The Roles of Price on Rebates and Implication to Customer Product Choice
(Study On One of The Health Drink Brands in Bandung)

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ABSTRACT
A comprehensive comprehension of the various factors influencing consumer purchasing decisions is crucial for success in the highly competitive business environment. The findings of this study examine the significant role that price and discounts (rebates) play in consumer decision-making. The study's findings emphasize the considerable influence of price on consumers' decision-making regarding product selection. Consumers tend to seek out more affordable alternative options when there is an increase in the price of a product. Nevertheless, in the event of a compelling discount, consumers tend to transition and opt for the alternative product swiftly.

Furthermore, this study demonstrates that individuals' financial capabilities impact their decision-making process when it comes to selecting products. Consumers exhibiting elevated financial capacities are inclined to prioritize personal preferences when making product selections rather than solely focusing on price considerations. This observation indicates that individuals with greater purchasing power are afforded a more comprehensive range of options when selecting products.

However, it is imperative to exercise caution as price similarity assumes a significant role in consumers' decision-making process. Consumers tend to favor products that align with the price they have paid. Nevertheless, the analysis findings suggest the necessity for additional research to gain a more comprehensive understanding of this correlation.

In addition, the discounts provided by companies also impact consumers' perceptions of prices and their financial capacities. Discounts can significantly impact consumers' perceptions of product prices, enabling them to select items previously perceived as unaffordable.

This study offers significant insights into the impact of price, discounts, and financial capabilities on consumer purchasing preferences. The findings of this study establish a robust basis for corporations to develop enhanced marketing strategies, considering the significant influence these variables exert on consumer decision-making processes. Enhanced comprehension of consumer behavior enables companies to attain heightened levels of success within a fiercely competitive market.
INTRODUCTION

In the context of a progressively competitive business environment, it is crucial to comprehensively comprehend consumer behavior and the determinants that impact their purchasing choices. To endure and flourish in a competitive market, companies must possess profound insights into the factors that drive consumer preferences toward specific products amidst a plethora of alternatives. Within the given context, the present study, entitled "The Roles of Price on Rebates and Implications for Customer Product Choice (A Study on a Health Beverage Brand in Bandung)," seeks to elucidate the fundamental functions fulfilled by price and rebates in the decision-making process of consumers, with a specific focus on the prosperous health beverage sector in the urban locale of Bandung.

Bandung recognized as a prominent center for the burgeoning health beverage industry in Indonesia, offers an intriguing setting for the execution of this research. Health beverages have become an essential component of the health-conscious lifestyle embraced by many individuals globally, including those residing in Indonesia. Health beverages are purported to provide a range of health advantages, including the enhancement of overall well-being and vitality and the provision of defense against a multitude of illnesses. Due to the promoted health advantages, these beverages have garnered widespread popularity and attracted diverse consumers.

Considering a progressively competitive environment, health beverage producers in Bandung and throughout Indonesia encounter the formidable undertaking of comprehensively comprehending consumer behavior. An essential inquiry that necessitates resolution pertains to the impact of variables such as price and rebates on consumers' decision-making processes regarding their regular consumption patterns of health beverages.

Within the dynamic landscape of the business realm, the cost of a product continues to hold substantial importance in consumers' decision-making processes. When there is an increase in the price of a product, consumers tend to favor alternative options that are more affordable in nature. As mentioned earlier, the principle is a fundamental tenet that applies to a wide range of product categories, encompassing health beverages as well. When the cost of a health beverage surpasses a consumer's financial constraints, they may seek alternative products that offer comparable benefits at a more affordable price.

Nevertheless, it is crucial to acknowledge that price should not be the sole factor considered. Discounts and rebates are significant factors that influence consumer decision-making. The provision of discounts by companies can substantially influence consumer buying behavior. (Kim & Tanford, 2021; Montazeri et al., 2021; Sidharta & Suzanto, 2015) Consumers frequently prefer products previously perceived as unattainable, mainly when there is a chance to acquire them at significant markdowns. Discounts can enhance the perceived value of a purchase, motivating consumers to select the product in question. (Johnen & Schnittka, 2020)
Moreover, the purchasing preferences of individuals are significantly influenced by their financial capability. Individuals with more significant financial resources are more inclined to make product selections based on personal preferences rather than solely considering the price. (Larashati, 2019; Riyani et al., 2021; Rohiman et al., 2022) This condition implies that individuals with greater purchasing power are afforded a more comprehensive range of options when selecting products. Consumers who possess sufficient financial resources may exhibit a greater inclination towards considering the health benefits of a product, as well as their individual preferences, rather than solely prioritizing the price. (I.J. et al., 2021; Supriadi et al., 2023; Uchenna Okoye et al., 2019)

It is essential to note that price suitability also influences consumer product choices. (Adi Wibowo et al., 2022; Jasmani & Sunarsi, 2020; Sopiani et al., 2022) Consumers exhibit a preference for products that are in line with the price they have paid. Price suitability is a crucial factor that establishes a robust correlation between individuals' perception of price and subsequent purchasing decisions. (Shen & Yahya, 2021) Consumer satisfaction can be influenced by the perception of the product's value and price. (Rahayu et al., 2023)

The findings of this study have important implications for the health beverage industry in Bandung, shedding light on consumer behavior within the current competitive business landscape. Organizations can formulate more intelligent and efficient marketing strategies by comprehending the functions of price, discounts, financial capacity, and price perception in consumer decision-making. Enhanced comprehension of consumer behavior empowers companies to attain heightened levels of success within a fiercely competitive market.

This study provides an opportunity for future investigations into the various determinants that impact consumer preferences, specifically within the health beverage domain in Bandung. Organizations can enhance their competitive edge and attain enduring prosperity by developing a comprehensive comprehension of the impact of price, discounts, and financial capacity on consumer behavior. This study is anticipated to offer significant insights for organizations, governmental entities, and scholars interested in conducting further investigations on consumer behavior within the rapidly expanding health-beverage industry.

**METHOD**

The primary phase of this research methodology involves the gathering of data. In order to gather data, researchers employ the Convenience Sampling method, which facilitates the selection of samples from the consumer population. The data collection instrument employed in this study was a meticulously crafted questionnaire. The survey instrument comprises inquiries about pricing, rebates, and product preferences alongside control variables encompassing age, income, and shopping experience. Data collection is conducted in conveniently accessible locations, such as shopping centers, or through the utilization of online surveys in order to facilitate respondent participation. Data was systematically gathered within a specified timeframe to encompass pertinent fluctuations, encompassing a sample size of 100 participants.
Following the collection of data, the subsequent phase involves the analysis of the gathered information. The non-parametric Structural Equation Modeling (PLS) approach is employed for data analysis. The analysis process begins by introducing an initial model constructed upon pertinent theories and previously examined literature. Moreover, when deemed essential, variable measurements are conducted utilizing composite calculations or composite measurements to comprehend the variability of said variables.

Principal Component Analysis (PCA) was subsequently employed to examine the previously identified models and ascertain significant associations among the diverse complex variables in this study. Additional analyses involving moderators and mediators will be conducted if necessary to gain a more comprehensive understanding of the factors that moderate or influence the relationship between variables.

In addition, the study will uncover the disclosures derived from analyzing data about consumer product decision-making. This study aims to enhance comprehension regarding the impact of prices and rebates on consumer product preferences and explore the potential utilization of such insights by business stakeholders.

In the final stage of the model evaluation process, the model will undergo testing using bootstrap techniques. This approach is employed to obtain more robust estimates and assess the statistical significance of the identified parameters derived from the data analysis phase. Implementing this approach will guarantee the integrity of the research findings and their statistical reliability.

**RESULTS AND DISCUSSION**

The validity test is conducted to ascertain that the measurement instrument aligns with the concept under investigation. The findings indicate that the instrument employed in this study demonstrates efficacy in assessing the variables of Rebates, Affordability, Price Suitability, and Product Choice.

Moreover, the reliability test confirms that this instrument exhibits reliability and consistency in its measurement. High values of Cronbach's Alpha, Composite Reliability, and Average Variance The extracted values demonstrate high reliability.

Therefore, this study possesses a robust basis for subsequent examination, guaranteeing the utilization of dependable and precise data in delineating the variables under investigation. The subsequent findings pertain to the assessments conducted to determine the validity and reliability of the tests employed in this study.

**Table 1. Presents The Results of The Validity and Reliability Tests**

<table>
<thead>
<tr>
<th>Validity Test</th>
<th>Instrument</th>
<th>Rebates</th>
<th>Affordability</th>
<th>Price Suitability</th>
<th>Product Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>X.1</td>
<td></td>
<td>0.872</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X.2</td>
<td></td>
<td>0.847</td>
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</table>
The findings of this data validity assessment demonstrate the degree to which the measurement tools employed in the study accurately capture the intended constructs for measurement. Ensuring validity is a crucial aspect of research, as it guarantees the reliability and relevance of the collected data for subsequent analysis.

Initially, the validity of the Rebates variable was assessed using a set of five items, namely X.1, X.2, X.3, X.4, and X.5. This finding suggests that the questions or items employed to assess Rebates demonstrate effectiveness in capturing the underlying concept of Rebates. Therefore, this validity assessment confirms that the Rebate measurement instrument is appropriate for utilization in this study.

Subsequently, the validity of the Affordability variable was assessed using a set of five items (Y1.1, Y1.2, Y1.3, Y1.4, Y1.5). These items demonstrated satisfactory validity coefficients, namely 0.870, 0.909, 0.858, 0.823, and 0.823. This finding provides evidence that the Affordability measurement instrument effectively assesses this variable.

Similar findings were observed for the variable of Price Suitability, which was assessed for validity using two items (Y2.1, Y2.2). As mentioned above, the two items demonstrate strong validity with values of 0.909 and 0.926, respectively. This result suggests that the Price Suitability measurement instrument accurately assesses the variable in question.
The validity of the Product Choice variable was assessed using four items (Z.1, Z.2, Z.3, Z.4), and the obtained results demonstrated strong validity, with values ranging from 0.871 to 0.891. This finding proves that the Product Choice measurement instrument consistently and reliably captures the intended concept.

In general, the outcomes of this validity assessment substantiate the appropriateness, precision, and dependability of the measurement tools employed in this study. This result establishes a robust basis for subsequent examination and guarantees that the gathered data can effectively substantiate the research outcomes.

The research presents the results of reliability tests, which assess the consistency and dependability of the measurement instruments employed to quantify different variables. The concept of reliability holds significant importance in the realm of research, as it serves as a determinant of the degree to which the data gathered can be deemed reliable and consistent.

Substantial Cronbach's Alpha coefficient signifies a high level of reliability for the employed measurement instrument. The variable "Rebates" exhibits a Cronbach's Alpha coefficient of 0.918, whereas "Affordability" demonstrates a coefficient of 0.909, and "Product Choice" attains a coefficient of 0.902. All of the values mentioned above surpass the commonly acknowledged threshold of 0.7, thereby signifying a commendable degree of consistency in the measurement of the construct.

In addition, Composite Reliability further substantiates the measurement instrument's strong reliability. All variables, namely Rebates, Affordability, Price Suitability, and Product Choice, exhibit a Composite Reliability value exceeding 0.9, thereby substantiating a considerable degree of reliability.

Furthermore, the Average Variance Extracted (AVE) metric demonstrates that a significant portion of the variability observed in each variable can be attributed to the underlying construct rather than being influenced by measurement errors. Constructs such as Rebates, Affordability, Price Suitability, and Product Choice exhibit internal solid validity, as evidenced by their high AVE values of 0.753, 0.735, 0.842, and 0.772, respectively.

Based on the outcomes of this robust reliability assessment, it can be ascertained that the data employed in this study is dependable and can be confidently utilized for subsequent analysis. This assertion instills confidence in the ability to interpret research findings accurately. It underscores the robust foundation upon which conclusions are drawn, ensuring their relevance and significance within the studied context.

<table>
<thead>
<tr>
<th>Path Value Test</th>
<th>Path</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Signifikan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability -&gt; Product Choice</td>
<td>0.587</td>
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<td>0.000</td>
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<tr>
<td>Price Suitability -&gt; Product Choice</td>
<td>0.304</td>
<td>2.303</td>
<td>0.022</td>
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<tr>
<td>Rebates -&gt; Affordability</td>
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<td>28.497</td>
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<td></td>
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</tbody>
</table>

Table 2. Path and R Square Results
The findings of this study demonstrate a substantial correlation between multiple variables within the domain of consumer decision-making concerning product acquisition. The analysis findings can offer significant insights for organizations or researchers who aim to comprehend the various factors that impact consumer behavior. The analysis revealed a path coefficient of 0.587, indicating a robust positive relationship between Affordability and Product Choice. Individuals with more significant financial resources are more inclined to select particular products. This phenomenon can be understood as a tendency for consumers with more extraordinary financial means to prioritize their preferences when making product selections rather than imposing constraints on their choices.

Additionally, the analysis further demonstrated that this association exhibits a high level of statistical significance, as indicated by a notably low P-value (0.000). This result implies a significant confidence level in asserting that this relationship is not solely attributable to random chance. Within the business realm, this comprehension can assist organizations in formulating more efficient pricing and marketing tactics to appeal to consumers possessing diverse degrees of financial capacity.

Regarding the association between Price Suitability and Product Choice, it is observed that the path coefficient between these two variables is 0.304, suggesting a favorable correlation between the appropriateness of the product’s price and the product selection. In essence, consumers tend to select products with price points congruent with their subjective perception of appropriateness for said products. Nevertheless, it is imperative to acknowledge that the P-value associated with this correlation is 0.022, surpassing the widely recognized threshold for statistical significance of 0.05. It is imperative to exercise prudence when interpreting this particular relationship. The correlation between price suitability and product choice is generally favorable. However, it is essential to acknowledge that these findings may be subject to limitations and potential confounding variables that have yet to be accounted for in the analysis.

Moreover, regarding the correlation between Rebates and both Affordability and Price Suitability, the findings suggest that Rebates substantially impact both factors. The path coefficient linking Rebates and Affordability is 0.867, whereas the path coefficient connecting Rebates and Price Suitability is 0.755. This result suggests that the discounts provided by companies significantly influence the financial capacity of consumers and the appropriateness of the product’s pricing. When consumers are offered substantial discounts, their financial capacity is enhanced, leading to a higher likelihood of perceiving the product’s price as commensurate with the value they obtain.
Within the business realm, this comprehension can aid organizations in formulating discount initiatives or exclusive promotions that augment the appeal of their products to customers. Furthermore, these findings underscore the significance of incorporating financial capacity and consumer perceptions of product pricing into marketing strategies.

This data analysis offers significant insights into the impact of variables such as financial capacity, price appropriateness, and discounts on consumer buying behavior. Through a comprehensive comprehension of these interconnections, organizations can enhance their marketing strategies and product offerings to attain heightened levels of success within a fiercely competitive market.

The data analysis findings indicate that the statistical models employed in this study have effectively elucidated the fluctuations observed in three pivotal variables: Affordability, Price Suitability, and Product Choice. The R-squared metric can be employed to assess how these models effectively account for the observed data.

Firstly, regarding the Affordability variable, the analysis results indicate that the utilized model exhibits an R^2 value of 0.752. This result implies that the model accounts for approximately 75.2% of the variability observed in the Affordability data. In essence, the model incorporates various factors that enable a reasonable prediction of an individual's financial capability. The understanding of factors that influence consumer financial capability holds substantial implications within the realm of business decision-making. Such comprehension can assist companies in devising pricing and marketing strategies that are more efficacious.

Subsequently, the analysis findings reveal that the Price Suitability variable has an R^2 value of 0.570. This result implies that the statistical model employed can account for approximately 57.0% of the variability observed in the Price Suitability data. While the R^2 value for this variable is marginally lower compared to Affordability, it is essential to note that the model continues to exhibit effectiveness in elucidating the determinants that impact consumers' perceptions regarding the appropriateness of product prices.

Finally, regarding the Product Choice variable, the model exhibits a coefficient of determination (R^2) of 0.743. This result indicates that the model accounts for approximately 74.3% of the variability observed in the Product Choice data. The findings of this study indicate that the model exhibits a robust capacity to forecast consumers' product preferences accurately. Nevertheless, it is crucial to acknowledge that these findings offer a comprehensive perspective on the efficacy of these models in elucidating the associations among the variables under scrutiny. Although high R^2 values indicate a successful model, it is necessary to conduct additional analysis to comprehend the factors influencing these results and their implications in a broader business context. Furthermore, it is essential to consider the existence of supplementary variables or external factors that could impact these results. This analysis establishes a robust basis for further comprehending the interconnections among the variables examined in this investigation.
Figure 1. The Roles of Price on Rebates and Implication to Customer Product Choice

The study's findings demonstrate that rebates exert a substantial impact on affordability and price appropriateness, subsequently influencing customers' decision-making process in selecting a product. The research also emphasizes the intermediary function of affordability concerning price appropriateness in influencing customers' product selection.

The present study investigates the correlation between rebates, affordability, and price suitability within consumer product preferences. The results indicate that rebates substantially influence the affordability and price appropriateness of products, and these factors collectively shape consumers' decisions regarding which products to choose.

Rebates, which refer to post-purchase discounts offered to consumers, have gained significant traction as a prevalent marketing tactic within the retail sector. It is common for companies to provide rebates as a means of motivating consumers to make purchases of their products. The inquiry emerges as to what degree these rebates influence consumers' selection of specific products.

The present study gathered data from a diverse range of respondents who served as consumers of multiple products and brands. Participants were requested to evaluate the degrees of affordability, price appropriateness, and, ultimately, the product they selected after considering the rebate they obtained. Subsequently, the data was subjected to analysis in order to identify potential patterns.

The findings of the study indicate that rebates exert a substantial influence on the level of affordability. When consumers are provided with significant rebates, they tend to perceive the product as being more financially accessible to them. This phenomenon can be elucidated by the observation that rebates effectively decrease a product's price, thereby enhancing its affordability for consumers. Hence, affordability is pivotal in determining rebates' impact on consumer decisions regarding product selection.
However, it is imperative to acknowledge that affordability does not exist in isolation. Price suitability, defined as the degree to which the price of a product corresponds to consumers' anticipated value, is a significant factor that influences consumer decision-making when it comes to product selection. Although affordability is often considered more influential, the importance of price suitability in the consumer decision-making process should be considered.

This research uncovers an intriguing finding that highlights the role of affordability as a mediator in the relationship between rebates and customer product choice. In essence, affordability is a mediator in the association between rebates and consumers' product preferences. This result suggests that providing significant rebates to consumers can lead to a perception of affordability, thereby enhancing the probability of product selection.

However, it should be noted that price suitability directly impacts customer product preferences, although its influence may not be as significant as affordability. This result implies that, apart from considering affordability, consumers also consider the extent to which the price corresponds with their anticipated value.

In its entirety, this study offers significant contributions to understanding the impact of rebates on consumer decision-making in the context of product selection. The findings suggest that the affordability of products is a crucial determinant in the influence of rebates on customer decision-making, with price suitability also exerting a notable influence. Hence, it is imperative for companies to meticulously deliberate upon the factors of affordability and price suitability while formulating their marketing strategies, particularly when employing rebates as promotional incentives. By gaining a more profound comprehension of these factors, organizations can optimize the efficacy of their marketing initiatives and more effectively cater to consumer demands.

The present study has demonstrated that the provision of rebates, which are offered to consumers as incentives or discounts, exerts a significant influence on modifying consumers' perceptions of affordability and price appropriateness with respect to various products. The concept of affordability pertains to consumers' perception of how much a product aligns with their budgetary limitations. Rebates have the potential to enhance consumers' perceptions of affordability by effectively reducing the price of the product. This phenomenon indicates that consumers tend to perceive products that provide rebates as being more economically accessible, thereby playing a significant role in influencing their purchasing decisions.

Nevertheless, this study also underscores that rebates impact affordability directly and have ramifications for price appropriateness. Price suitability refers to the extent to which the price of a product corresponds to consumers' expectations and desired value. Within this particular context, rebates can modify consumers' perceptions regarding the congruence between the price of a product and the anticipated benefits and value associated with it. Through the implementation of rebates, companies can adjust the price of a product in a manner that is perceived as more favorable by consumers, thereby exerting an influence on their decision-making process regarding product selection.

The research demonstrates the significance of affordability and price appropriateness in consumer decision-making. The mediating role of affordability is prominent in the
relationship between rebates and customer product choices, while the impact of price suitability on these choices is also substantial. Hence, it is imperative for companies to meticulously evaluate the aspects of affordability and price appropriateness while integrating rebates into their marketing strategies. By acquiring a more comprehensive comprehension of these variables, corporations can optimize their impact on consumer price sensitivity and consumer product preferences.

CONCLUSION
This study aims to investigate the significant impact of price and discounts, rebates explicitly, on consumer purchasing behavior. Our research findings yield noteworthy implications for companies and marketing professionals, offering valuable insights.

The research revealed that price emerged as a significant determinant impacting consumers' decisions regarding product selection. Consumers tend to favor products that align with their budgetary constraints. Nevertheless, this phenomenon can undergo substantial alterations in the presence of alluring price reductions. Consumers are inclined to select products they may have previously deemed unattainable if presented with a substantial discount opportunity.

Moreover, it was discovered that the financial capacities of individuals significantly influenced their purchasing preferences. Consumers with more significant financial resources prioritize personal preferences over price when making product selections. This result implies that individuals with greater purchasing power are afforded a more comprehensive range of options when selecting products.

It is imperative to acknowledge that the alignment of prices also plays a significant role in shaping consumers' decisions regarding product selection. Consumers tend to favor products that align with their perception of a price corresponding to the value they anticipate receiving. While the observed correlation in this relationship is favorable, it is worth noting that the P value is slightly higher, suggesting the necessity for additional examination and scrutiny.

The discounts companies provide substantially impact consumers' perceptions of prices and their financial capacities. The provision of attractive discounts has the potential to enhance consumers' purchasing capacity, thereby enabling them to select previously perceived as unattainable products.

This conclusion establishes a robust basis for companies to develop marketing strategies that are more efficient and impactful. One may contemplate the significance of price, discounts, financial capacities, and price perceptions in product-related decisions. By developing a more profound comprehension of consumer behavior, companies can enhance their chances of achieving higher levels of success in highly competitive markets. Companies must prioritize the implementation of intelligent and quantifiable pricing strategies. One potential strategy that could be considered is the implementation of targeted discounts tailored to appeal to consumers with diverse financial capacities. Furthermore, it is
recommended that future studies be undertaken to explore additional variables that could impact consumer decision-making beyond the scope of the current analysis. By acquiring a more profound comprehension of consumer behavior, organizations can enhance their competitive advantage and attain sustained success in the long run.

REFERENCES


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