Unlocking Purchase Preferences: Harnessing Psychographic Segmentation, Promotion and Location Strategies

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Abstract
This research examines the impact of Psychographic Segmentation, Promotion, and Location on consumers' Purchase Decisions. Data were collected through an online questionnaire distributed to 90 respondents who had visited hotels in Denpasar, Bali. Statistical techniques such as validity and reliability tests, correlation analysis, and multiple regression analysis were employed for data analysis. The findings indicate that Psychographic Segmentation significantly influences Purchase Decisions. Categorizing buyers based on psychological traits, lifestyle, and values plays a crucial role in shaping consumer preferences and motivations. Promotion also has a significant impact on Purchase Decisions, as effective promotional strategies create awareness and persuade target customers. Additionally, the Location of a business emerges as a critical factor, with strategic placement influencing consumers' buying decisions. The regression analysis reveals that Psychographic Segmentation, Promotion, and Location collectively explain approximately 75.1% of the variance in Purchase Decisions. However, it is important to note that factors beyond the study's scope, such as product quality, pricing, brand reputation, and customer service, may also influence purchase decisions. These insights provide valuable guidance for businesses in developing targeted marketing strategies to enhance their competitive advantage. Understanding consumers' psychographic profiles, implementing effective promotions, and strategically locating operations can significantly influence Purchase Decisions, leading to increased sales and overall business success. Future research could explore additional variables to gain a more comprehensive understanding of consumer behavior in purchase decisions.

Keywords: Purchase Decision, Psychographic Segmentation, Promotion, Location, Hotel.

1. Introduction
Denpasar, the capital city of Bali, presents numerous opportunities for hotels to thrive in the vibrant tourism industry. The city's diverse range of hotels caters to the varying needs and preferences of visitors. From budget-friendly options to luxurious resorts, Denpasar offers a wide selection of accommodations. One of the key opportunities for hotels in Denpasar lies in its position as a tourism hub. With its central location and excellent connectivity, Denpasar serves as a convenient base for travelers exploring Bali. Visitors often use Denpasar as a starting point to venture into popular tourist destinations like Ubud, Kuta, Seminyak, and Nusa Dua. This positioning allows hotels in Denpasar to attract guests who are seeking to explore the island and indulge in its cultural, natural, and recreational offerings. Moreover, Denpasar's status as the capital city provides hotels with additional opportunities. The city hosts various business and government activities, attracting business travelers and officials who require comfortable and convenient accommodations. Hotels in Denpasar can cater to this demand by offering modern amenities, business facilities, conference rooms, and convenient access to important establishments and offices. Furthermore, Denpasar's thriving tourism industry creates opportunities for hotels to diversify their services and target specific market segments. Some hotels may focus on wellness and relaxation, offering spa treatments, yoga classes, and rejuvenating experiences. Others may emphasize adventure and outdoor activities, providing tour packages, water sports facilities, and access to nearby attractions.

The phenomenon of hotels in Denpasar is influenced by various factors, including psychographic segmentation, promotion, and location, which collectively impact consumer purchase decisions. Psychographic segmentation plays a crucial role in understanding the diverse preferences and needs of consumers [1]. Different types of hotels in Denpasar cater to specific psychographic segments, such as luxury travelers, adventure enthusiasts, wellness seekers, or budget-conscious individuals [2]. By identifying these segments, hotels can tailor their services and amenities to align with the desires and values of their target customers. For instance, a luxury hotel might emphasize personalized service, high-end facilities, and exclusive experiences to appeal to...
affluent travelers seeking indulgence and prestige. Promotion is another key aspect that influences consumer purchase decisions. Hotels in Denpasar employ various promotional strategies to attract and engage their target market. These strategies may include online advertising, social media campaigns, influencer partnerships, and loyalty programs. Promotional activities are designed to create awareness, showcase unique features, and communicate the value proposition of the hotel [3]. By effectively promoting their offerings, hotels can capture the attention of their desired psychographic segments and increase the likelihood of conversion [4]. The location of a hotel in Denpasar significantly impacts consumer purchase decisions. The proximity to popular tourist attractions, beaches, business centers, or cultural sites can influence a traveler's choice [5]. For instance, a hotel located near the bustling Kuta area may appeal to young travelers looking for vibrant nightlife and entertainment options [6]. On the other hand, a hotel situated in a serene area surrounded by nature might attract visitors seeking relaxation and tranquility. The location also influences convenience, accessibility, and the overall experience a guest may have during their stay.

A purchase decision refers to the process through which consumers evaluate various options and ultimately make a choice to acquire a product or service. It involves a series of steps and considerations that individuals go through before reaching a final decision [7]. Firstly, consumers recognize a need or problem that prompts them to seek a solution. Next, they gather information through research, seeking out product details, reviews, and recommendations [8], [9]. Based on this information, consumers evaluate the available alternatives, comparing factors such as price, quality, features, and brand reputation. Finally, consumers make their purchase decision by selecting the option that they perceive as the best fit for their needs and preferences. Several factors influence purchase decisions. Rational factors, such as price, quality, and product features, play a significant role in determining the value and utility of a product. Emotional factors, including brand perception, personal preferences, and psychological motivations, can also heavily influence the decision-making process [10]. Additionally, external factors like social influence, cultural norms, and marketing promotions can sway consumer choices. After the purchase, consumers often engage in post-purchase evaluation to assess their satisfaction and determine whether the product met their expectations, which can further impact future purchase decisions and brand loyalty [11]. Understanding purchase decision processes is crucial for businesses as it allows them to tailor their marketing strategies, product offerings, and overall customer experience to meet consumer needs and preferences [8]. By studying consumer behavior and identifying the factors that drive purchase decisions, businesses can develop effective marketing campaigns, optimize product features, and enhance customer satisfaction, ultimately increasing sales and fostering customer loyalty.

To create a competitive advantage, businesses can utilize the STP (Segmenting, Targeting, Positioning) strategy, which involves understanding and leveraging psychographics [12]. Psychographics is the study of using psychology and demographics to gain deeper insights into consumer behavior and preferences [13]. In psychographic segmentation, buyers are divided into various groups based on their psychological characteristics, personality traits, lifestyle, or values. This approach recognizes that individuals within the same demographic group can exhibit significant differences in their psychographic profiles. The first step in the STP strategy is segmentation, which involves dividing the market into distinct groups based on relevant characteristics [14]. Psychographic segmentation goes beyond traditional demographic segmentation, such as age or gender, and delves into consumers’ motivations, interests, opinions, and attitudes [1]. By understanding consumers' psychological profiles, businesses can identify segments with similar preferences, needs, and purchasing behaviors. This enables targeted marketing efforts tailored to specific psychographic segments, resulting in more effective communication and higher customer engagement. Once the market is segmented, businesses select target segments that align with their objectives and resources. Psychographic segmentation allows for precise targeting by identifying segments with the highest potential for interest and loyalty [2]. By understanding the psychological makeup of these segments, businesses can tailor their products, messaging, and marketing strategies to resonate with the specific motivations, values, and lifestyles of their target consumers. This personalized approach increases the likelihood of capturing the attention and loyalty of the target audience. Positioning refers to creating a distinct and favorable perception of a brand or product in the minds of consumers within the target segments. Psychographics plays a crucial role in positioning, as it helps businesses understand how their offerings can address the unique needs, desires, and aspirations of their target consumers. By leveraging psychographic insights, businesses can develop a brand identity and value proposition that aligns with the emotional and psychological drivers of their target segments. This allows them to differentiate themselves from competitors and create a strong, compelling position in the market [13].

Psychographics provide businesses with valuable information about consumer preferences, motivations, and behaviors that traditional demographic data alone may not reveal [12]. By incorporating psychographic insights into their strategies, businesses can gain a
deeper understanding of their target consumers' decision-making processes, purchasing habits, and brand preferences. This understanding enables businesses to tailor their products, pricing, distribution channels, and promotional activities to effectively reach and engage with their target segments [1], [13]. For example, consider a fitness apparel company that wants to target health-conscious individuals. By using psychographic segmentation, the company can identify specific segments within the broader health-conscious market, such as yoga enthusiasts, outdoor adventurers, or gym-goers. Understanding the unique psychographic profiles of these segments allows the company to develop targeted marketing messages and products that cater to their specific needs, preferences, and lifestyles [2], [14]. This may involve emphasizing the comfort and flexibility of the apparel for yoga enthusiasts, the durability and moisture-wicking properties for outdoor adventurers, or the performance-enhancing features for gym-goers. By aligning their products and messaging with the psychographic profiles of their target segments, the company can position itself as the go-to brand for individuals seeking fitness apparel that aligns with their unique preferences and activities.

Promotion is a crucial component of the marketing mix and plays a significant role in influencing fluctuations in sales. It involves the process of communicating the various marketing elements to the target audience and is essential for businesses to effectively market their products [15]. Promotion serves as a bridge between the interests of the producers and the consumers, and it is vital for business owners to have a thorough understanding of it. It functions as a marketing tool that focuses on persuasively communicating marketing programs to the target customers or potential customers to encourage transactions between the company and the customers [16]. Promotion encompasses a wide range of activities and channels, including advertising, personal selling, sales promotions, public relations, and direct marketing. Each of these promotional tools serves a specific purpose in reaching and engaging the target audience. Advertising, for example, uses mass media platforms such as television, radio, print, and online channels to deliver persuasive messages and build brand awareness [17]. Personal selling, on the other hand, involves direct interactions between sales representatives and customers, allowing for personalized communication and relationship-building. Sales promotions, such as discounts, coupons, or loyalty programs, aim to incentivize customers to make immediate purchases. Public relations activities focus on managing the company's reputation and fostering positive relationships with the public, media, and other stakeholders [18]. Lastly, direct marketing employs direct communication channels like email, direct mail, or telemarketing to reach specific individuals and elicit a response. Effective promotion requires a deep understanding of the target audience, their preferences, needs, and purchasing behavior [19]. By identifying the key characteristics of the target market, businesses can tailor their promotional efforts to resonate with the target customers' interests and motivations [4]. A comprehensive promotional strategy considers the right message, delivered through the most appropriate channels, at the right time. It is essential to develop a cohesive and consistent message across all promotional activities to build brand recognition and maintain a strong brand image in the minds of the customers. Promotion also serves as a means to differentiate a company's offerings from competitors [20]. Through persuasive communication, businesses can highlight the unique features, benefits, and value propositions of their products or services. By effectively positioning their offerings in the market, businesses can attract and retain customers who resonate with the promoted message and perceive the company as meeting their specific needs and desires [21]. Furthermore, the evaluation of the effectiveness of promotional activities is crucial to refine and improve future campaigns. Monitoring key metrics such as reach, frequency, conversion rates, and customer feedback allows businesses to assess the impact of their promotional efforts and make data-driven decisions for future marketing initiatives.

Location plays a crucial role in the sales process and is an important factor in the marketing mix. It refers to the physical place where a business operates or conducts its activities [6]. The location decision made by a company relates to determining where its operations and staff will be positioned. Choosing the right location is essential for the success of a business, as it can give a company a competitive edge over others that are located in less strategic areas, even if they sell the same products and have equally skilled salespeople. The significance of location stems from its impact on customer accessibility, convenience, and visibility [11]. A strategically chosen location can attract more customers, increase foot traffic, and enhance brand exposure. For example, a retail store located in a busy shopping district or a commercial area with high customer traffic is more likely to generate higher sales compared to a store in a remote or less frequented location [22]. Similarly, businesses that rely on physical presence, such as restaurants or service providers, benefit from being situated in areas with high population density or close proximity to their target customers. In addition to customer accessibility, the location decision also considers operational efficiency and cost-effectiveness. Proximity to suppliers, distribution networks, and transportation infrastructure can streamline the supply chain and reduce logistics costs [5]. Furthermore, selecting a location with lower overhead expenses, such as rent or taxes, can contribute to improved profitability. It is important to note that the relevance of location can vary across different industries and business models.
For instance, e-commerce businesses rely less on physical locations and prioritize factors like warehousing and distribution centers, while brick-and-mortar retailers heavily depend on the attractiveness and convenience of their store locations [11]. Ultimately, the goal of any business is to increase sales volume to maximize profits. A well-chosen location can directly contribute to achieving this objective by attracting more customers, enhancing brand visibility, and optimizing operational efficiency. However, businesses should also regularly assess their location strategy to adapt to changing market conditions, customer preferences, and industry trends. Monitoring competitor activities, conducting market research, and analyzing customer demographics can provide insights for making informed decisions regarding location adjustments or expansions.

The purpose of this study is to investigate and understand the impact of psychographic segmentation, promotion, and location on consumer purchase decisions. The study aims to explore how businesses can leverage psychographics to gain deeper insights into consumer behavior and preferences, allowing for more effective targeting and communication strategies. Additionally, the study seeks to analyze the role of promotional activities in influencing consumer purchasing behavior and examine the importance of location in driving sales and competitive advantage. By conducting this study, researchers aim to contribute to the existing body of knowledge on consumer behavior and marketing strategies. The findings can provide valuable insights for businesses in developing their marketing and promotional efforts, understanding their target audience, and optimizing their location decisions. The study aims to identify the key factors and variables that influence purchase decisions and shed light on how businesses can effectively segment their target market based on psychographic characteristics. Furthermore, the study intends to highlight the importance of promotional activities in shaping consumer perceptions, attitudes, and purchase intentions, as well as the significance of location in attracting customers and achieving business goals. Ultimately, the purpose of this study is to provide actionable recommendations and insights for businesses to enhance their competitive advantage, increase customer satisfaction, and drive sales growth. By understanding the interplay between psychographic segmentation, promotion, and location, businesses can better tailor their marketing strategies to meet the needs, preferences, and motivations of their target consumers. The study aims to contribute to the field of marketing by expanding knowledge and understanding of the factors that influence purchase decisions, helping businesses make informed decisions and achieve their marketing objectives in an increasingly competitive marketplace.

2. Research Method

The methodology employed in this study involved the collection and analysis of data to examine the influence of psychographic segmentation, promotion, and location on purchase decisions. The research utilized a survey approach, with questionnaires distributed to a sample of participants. The sample in this study consisted of consumers who had previously visited hotels in Denpasar, Bali. The questionnaires were distributed online using Google Forms. A total of 90 respondents participated and their data will be analyzed for future analysis. The data collection process focused on gathering information related to the variables of interest, namely psychographic segmentation, promotion, location, and purchase decisions. To ensure the validity and reliability of the study, several analytical techniques were applied. The validity of the survey instrument was assessed to ensure that it accurately measures the intended constructs. This involved reviewing the content and face validity of the questionnaire. Additionally, the reliability of the questionnaire was assessed to ensure consistent results by examining internal consistency and test-retest reliability [23]. The collected data underwent various analyses to address the research objectives. Correlation analysis was performed to examine the relationships between the variables of psychographic segmentation, promotion, location, and purchase decisions. Multiple regression analysis was then conducted to assess the collective and individual impacts of these variables on purchase decisions. This analysis helped in developing a regression equation that quantifies the relationships between the variables. Hypothesis testing was conducted using t-tests and F-tests. The t-tests were used to determine the significance of the individual variables’ coefficients, indicating their respective influences on purchase decisions. The F-tests assessed the collective significance of psychographic segmentation, promotion, and location in predicting purchase decisions. Furthermore, the coefficient of determination (R2) was calculated to determine the proportion of the variance in purchase decisions explained by the variables of psychographic segmentation, promotion, and location. This measure provided insights into the overall predictive power of the model [23]. By employing these methodologies, the study aimed to gather robust data, assess the relationships between variables, and draw meaningful conclusions regarding the impact of psychographic segmentation, promotion, and location on purchase decisions.

3. Result and Discussion

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1.
The results obtained from the comparison of the t-test values indicate a significant relationship between Psychographic Segmentation and Purchase Decisions on a partial level. The calculated t-value of 3.142 is greater than the critical t-value of 1.662, suggesting that the relationship between these variables is statistically significant. Additionally, the significance level of 0.002 is smaller than the predetermined alpha level of 0.05, further supporting the conclusion of a significant relationship. This finding implies that Psychographic Segmentation plays a meaningful role in influencing consumers’ purchase decisions. Psychographic segmentation involves dividing buyers into groups based on their psychological traits, personalities, lifestyles, or values [1], [7]. By understanding these psychographic characteristics, businesses can tailor their marketing strategies and offerings to better meet the needs and preferences of specific consumer segments. The positive influence observed in this study indicates that when companies effectively utilize psychographic segmentation strategies, they can positively impact consumers' decision-making processes [8]. This understanding enables businesses to design targeted promotional campaigns, develop products that align with consumers' preferences and values, and strategically choose locations that attract their desired target market.

The t-test results indicate a significant relationship between Promotion and Purchase Decisions on a partial level. The calculated t-value of 3.803 is greater than the critical t-value of 1.662, suggesting that the relationship between Promotion and Purchase Decisions is statistically significant. Additionally, the significance level of 0.000 is smaller than the predetermined alpha level of 0.05, further supporting the conclusion of a significant relationship. This finding implies that Promotion plays a crucial role in influencing consumers' purchase decisions. Promotion refers to the communication of marketing messages and strategies to the target customers [11], [15]. By effectively implementing promotional activities, such as advertising, sales promotions, public relations, and personal selling, businesses can create awareness, generate interest, and influence consumer behavior. The positive and significant influence observed in this study indicates that well-designed promotional campaigns have a direct impact on consumers' decision-making processes. Effective promotions can create a sense of urgency, highlight the benefits and features of products or services, and influence consumers' perceptions and attitudes towards a particular brand or offering [17], [24]. Furthermore, the findings suggest that businesses should carefully plan and execute their promotional strategies to align with the target market’s characteristics, preferences, and needs. By understanding the psychographic profiles of their target customers, companies can develop promotional messages and channels that resonate with their target audience, resulting in a higher likelihood of purchase.

The t-test results indicate a significant relationship between Location and Purchase Decisions on a partial level. The calculated t-value of 6.237 is greater than the critical t-value of 1.662, suggesting that the relationship between Location and Purchase Decisions is statistically significant. Additionally, the significance level of 0.000 is smaller than the predetermined alpha level of 0.05, further supporting the conclusion of a significant relationship. This finding implies that Location plays a significant role in influencing consumers' purchase decisions [3], [22]. The choice of location for a business is crucial as it determines accessibility, visibility, convenience, and proximity to the target market. A strategically located business has a higher chance of attracting potential customers and influencing their decision to make a purchase. The positive and significant influence observed in this study suggests that businesses should carefully consider the location of their operations or retail outlets. An ideal location can create a positive impression, increase foot traffic, and enhance the overall customer experience [5], [14]. Factors such as the proximity to transportation hubs, customer demographics, competition, and local amenities should be taken into account when selecting a suitable location. Moreover, businesses should align their location with the preferences and characteristics of their target customers.

The F-test results indicate a significant relationship between the combined variables of Psychographic Segmentation, Promotion, and Location with Purchase Decisions. The calculated F-value of 90.343 is greater than the critical F-value of 2.71, suggesting that the relationship between these variables and Purchase Decisions is statistically significant. Additionally, the significance level of 0.000 is smaller than the predetermined alpha level of 0.05, further supporting the conclusion of a significant relationship. This finding implies that when considering the combined effects of Psychographic Segmentation, Promotion, and Location, there is a significant influence on consumers' purchase decisions. These factors, when used collectively, have a more substantial impact on influencing consumer behavior compared to their individual effects. The acceptance of the alternative hypothesis (Ha) and rejection of the null hypothesis (Ho) indicates that the joint influence of Psychographic Segmentation, Promotion, and Location makes a substantial contribution to understanding consumer behavior and decision-making processes.
Segmentation, Promotion, and Location significantly affects Purchase Decisions. This suggests that businesses should consider integrating these three variables into their marketing strategies to enhance the likelihood of influencing consumer behavior and driving purchase decisions [25], [26]. By understanding the psychographic profiles of their target customers, businesses can tailor their promotional messages and activities to resonate with consumers' preferences, values, and lifestyles. Additionally, selecting a strategic location that aligns with the target market's characteristics and preferences can further enhance the influence on purchase decisions [19], [27].

Based on the information from Table 1, the obtained R-Square value of 0.751 indicates that the variables of Psychographic Segmentation, Promotion, and Location collectively contribute to 75.1% of the variability in Purchase Decisions. This means that these variables have a substantial influence on determining consumers' decision-making process. The R-Square value represents the proportion of the dependent variable's variance that can be explained by the independent variables in the regression model. In this case, the R-Square value of 0.751 indicates that approximately 75.1% of the variation in Purchase Decisions can be attributed to the combined effects of Psychographic Segmentation, Promotion, and Location [10], [28]. However, it is important to note that the remaining 24.9% of the variability in Purchase Decisions is influenced by other factors not examined in this study. These unexplored variables could include factors such as product quality, price sensitivity, brand reputation, customer service, and external economic conditions, among others. To gain a more comprehensive understanding of the factors influencing Purchase Decisions, further research should consider these additional variables and their interactions with Psychographic Segmentation, Promotion, and Location. By including a broader range of factors, businesses can better identify and address the various influences on consumer behavior, leading to more effective marketing strategies and decision-making processes [1], [24]. It is worth mentioning that the R-Square value should be interpreted cautiously, as it does not indicate causality. While the combined variables explain a significant portion of the variance in Purchase Decisions, there may be other influential factors that were not included in this study. Therefore, businesses should continuously assess and adapt their marketing strategies based on comprehensive market research and ongoing analysis of consumer behavior [6], [29].

4. Conclusion

In conclusion, the findings of the study demonstrate the significant impact of Psychographic Segmentation, Promotion, and Location on Purchase Decisions. The analysis revealed that each of these variables individually and collectively contributes to influencing consumer behavior. The results indicate that Psychographic Segmentation, which involves dividing buyers into distinct groups based on psychological and personality traits, lifestyle, and values, plays a significant role in shaping Purchase Decisions. Understanding consumers' psychographic profiles allows businesses to tailor their marketing efforts to align with their preferences and motivations, ultimately influencing their purchasing choices. Moreover, the study highlights the importance of Promotions in driving Purchase Decisions. Effective promotional strategies that communicate marketing programs persuasively to target customers or potential buyers have a positive and significant impact on consumer behavior. Promotional activities can create awareness, build desire, and drive action, ultimately leading to increased purchase intent. Additionally, the research emphasizes the significance of Location in influencing Purchase Decisions. Choosing the right business location that aligns with the target market's preferences and characteristics enhances the likelihood of attracting customers and influencing their buying decisions. Strategic placement of a business can provide accessibility, convenience, and create a positive impression on consumers. The combined effects of Psychographic Segmentation, Promotion, and Location were found to have a substantial influence on Purchase Decisions. The regression analysis and statistical tests support the conclusion that these variables collectively explain 75.1% of the variation in consumer purchasing choices. Businesses can leverage these insights to develop targeted marketing strategies and create competitive advantages in the market.

References


Miko Andi Wardana, et al


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719