^2} = 165.2$$

Where:

n = Sample size

N = Population size

e = Tolerable error

3.3.1 The Actual Sample Size

From the calculation of actual computation of sample above, the result for the sample population is 166 respondents.

3.3.2 The Respondent

The respondents of this research (total 166 people – sample size) are the customers of Kartu Halo:

1. Live in Bangli - Bali
2. 15 – 60 years old / Man – Woman

3.4. Statistical Package

3.4.1 Validity Test

Polkinghorne (1988), validity of a theory refers to results that have the appearance of truth or reality. Lacity and Jansen (1994) define validity as making common sense, and being persuasive and seeming right to the reader.

In testing the construct of validity, the researcher uses Pearson's correlation coefficient. This formula is used to test items validity. This coefficient of correlation can be calculated based on actual values of X and Y. the formula is:

$$\frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

Pearson Product Moment Correlation and Coefficient

Source: K Kountur, R (2007)

Where:

- N : The number of paired observation
- $\sum x$: The x variable summed
- $\sum y$: The y variable summed
- $\sum x^2$: The x variable squared and the squares summed
- $(\sum x)^2$: The variable x summed and the sum squared
- $\sum y^2$: The y variable squared and the squares summed
- $(\sum y)^2$: The y variable summed and the sum squared
- $\sum xy$: is the sum of the product of x and y

3.4.2 Reliability Test

Reliability can be defined as the extent to which measure are acquitted from random error. One of the methods which can be used for measuring a reliability

of an instrument is a Cronbach Alpha coefficient formula with the formula as follow:

$$\alpha = \frac{k.r}{1+(k-1)r}$$

Source: Revelle, W. & McDonald, R, 2006

Where

α : instrument reliability's coefficient

r : mean correlation coefficient between variables

k : number of manifest variables that form the latent variables

The reliability coefficient value from the measurement tools values from 0 to 1. The value which is close to 1 explains the reliability is better and the other side if the value is closer to 0 the reliability of its instrument used can be less. (Revelle, W. & McDonald, R, 2006)

3.4.3 F Test and T Test

The researcher will do f test and t test by using statistical package for science (Spss) software. F test is used to see whether the variables are independent collectively that can influence dependent variable. In this test there will be hypothesis that:

1. Advertising

Ho: Advertising has no correlation with customer purchasing decision at Kartu Halo product

H1: Advertising has correlation with customer purchasing decision at Kartu Halo product

2. Sales Promotion

Ho: sales promotion has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotion has correlation with customer purchasing decision at Kartu Halo product

3.Sponsorship

Ho: sponsorship has no correlation with customer purchasing decision at Kartu Halo product

H1: sponsorship has correlation with customer purchasing decision at Kartu Halo product

4. Sales Promotional Mix

Ho: sales promotional mix has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotional mix has correlation with customer purchasing decision at Kartu Halo product

For this test the researcher will use $\alpha = 0.05$ level of significant. For t test is to see the influence of each independent variable in regression model towards the dependent variable. So that the research can find out which dimension has the most powerful influence toward customer purchasing decision. For this test each independent variable will be test underlying hypothesis with significant standard $\alpha = 0.05$

3.5. Data result of Validity and Reliability Testing

3.5.1 Validity Test

In testing the construct of validity, the researcher uses Pearson's correlation coefficient. This formula is used to test items validity. Validity testing must check before data processing. The questionnaire question valid if the r computation is bigger than r table. Based on the calculation, the result for pre-test questionnaires with 19 questions and 30 respondents, the mean correlation coefficient between variables or $r = 0.349$. It means that according to corrected item-total correlation table, if r result is greater than r table, the variable is valid. If r result is smaller than r table, the variables are not valid.

Table 3.2 Critical Values for Pearson's r

N = Number of Pair	Significant of Level	
	5%	10%
15	0.482	0.412
16	0.468	0.400
17	0.456	0.389
18	0.444	0.378
19	0.433	0.369
20	0.423	0.360
25	0.381	0.323.
30	0.349	0.296
35	0.325	0.275
40	0.304	0.257
45	0.288	0.243

Source: Huber, Peter. J. (2004)

Table 3.3 Testing for Valid Question

12	R Computation	R Table	Remarks
1	0.567	0.349	Valid
2	0.550	0.349	Valid
3	0.565	0.349	Valid
4	0.567	0.349	Valid
5	0.526	0.349	Valid
6	0.398	0.349	Valid

7	0.522	0.349	Valid
8	0.404	0.349	Valid
9	0.557	0.349	Valid
10	0.742	0.349	Valid
11	0.747	0.349	Valid
12	0.533	0.349	Valid
13	0.358	0.349	Valid
14	0.466	0.349	Valid
15	0.322	0.349	Invalid
16	0.678	0.349	Valid
17	0.502	0.349	Valid
18	0.426	0.349	Valid
19	0.481	0.349	Valid

Source: Statistical Products and Solution Services and Primary Data V16.0

From the table item validity result below, there are 18 questions that are valid. If there are any invalid items the researcher has two choices which are can eliminate the invalid questions or the researcher can revise the questions and spread it again. (Sugiyono, 2000). Thus the researcher prefer to eliminate the invalid questions and here the result

3.5.2 Reliability Test

This method will result in the coefficient of reliability for total variables. The coefficient of reliability will be within the range between 0 until 1. The coefficient gets closer to 1 which is means the reliability also stronger. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is as follows

Table 3.4 Cronbach's alpha internal consistency

Cronbach's alpha internal consistency	
$\alpha \geq .9$	Excellent
$.9 > \alpha \geq .8$	Good
$.8 > \alpha \geq .7$	Acceptable
$.7 > \alpha \geq .6$	Questionable
$.6 > \alpha \geq .5$	Poor
$.5 > \alpha$	Unacceptable

Source : Huber, Peter. J. (2004)

The results of reliability test of each variable for 30 respondents in this research can be seen as follow:

Table 3.5 Reliability Test of "Kartu Halo Telkomsel Bangli"

Variable	Cronbach's Alpha	Remark
Advertising	0.754	Reliable
Sales Promotion	0.706	Reliable
Sponsorship	0.717	Reliable
Customer Purchasing Decision	0.642	Reliable

Source: Statistical Products and Solution Services and Primary Data

3.6. Limitation

There are important things that make the researcher do limitation such us:

- 1 The researcher only focus on post paid card – Kartu Halo from PT Telkomsel Tbk in Bangli - Bali
- 2 The researcher only took 3 component of sales promotional mix and the rest were considered irrelevant in the content of Bangli area.

CHAPTER IV

ANALYSIS OF THE DATA

This part is the extensive report of the result of the research. The researcher presents here a full analysis of the data from respondent. The researcher will analyze the sales promotion mix towards customer purchasing decision by following variables; Advertising, sales promotion and sponsorship.

4.1 Respondents Profile

Table 4.1 Respondent Age Profile

No	Age	Respondent	
		N=166	
		F	%
1	Under 25 Years old	17	10%
2	25 years old – 30 years old	30	18%
3	31 years old – 35 years old	54	33%
4	36 years old – 40 years old	33	20%
5	Above 40 years old	32	19%
Total		166	100%

Source: Primary Data

Based on the table above, majority of the respondents 33% are in the 31-35 years old age range, 17 people or 10% are in the under 25 years old range, 30 people or 18% are in the 25 age range – 30 age range, 33 people or 20% are in the 36-40 age range and 32 people or 19% are in the above 40 age range. The data above explained that the most of the Kartu Halo subscribers are the people who have

career to support their life. It gives an indication for PT Telkomsel Tbk for the future when they prepare a marketing sales promotion mix,

Table 4.2. Respondent Gender Profile

No	Gender	Respondent	
		N =166	
		F	%
1	Male	103	62%
2	Female	63	38%
Total		166	100%

Source: Primary Data

Based on the questionnaire spread, the correspondents are consisted of 103 (62%) male and 63 people (38%) female. the Total respondent is the Kartu Halo subscribers in Bangli – Bali with total is 166 respondents.

4.2 Interpretation and Analysis

4.2.1 F Test

The result of F test which to find out the correlation of all variable consist of Advertising (x1), Sales Promotion (x2) and Sponsorship (x3) towards customer purchasing decision of Kartu Halo product in Bangli- Bali has the following result:

Table 4.3 All Independent Variables towards Customer Purchasing Decision

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	23.488	3	7.829	26.927	.000 ^a
Residual	47.103	162	.291		
Total	70.592	165			

a. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services and Primary Data

In the table above were obtained F value is 26.927 with sig 0.000 < *alpha* 0.05, so it can be said that the advertising, sales promotion and sponsorships simultaneously are give significant influence on Kartu Halo subscriber to make purchasing decision.

4.2.2 t Test

Hypothesis test done with in a partial way, then to prove that the initial hypothesis about the correlation of each promotion as an independent variable to customer purchasing decision on Kartu Halo subscribers in Bangli- Bali as dependent variable. In the partial way, it will show that the correlation of each variable has a negative or positive correlation towards customer purchasing decision.

The result of t test which to find out the correlation of variable consist of Advertising (x1) towards customer purchasing decision of Kartu Halo product in Bangli- Bali Bali has the following result:

Table 4.4 Advertising towards Customer Purchasing Decision

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	Std. Error	Beta		
Advertising	.297	.102	.267	2.906	.004

b. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services (SPSS v 16) and Primary Data

Table 4.5 Coefficient of Correlation R and Determination (R2) Advertising towards Customer Purchasing Decision

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Advertising	.434 ^a	.189	.184	.59094

a. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services (SPSS v 16) and Primary Data

As shown in the following discussion. In the table above shows Kartu Halo Product Advertising (X1), Advertising has positive correlation in customer

purchasing decision products on the Kartu Halo subscribers in Bangli-Bali. This is showed by the t-value result which is 2.906 and significant t = 0.004 In this study also explained that the advertising effect correlated positively with the Kartu Halo product and purchasing decision subscribers in Bangli area Bali which is $B = 0.297$ means that if advertising increases by 1 unit, the customer purchasing decision Halo Card also increased by 0.297 units. The coefficient of determination (R^2) is 0,189, which means only 18,9% variability in the dependent variable customer purchasing decision can be explained by the variability in advertising.

Next is the result of t test which to find out the correlation of variable consist of Sales Promotion (x_2) towards customer purchasing decision of Kartu Halo product in Bangli- Bali Bali has the following result:

Table 4.6 Sales Promotion towards customer purchasing decision

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	Std. Error	Beta		
Sales Promotion	.455	.078	.455	5.826	.000

a. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services (SPSS v 16) and Primary Data

Table 4.7 Coefficient of correlation R and Determination (R^2) sales promotion towards Customer Purchasing Decision

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Sales Promotion	.545 ^a	.397	.292	.55022

a. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services (SPSS v 16) and Primary Data

In the table above shows Kartu Halo Product Sales Promotion (X_2) has a positive correlation in the customer purchasing decision products on the Kartu Halo subscribers in Bangli area - Bali. This is showed by the t-value result which is

5.826 and significant $t = 0.00$. In this study also explained that the sales promotion effect correlated positively with the Kartu Halo product and purchasing decision subscribers which is $B = 0.455$ means that if sales promotion increases by 1 unit, the customer purchasing decision Halo Card also increased by 0.455 units. The coefficient of determination (R^2) is 0,397, which means only 39,7% variability in the dependent variable customer purchasing decision can be explained by the variability in sales promotion.

And the last is the result of t test which to find out the correlation of variable consist of Sponsorship (x3) towards customer purchasing decision of Kartu Halo product in Bangli- Bali Bali has the following result:

Table 4.8 Sponsorship towards customer purchasing decision

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Sponsorship	-.111	.094	-.101	-1.182	.239

a. Dependent Variable: CustPurchDecis

Source: Statistical Products and Solution Services and Primary Data

In the figures above, sales sponsorship has no correlation towards customer purchasing decision with B -.111 and sig .239

4.3. Summary of the Result

The result about the analysis of sales promotional mix (advertising, sales promotion and sponsorship) towards customer purchasing decision above shows that in F test there is significant correlation of sales promotional mix towards customer purchasing decision with the result is F result is 26.927 and sig 0.00 which is the result shows that all of the sales promotional mix used by Pt Telkomsel Tbk for Kartu Halo product in Bangli region has correlation on customer purchasing decision while in the other side for t test result the researcher will found each variables in the sales promotional mix towards customer purchasing decision which is the result of t test of advertising shows that there is

positive correlation in customer purchasing decision with B is 0.297, t value result is 2.906 and sig is .004 next is t test of sales promotion which show that there is positive correlation in customer purchasing decision with B is 0.455, t value result is 5.826 and sig is .000 and the last is t test of sponsorship shows that there is no correlation in customer purchasing decision with B is -.111, t value result is -1.182 and sig is .239.

The coefficient correlation of determination in advertising is 0.189, which means only 18.9% variability in the dependent variable customer purchasing decision can be explained by the variability in advertising, next is the The coefficient correlation of determination in sales promotion which is 0,397, which means only 39,7% variability in the dependent variable customer purchasing decision can be explained by the variability in sales promotion. And the last because of sponsorship has negative correlation towards customer purchasing decision so the number of correlation is 0%. The total of these two variables (advertising and sales promotion) correlation is 58.5% towards customer purchasing decision. The rest can be explained by another factor such us network coverage, the availability of product and services.

4.4. Hypothesis Testing

After getting the correlation value, the next step is testing whether the correlation value is significant or not. The testing has been done toward the hypothesis is as follows:

1. Advertising

Ho: Advertising has no correlation with customer purchasing decision at Kartu Halo product

H1: Advertising has correlation with customer purchasing decision at Kartu Halo product

Advertising shows that there is positive correlation in customer purchasing decision with B is 0.297, so H₀ rejected and H₁ accepted.

2. Sales Promotion

Ho: sales promotion has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotion has correlation with customer purchasing decision at Kartu Halo product

Sales promotion shows that there is positive correlation in customer purchasing decision with B is 0.455, so H0 rejected and H₁ accepted.

3. Sponsorship

Ho: sponsorship has no correlation with customer purchasing decision at Kartu Halo product

H1: sponsorship has correlation with customer purchasing decision at Kartu Halo product

Sponsorship shows that there is negative correlation in customer purchasing decision with B is -0.111, so H0 accepted and H₁ rejected.

4. Sales Promotional Mix

Ho: sales promotional mix has no correlation with customer purchasing decision at Kartu Halo product

H1: sales promotional mix has correlation with customer purchasing decision at Kartu Halo product

Sales Promotional mix shows that there is positive correlation in customer purchasing decision with F is 26.927 and sig 0.00 which means $0.00 < 0.05$, so H0 rejected and H₁ accepted.

4.5. Interpretations of the Result

Since the result of analysis data state that sales promotion and advertising has correlation in customer purchasing decision, in addition advertising offers the consumer a reason to buy while sales promotion usually offer an incentive to buy. These combinations greatly assist the marketing effort of PT Telkomsel Tbk (Kartu Halo) to make sales. Sales promotion is marketing communication activities, other incentives motivates consumer or members of the distribution channel to purchase a good services immediately (Mc Daniel and Charles W. Lamb 2006). Sales promotion that has the most correlation in analysis data (see

4.4 summary of the result) actually is using to increase the effectiveness of the marketing effort. Sales promotion has more effect on behavior than on attitudes (Mc Daniel and Charles W. Lamb 2006). Sales promotion used together with advertising so the consumer promotion must usually be advertised and can add excitement. In this case rather than creating only short term sales or temporary brand switching, sales promotion also help to reinforce the product position and build long term customer relationship, which is in this way the sales person can explain about Kartu Halo which has potential to build short term excitement and long term customer relationship. This condition is very suitable with Balinese people especially in Bangli area which most of people are like to talk. If there were 2 communication between sales person and the customer it can easily to persuade them to make a purchase decision. The effect of sales promotion which greatly assist PT Telkomsel Tbk to achieve sales in Bangli Bali area because the carefulness of observation from PT Telkomsel Tbk to choose the appropriate merchandises for Kartu Halo subscribers in Bangli. PT Telkomsel make the appropriate planning about choosing the effectiveness of merchandising which can persuade the customer to purchase the product so in this case they not only prepare the budget then choose the merchandise based on the budget available but they prepare the merchandise based on the customer acceptances and they also trying to create the customer satisfaction when they purchase the product. Merchandise giving and price pack deal are elaborate each other, its have same purpose to make short term sales. When the customer are comes to any event of PT Telkomsel Tbk and they see there is special package that offered by PT Telkomsel Tbk for Kartu Halo, when the customer see there is more benefit that they will get if they make a purchase; for example like free talking, discount for 15% until 3 months, free sms and free internet with a lower price there will be some interest to make a purchasing decision. So when the customer is having interest to make a purchasing, merchandise giving is offered by PT Telkomsel Tbk to persuade them to make the product directly.

Since sales promotion consist of merchandise giving and price pack deal, there is weakness of both of tools. Merchandise giving is set to make the short term sales

only, so after the customer make a purchase and there will be no past purchase behavior in the next, what the PT Telkomsel did to solve the problem is they change their merchandise within quarter months based on the sales achieved, it has purpose to create word of mouth between the subscribers which is in this way it can increase the promotion. The merchandise giving can be clothes, lottery, even food coupon, bag, and stationary.

While price pack deal is to set in order to compete in the telecommunication industry especially in Bangli area, which is in Indonesia in order to compete in the competition they have selling strategy. In Bangli area there was 2 major competitors in the same product category that is post paid card. Telkomsel see that the majority of Balinese people prefer to choose the low price of product, so after PT Telkomsel Tbk divide the segment into 3 category, they also set the price pack deal to influence the customer decision making. With the quality of Telkomsel network coverage and supported with a low cost price with its benefit, it's pretty sure that the customer choose Kartu Halo product as their postpaid card.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Chapter five is the last parts of the thesis that allow the researcher to evaluate the problems have been answered by the research. Based on the research results and problem analysis, the researcher gave the conclusion as follows:

- 1 Sales promotion mix is one of the points that has important in customer purchasing decision and has strong correlation toward the customer purchasing decision at Kartu Halo product. Within this research, the researcher has proven by the result of the analysis towards 166 questionnaire score that distributed to Kartu Halo subscribers in Bangli area-Bali. The calculation of F test result is 26.927 and sig 0.00 which is the result shows that all of the sales promotional mix used by Pt Telkomsel Tbk for Kartu Halo product in Bangli region has correlation on customer purchasing decision
- 2 From T Test the data shows that advertising and sales promotion has positive correlation in customer purchasing decision, while sponsorship has no correlation towards customer purchasing decision. T test value of advertising and sales promotion are 2.906 and 5.826 where B result for both of advertising and sales promotion are 0.297 and 0.455 in the other side the result of sponsorship show that there is negative correlation towards customer purchasing decision with B is -.111.
- 3 Among of independent variables, sales promotion has the highest correlation towards customer purchasing decision with 39.7% then advertising has 18.9%. And from the data it shows that sponsorship has no any correlation towards customer purchasing decision.

5.2 Recommendation

5.2.1. For the Company

Since advertising is a part of marketing mix for PT Telkomsel Tbk to advertise Kartu Halo product in Bangli region, the advertising itself should be more explaining about the program offered by PT Telkomsel Tbk for Kartu Halo product. There were 3 programs such as Kartu Halo Bebas, Kartu Halo Hybrid and Kartu Halo Family which divide 3 segments of people. The result of analysis data shows that advertising is having a less significant effect towards customer purchasing decision. The problem is most of people is see the advertising only consist of the promotion that PT Telkomsel Tbk offered such as *“free sms, free talking and free internet”* without considering that most of people is still less understandable and know about the program offered by Kartu halo. The customers are less explanatory. The result is most of people still thinking that for using Kartu Halo is very expensive while actually in the other side Kartu halo has divide the segment of Kartu Halo subscribers based on the income and needs, so the customer can choose what program that suit to them. For the next PT Telkomsel has to improve their advertising by set their *possible advertising objectives* whether they can set their objectives advertising as informative advertising, persuasive advertising or reminder advertising which indirectly in the future, most of people will know the benefit of using Kartu Halo product and will end in the purchasing decision.

Sales promotion which has the most dominant correlation on customer purchasing decision in Bangli area, have purpose in making immediate sales. Price pack deal is one of the ways in sales promotion that suitable on the dynamic occurring within their product category and has determined the particular consumer purchasing decision. The merchandise giving also increases the level of satisfaction of buyers and indirectly increasing the number of customer purchasing decision about Kartu Halo product in Bangli region. Since that sales promotion has positive effect, PT Telkomsel Tbk can add more sales promotion

tools in order to improve the performance of sales promotion such as coupon giving, rebates or loyalty marketing program.

Sponsorship is also one of the promotional mix that PT Telkomsel Tbk used to promote Kartu Halo in Bangli region. Sponsorship consists of religion ceremony, music event and sport event as the indicator in sponsorship. The result in analysis data shows that sponsorship has negative correlation towards customer purchasing decision. Most of sponsorship event in Bali not too much give a significant effect because it not influence the customer too much. this way most of people are focusing in the event itself. A communication between PT Telkomsel Tbk and the people is not conducted. For further sponsorship event, Pt Telkomsel Tbk should more focus on profitable event sponsorship which allow them more to persuade customers and creates more commercial advantages in return. Bangli has their own tradition which is unique. When they have their tradition ceremony in a big scope of event, PT Telkomsel can support this event as the way in doing sponsorship. However PT Telkomsel Tbk should be more selective in doing their sponsorship.

5.2.2. For the Researcher

Since this research only focus on 3 variables (Advertising, sales promotion and sponsorship) and only focus on how the effect of 3 variables towards customer purchasing decision in Bangli – Bali, the researcher suggest to analyze all of the promotional mix to see if there was other promotional mix which is suitable for the market in this area. So the further investigation about this research are needed to improve the maximum result for PT Telkomsel Tbk to gain more information about customer purchasing decision and its sales promotion mix needed.