

Marketing Mix on People's Business Credit Guarantee Service

Aji Prawibowo Mukti¹, Mahrinasari MS², Dorothy Rouly H.P.

Master Program of Management, Faculty of Economics and Business, the University of Lampung, Indonesia

Abstract-This study aims to analyze the effect of the marketing mix, measured by product, price, location, promotion, people, facility and process, on purchase decision of people's business credit ("Kredit Usaha Rakyat") guarantee service of Jamkrindo company. To address this objective, this study applied a causal research design by distributing questionnaires and interviewing to 185 respondents. 185 usable data was analyzed by multiple regression analysis. The results show that the marketing mix variable consisting of location and promotion has no significant effect, while the product, price, employee, infrastructure, and process variables have a positive significant effect on the purchase decision of the business credit guarantee service of Jamkrindo company. This result has implications for company managers to redesign people's business credit guarantee services, especially on aspects of the service quality that are easy to contact, and the ease and speed in the process of registration and claim disbursement.

Keywords: Marketing Mix, Purchase Decision, Business Credit Guarantee

Introduction

The prospect of the Indonesian warranty industry, in general, is currently profiting from the end of the transition period of warranty law no.1 of 2016, so a warranty company can experience an increase in the volume of guarantees directly affecting the company's performance. Besides, the company in the warranty sector has enormous potential for business development. The existence of government regulation number 35 of the year 2018 concerning Jamkrindo company offers new market opportunities in the warranty industry. Indeed, Jamkrindo can work on markets other than MSMEs thanks to the synergy of public enterprises. Jamkrindo currently has 35 branches and 35 service units throughout Indonesia and is the only state-owned enterprise in Indonesia specializing in the provision of credit guarantees. Jamkrindo company in Lampung, as one of the branches itself, becomes the 21st branch, present in 2013 and officially operational since March 2014. Following the development of the number of Jamkrindo company's partners in the province of Lampung, oriented towards guarantee services of Micro, Small, Medium, and Cooperative business enterprises (MSMEs), receiving the government credit program, called "people loans program" or "Kredit Usaha Rakyat (KUR)".



3222

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*Corresponding Author: Aji Prawibowo Mukti, Email: ajiprawibowo@gmail.com

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Figure 1 Development of the number of partners in Jamkrindo Lampung 2013-2019.

Figure 1 shows that the number of Jamkrindo company's partners in Lampung province continues to increase every year. The largest increase occurred in 2018 with the number of partners in 2017 totaling 149 companies for 227 partners, but the following year, only 14 partners increased to reach 241 partners Jamkrindo Lampung. This illustrates that in 2019, the implementation of the marketing activity of Jamkrindo Lampung did not run according to expectations, that had achieved a target of Jamkrindo company's target, as of 270 partners. This condition is believed to be caused by the application of marketing mix activities from aspects of products, prices, locations, promotions, employees, facilities, and infrastructure and processes that have not been effective so that the volume of guarantee transactions decreases from year to year.

The estimation of the application of the marketing mix was also not effectively supported by the results of research by Ariyanti, Korompot et all (2013), which revealed that product variables, prices, promotions, and locations have a significant and positive influence on buying decisions. The results of this study also explain that the variable that has a dominant influence on decisions to buy a home is the promotion variable. While, Amofah, Gyamfi, et all (2016) give the result that all the other attributes, except for location, significantly influence the purchasing decision and the process variable has the greatest influence. Contrary to the research of Arthur et al (2019) which showed that the variables of price, place, promotion, and process did not have a significant influence on decision-making, while product variables, human resources, and physical evidence have a significant influence on product decision-making. Thus, it can be concluded that not all the variable factors of the marketing mix have a significant positive effect, both examined in service companies and also in real sector companies, so that the effect can be declared not conclusive, or we cannot conclude that the 7 P marketing mix is a unitary unified mixing factor. Meanwhile, recently the marketing mix is becoming very important in credit a guarantee company, to be able to increase the business sales. In this regard, data on the volume of transactions and the impact of warranty services at Jamkrindo company, located in Lampung Indonesia, tend to decrease from 2016 to 2018. Therefore, this research objective is to analyze the effect of the Marketing Mix variable, ie product, price, location, promotion, employees, facilities, and processes, on purchase credit guarantee services of the commercial guarantee enterprises at Jamkrindo company?

Literature Review

Marketing Mix

According to Kotler & Gary, (2016:51), understanding the marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in target markets. While another understanding of Alma, (2016: 205), defines the marketing mix as a strategy to interfere with marketing activities, to find the maximum combination to produce satisfactory results. The marketing mix consists of four components or 4P, namely the product, the price, the location, and the promotion. Based on these definitions, the researchers come to understand that a marketing mix is a marketing tool used as a strategy in business activities to achieve optimal business goals. Meanwhile, the set of marketing tools is classified into four (4) major groups called 4P marketing, while in marketing services, several additional marketing tools such as people, physical evidence, and processes are known as 7P, we can conclude that the service marketing mix is produced, price, location, promotion, people, physical evidence, process. The understanding of 7P according to Kotler and Armstrong (2016: 62) is as follows:

1. Product, manages the elements of the product, including planning and developing appropriate products or services to be marketed by modifying existing products or services by adding and taking other actions that affect various products or services.
2. Price is a business management system that will determine the right basic price for a product or service and must determine the strategy for price discounts, transportation costs, and various related variables.
3. Distribution (location), is the selection and management of the commercial channels which are used to distribute products or services and also to serve the target market, as well as develop a distribution system for the sender and market physical products.
4. Promotion is something that is used to inform and persuade the market of new products or services to the business through advertisements, personal sales, sales promotions, or publications.

According to McCarty quoted by Kotler & Keller, (2016:24), Bob Sabran's translation of marketing activities as a marketing mix of four main types, which he called 4p marketing: product, price, place (place), promotion

(promotion). In marketing services, other elements can be controlled and coordinated for communication and customer service satisfaction, these elements are 3P so that the marketing mix becomes 7P, namely:

1. People are all actors who play an important role in the presentation of services so that they can influence the perception of the buyer. Employees are employees, consumers, and other consumers. All attitudes and actions of employees, dress, and appearance of employees influence the success of service delivery.
2. Physical facilities evidence is a real thing that also influences the consumer's decision to buy and use the product or service offered. Items included in physical facilities include the environment or physical buildings, equipment, supplies, logos, colors, and other items.
3. The process is the set of procedures, mechanisms, and workflows used to provide the services. The process element has something to say in providing services. The process in services is a major factor in the service marketing mix as service customers will be happy to feel the service delivery system as part of the service itself.

The seven marketing activities mentioned above reflect the provision of marketing activities to influence purchasing. From a marketing perspective, each marketing activity is designed to benefit the customer. Thus, the winning business is a business that can meet the needs of consumers/customers economically, easily, and with effective communication. Also, to align the seven marketing mix activities, the company must be able to identify, recruit, connect and monitor the various marketing mixes to ensure that products are marketed to target consumers systematically and efficiently so that business efficiency can be achieved.

Marketing Mix and Purchase Decision

Purchase decision is one of the steps in the buying decision process before post-buying behavior. Previous research shows that the marketing mix variable has a positive and significant effect, according to the research results of Mahendratmo & Ariyanti, (2019), Alipour, Pour, & Darbaniha, (2018) and Ariyanti et al (2013) which shows that purchasing decisions can be explained by marketing mix variables (products, price, location, promotion, employee, facilities, and process). Although there are results from the study, all the variables in the marketing mix have no influence, as Putra, (2015) finding that the promotion variable does not influence purchasing decisions. While Amofah et al (2016) give the result that all the other attributes, except for location, significantly influence the purchasing decision and the process variable has the greatest influence. Unlike the research of Arthur et al (2019) which showed that the variables of price, location, promotion, and process did not have a significant influence on decision-making, while the variables of product, human resources, and physical evidence had a significant influence on product decision making. Therefore, this search is an extended previous research, specifically for the Credit Insurance Services Company (which has never been done before), since the results of previous searches in various commercial organizations, to the Both real sector and service companies outside of the Credit Insurance Services Company, are influencing different elements of the marketing mix. Thus, the description above proposes the following hypothesis and research model. Therefore, the research hypotheses can be formulated, as follows:

- H1: The product/service variable has a significant positive effect on purchasing decisions for business credit services
- H2: The price variable has a significant positive effect on purchasing decisions for business credit services
- H3: The place variable has a significant positive effect on purchasing decisions for business credit services
- H4: The promotion variable has a significant positive effect on purchasing decisions for business credit services
- H5: The people variable has a significant positive effect on purchasing decisions for business credit services
- H6: The physical evidence variable has a significant positive effect on purchasing decisions for business credit services
- H7: The process variable has a significant positive effect on purchasing decisions for business credit services

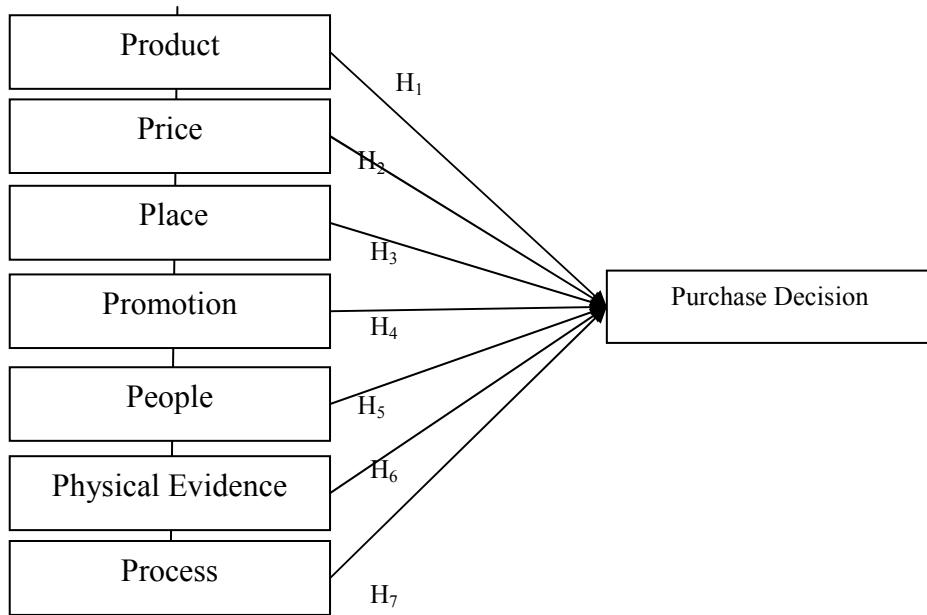


Figure 2. Research model

Methodology

The causal research design was used by distributing the questionnaire and interviewing to the 185 respondents, selected based on purposive sampling technique. Those selected respondents were employees of Jamkrindo company's partners that give loans for micro, small, medium, and cooperative business enterprises, known by the people's credit program (program "Kredit Usaha Rakyat"/KUR). The indicator items in the Questionnaire were collected based on the measurements of previous studies, with a Likert scale. Purchase decision measurement adopted the measurement by Mahendratmo dan Maya (2019), developed based on Alma (2016). The product, price, process, and physical evidence measurement adopted the measurement by Kushawaha & Agrawal (2015). 185 usable data were analyzed by multiple linear regression analysis. The measurements have already fulfilled the construct validity test (more than 0,5 loading factor by using exploratory factor analysis) and reliability test (more than 0.70 by using Cronbach alpha), but this research still conducts the construct validity and reliability test.

Result And Discussion

Results

Respondent Profile shows that 91.35% of the male has dominated the respondents' portion, as stated in Table 1. Also, the age of 31 – 40 years dominated the respondents' portion (58,92%), then the next portion was more than 40 years, as can be seen in Table 2. Besides, the length of work that employees have in their job position is more than 5 years (80.54%), which can be seen in Table 3. It means that the age and length of work of employees represent the productive employees that can optimally serve the customers with courtesy and warm welcome.

Table 1. Respondent Profile, Based on Gender

| Gender | Total | Percentage (%) |
|--------|-------|----------------|
| Male | 169 | 91,35 |
| Female | 16 | 8,65 |
| Total | 185 | 100,00 |

Sources: SPSS application version 25, 2020

Table 2. Respondent Profile, Based on Age

| Age | Total | Percentage (%) |
|-------------|-------|----------------|
| < 20 years | 0 | 0 |
| 21-30 years | 22 | 11,89 |
| 31-40 years | 109 | 58,92 |
| > 40 years | 54 | 29,11 |
| Total | 185 | 100,00 |

Table 3. Respondent Profile, Based on Length of Work

| Length of Work | Total | Percentage (%) |
|----------------|-------|----------------|
| 3-5 Years | 36 | 19,46 |
| > 5 years | 149 | 80,54 |
| Total | 185 | 100 |

Usable Data have fulfilled normal data distributions (based on normality data test by using SPSS version 25, Asymp. Sig. (2-tailed) is 0,085 (more than 0.05 significant value). It means that data is a normal distribution. Also, Usable Data have met the measurement requirements of validity test (construct validity more than 0.50, based on the loading factor of exploratory factor analysis) and of reliability test more than 0,70 based on Cronbach Alpha results.

The multiple regression results show that the marketing mix variable consisting of location and promotion has no significant effect, while the product, price, employee, infrastructure and process variables have a positive significant effect on purchase decision of business credit guarantee service at Jamkrindo Bandar Lampung Branch, as stated in Table 4.

Table 4. Multiple Regression Result

| Variable | Coefficients | t-value | t-table | Sig | Conclusion |
|-------------------|--------------|---------|---------|-------|--------------------|
| (Constant) | -0,498 | -2,912 | 1,653 | 0,004 | |
| Products | 0,144 | 2,816 | 1,653 | 0,005 | Ha accepted |
| Price | 0,174 | 3,780 | 1,653 | 0,000 | Ha accepted |
| Place | 0,085 | 1,160 | 1,653 | 0,248 | Ha rejected |
| Promotion | -0,010 | -0,143 | 1,653 | 0,887 | Ha rejected |
| People | 0,348 | 5,353 | 1,653 | 0,000 | Ha accepted |
| Physical evidence | 0,256 | 3,883 | 1,653 | 0,000 | Ha accepted |
| Processes | 0,088 | 2,694 | 1,653 | 0,008 | Ha accepted |

Based on Table 1. Above, the regression equation is obtained as follows:

$$KP = -0,498 + 0,144_{X1} + 0,174_{X2} + 0,085_{X3} - 0,010_{X4} + 0,348_{X5} + 0,256_{X6} + 0,008_{X7}$$

Discussion

Product and Purchase Decision

The product or service of credit guaranteed by Jamkrindo company affects purchase decision of the partners as of 14.40%. This result supports the research carried out by Arthur et al (2019), Amofah et al (2016), Bimantara (2015). These results prove that the benefit of credit guarantee products, granted to the Jamkrindo partners (banks or Micro, Small, Medium Businesses, and Cooperatives Enterprises) either directly or indirectly affects the interests of partners or consumers, as evidenced by the growing number of requests for a product or service of credit guarantees. Also, the results of the frequency of responses toward the product variable show that from the 3 indicator items

responded, none of the respondents replied in disagreement. This is an illustration that the growing number of business credit guarantee products is accompanied by an increase in Jamkrindo company's revenues. The increase in Jamkrindo company's revenues will affect the country's financial income so that it can consequently increase the economic growth contributed to the country.

Price and Purchase Decision

The price influence on purchase decision as of 17,40% also supports the research findings of Bimantara (2015) dan Ariyanti et al (2013). Moreover, if seen from the results of the frequency of responses on the variable price, of the 3 indicator items, up to 61.6% of the respondents declared that Jamkrindo Lampung is affordable with promising additional benefits. These results prove that price is always the main concern of partners or consumers, as it relates to the quality of an item and the value (money) it has to spend, offering a variety of prices and can be adjusted for income class, which makes the price offered affordable to all partners or customers. Particularly, the lower consumers segments who dominate corporate credit customers, this certainly affects the interests of Jamkrindo company's partners, which in turn affects purchasing decisions for KUR warranty products. This means that with many products or services offers, the price demand will increase and the increase will be followed by a significant effect on the purchasing decision.

Price and Purchase Decision

Place does not influence product purchase decisions. A location is a place where companies have their headquarters and carry out operations or activities. Location is always a concern that can determine the interests of partners in making purchasing decisions. But here, location does not affect, as evidenced by the less strategic location of Jamkrindo company's office. Even if the access point of the place is already crowded with public transport, it does not make enthusiastic partners to come into the office of Jamkrindo company. To transact and communicate with Jamkrindo company, Jamkrindo's partners prefer to use the Internet line function via a mobile phone. These results contradict the research conducted by Kushwaha & Agrawal, (2015) and Ariyanti et al (2013), but this result presents similarities with the research conducted by Amofah et al (2016).

Promotion and Purchase Decision

The promotion variable also does not influence product purchase decisions. Promotion is a one-way flow of information or persuasion that can lead an organization or a person to create transactions between buyers and sellers. Promotion is always a major concern for potential customers and partners. But here, the promotion does not affect the interests of potential customers and partners. It is possible for Jamkrindo Company, as the only commercial actors appointed by the Indonesian government in the field of the credit guarantee. Therefore, without any promotion when the partners need a special credit guarantee, the KUR products will contact the two commercial actors. This result is in line with the research carried out by Kushwaha & Agrawal (2015). This implies that managing the dimensions of the product marketing mix, price and promotion are less important. It can, therefore, be concluded that the marketing variable of promotion does not significantly influence the guaranteed purchase decisions of credit guarantee to Jamkrindo company. Promotion program is not important because the product of the credit guarantee of Jamkrindo is a government credit guaranteed scheme product compulsory by the Indonesian government for helping and supporting the Micro, Small, Medium, and Cooperative Enterprises development. Whenever Micro, Small, Medium, and Cooperative Enterprises need the loan services from banks, but they do not have collateral to cover their loans so that it needs the protection by credit guaranteed service of Jamkrindo company. It implies that Jamkrindo company no needs a promotion program to grab the customers.

People (Employee Service) and Purchase Decision

People as the servants have a positive influence on product purchasing decisions, having the greatest influence on purchasing decisions (34.80%), compared to the other variables in the marketing mix. This result is consistent with the research by Arthur et al (2019) and Alipour et al. (2018). Also, according to the results of the frequency of responses, of the 4 indicator items, none of the customers responded in disagreement toward the people's or employees' services of Jamkrindo company. Since the most services served by people must perform high-quality service or excellent services so that the people or employees of the company must be selected, trained and motivated to serve excellently to have a good impact on customers, one of which affects the interests and decisions to buy products or services of credit guarantee at Jamkrindo company.

Physical evidence and Purchase Decisions

Based on the test results, physical evidence or infrastructure has a positive influence on product purchasing decisions. This result is consistent with the research by Mahendratmo and Maya (2019) and Arthur et al. (2019). These results prove that the infrastructure or physical evidence is a physical installation, an environment in which the provision of services takes place, producers and consumers interacting with each other, and all the other components facilitate the appearance of offered services. Adequate facilities and supporting infrastructure are added values for Jamkrindo company. It is also able to influence partners or consumers to survive or being loyal. The physical evidence, provided by Jamkrindo company is the provision of services to the consumers or partners to trigger them to make purchases or initial redemptions.

Process and Purchase Decision

The last marketing mix variable, process has a positive influence on the product purchasing decision. Process management is a key aspect of improving the quality of service. This result is consistent with the research findings by Alipour et al. (2018), Amofah et al (2016), and Kushwaha & Agrawal (2015). This result is also supported by the results of the frequency of responses toward the process variable. 64.3% of the 4 indicators items responded showed that being the partners of Jamkrindo company in terms of the claim process is a comfortable process. It is proven by the rapid process of the guarantees transfer, the disbursement of claims, as well as the ease and speed of the process of registering credit guarantee services so that this affects the purchasing decision.

Conclusion, Implication And Future Research

The marketing mix variable consisting of location and promotion has no significant effect, while the product, price, employee, infrastructure, and process variables have a positive significant effect on the purchase decision of the business credit guarantee services at Jamkrindo company. Process, a marketing variable, has the greatest estimate value to affect purchase decisions, then followed by the estimated value of Physical evidence. This result has implications for company managers to improve people's business credit guarantee services, especially on aspects of the service quality by the employees of Jamkrindo company that are easy to contact, and the ease and speed in the process of registration and claim disbursement, and also provided the cozy physical evidence. Besides, Jamkrindo company must develop the marketing program, especially by offering various services that may attract the partners or consumers to cooperate and attract customers to buy products under warranty. Offering various services must correlate with a relatively cheap price, an adequate infrastructure, and an attractive process, and also involve professional and expert employees. Also, the company should be able to improve the marketing skills of the employees to trigger the confidence of consumers or partners by participating in the employees in marketing training. when choosing products and helping consumers get products that meet their expectations. The company also should carry out employee development programs that can encourage each employee to find their best potential and develop these talents continuously so that the employees can perform their jobs well and be able to face various challenges in the high business competition.

Due to the limitation of the sampling technique by using purposive sampling, and the object setting used in the context of guarantee service, future research needs to extend with the probability sampling technique and various types of other companies across other countries.

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