

EMPOWERING THE MARKETING MIX TOWARD PURCHASING DECISION BASED ON CONSUMERS' CHARACTER AT TRADITIONAL MARKETS IN SEMARANG

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ABSTRACT

The objective of this study was to know direct and indirect influences of marketing mix which consisted of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision based on consumers characters which consisted of cultural, social, personal, psychological variables at traditional markets in Semarang. The population of this study was all buyers/purchasers at 32 traditional markets in Semarang which the total number was unknown. Since the exact number of total population was unknown, so it used accidental sampling technique to determine the number of respondents. The sampling technique of this study was proportional cluster random which took 50 % of the total traditional markets, so it got 16 traditional markets and the total respondents were 160 people. The data were analyzed by multiple regression analysis and path analysis. The result of the research showed that there were direct and indirect influences of empowering the marketing mix which consisted of product, price, place, promotion, personal traits, and physical appearance variables toward the purchasing decision at traditional markets in Semarang. Therefore; it is suggested: (1) for the sellers of traditional markets, (a) to promote the product by using promotional media such as pamphlets, leaflets, brochures, banners so consumers know the products well, (b) to clean the store or kiosk such as disposing the waste appropriately so the buyers enjoy buying in the market. (2) for the management of traditional market to arrange the trade places (shop or kiosk) according to the type of goods, so it will be neat and clean to facilitate the transaction process, to rearrange the parking area and to repair and construct the market building.

Keywords: Marketing Mix, Purchasing Decision

INTRODUCTION

The background of the study

A business is successful if it can achieve short-term and long term goals at the level of effectiveness and efficiency. The short-term goals can be achieved if the business shows the high productivity and efficiency. It can give satisfaction for the owners, consumers, customers, and other parties. The long-term goals can be achieved at the level of effectiveness and efficiency if it can maintain its viability. The short-term goals related to the issues of productivity, growth, adaptability, satisfaction, and efficiency, while, the long-term goals related to the problems of life.

Business at traditional markets is one of the business units engaged in the transaction of goods. It should be improved optimally both in providing the goods and services, so it becomes an efficient place for economic activities. Therefore, trading business needs to consider the application of marketing mix as a marketing strategy which consists of product, place, price, promotion, personal traits, physical evidence and process variables. Implementation of this marketing strategy is to maintain and improve the loyalty of its consumers. As we know that mostly consumers at traditional markets are loyal.

Purchasing decision can be maintained even improved if traditional market sellers and managers can give customers satisfaction, switching barriers and assess the consumer advice (voice). Purchasing decision are also influenced by the character of consumers, including cultural, social, personal and psychological aspects. If the traditional sellers can maintain and increase the purchasing, it will be able to support the growth and survival of the trading business.

Nowadays, the fact shows that some consumers are turning to the modern markets because supermarkets give recreation, choose the goods freely, and convenience in shopping. It means that supermarkets have better marketing strategy through marketing mix. There are 10 supermarkets in Semarang and they have implemented the marketing mix and understand the consumers character, on the other hand, trading business at traditional markets does not follow the strategy so the consumers get decreasing and consequently the traditional sellers get low income and get bankruptcy.

Based on the above facts, it is necessary to find solution to maintain and improve the purchasing decision of consumers at traditional markets. One of the marketing strategies which can be applied is marketing mix and understand the character in a professional manner as a member of the consumer. It needs to conduct a study of the variables of marketing mix to understand the most dominant consumers' character in trading business at traditional markets. It is important to apply the marketing mix well and the understanding of consumers character, because it relates to the needs and desires of consumers on traditional markets. To prove the statement above, it is necessary to do a research on marketing mix toward purchasing decision at traditional markets in Semarang".

It is not easy as imagined to maintain and increase new customers in trading business at traditional markets. The reason of this condition is there is no management of customer service, so the service to consumers is less maximum. Therefore, the sellers must continuously improve the knowledge about their customers and continually make up the relationship to create customer loyalty. It is in line with Goni's opinion that to maintain customers loyalty in marketing concept, it needs customer relationship, to have long term strategic business asset (Goni, 1995)

Based on the background above, the writer is interested to conduct a research with the title "Empowering The Marketing Mix toward Purchasing Decision Based on Consumers' Character at Traditional Markets In Semarang"

The problems of this study are: (1) Is there any direct influence of empowering the marketing mix which consists of product, price, place, promotions, personal traits, and physical appearance variables toward the purchasing decision at traditional markets in Semarang?, (2) is there any indirect influence of empowering the marketing mix consisting of product, price, place, promotions, personal traits, and physical appearance variables toward of purchasing decision by consumers based on the characters which consist of cultural, social, personal, psychological variables at traditional markets in Semarang?

The objectives of this study are: (1) to know the direct influence of marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision at traditional markets in Semarang, (2) to know the indirect influence of marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision based on consumers characters which consist of cultural, social, personal, psychological variables at traditional markets in Semarang.

REVIEW OF RELATED LITERATURE

Market and Marketing

The definition of concrete market is a meeting place between buyers and sellers or a meeting place for the demand and supply to form price. While, abstract market is defined as a group of people who are organized to demand and supply so the price is formed (Mursid 1997:25). According to Stanton in Mursid's book (1997: 25) states that there are three factors that support the market; i.e.. consumers and their wants, purchasing power and consumer behavior in purchasing.

Based on above opinions, it can be concluded that the market is the place or shop for goods or services transactions between buyers and sellers who form the price, it is influenced by the needs and desires of the consumers, purchasing power and consumer behavior in purchasing. This study tends to conduct the research in concrete market.

Kotler in his book, Swastha (1996: 5) defines marketing as human activity directed at the efforts to satisfy the wants and needs through exchanging process. Furthermore, Stanton in Swastha (1996:10) defines marketing as a whole system of business activities aimed in planning, pricing, promoting and distributing goods and services that can satisfy the needs of consumers and potential consumers. This study tends to support Stanton's opinion.

Based on market purchasing motives, the markets are classified into 5 types: consumers market, manufacturers market, sellers market, government market and international market (Swastha, 1996: 53). In this study, it uses type consumers market where a group of consumers buy goods for consumption.

Marketing Mix

The underlying concepts of marketing strategies are market segmentation, market positioning, market entry strategies, marketing mix strategy, and timing strategies. So *marketing mix* is one of marketing strategies. The concept of improving the marketing is related to the problem on how the supply form on a certain market segment. Marketing mix is the core of marketing, so it is necessary to know in detail about the definition, variables, and indicators of marketing mix.

Understanding the goods marketing mix

Marketing mix is a combination of four variables or activities which are located at the core of the company's marketing system, they are product, pricing structures, promotional activities and distribution system (Swastha, 1996: 42). Kotler (2006) states that marketing mix is a set of marketing tools to pursue its marketing objectives in the target market ... four factors of this tool is called the four Ps; product, price, place (distribution) and promotion. According to Carthy (1993) the variables of marketing mix are product, place, price, promotion as the "four Ps". Four P's is the original model of the marketing mix, often referred as the traditional marketing mix.

Based on the above opinions, it can be summarized that marketing mix for a product or goods is a collection of variables which include product, place, price and promotion that practices at traditional markets in order to achieve its objectives in the target market.

Understanding the service marketing mix

The service marketing mix for is 4 (four) Ps plus three (3) Ps; they are: product, place, price, promotion, people, processes and provision of customer service (Payne, 1993: 25). It is supported by Pawitra (1996), he said that marketing mix of services is 7 (seven) Ps are: product, place, price, promotion, participant, physical evidence and process. Furthermore, according to Collier (1991) in the New Marketing Mix – focuses on Service, the variables are called the seven Ps of service management, including product, price, place, promotion, physical evidence, process design and participant. Almost similarly, according Sinaga (1996: 29), marketing mix of services is 9 (nine) Ps which includes product, place, price, promotion, public relations, power, physical evidence, process and people.

Based on the above opinions, it can be concluded that marketing mix of services is the collection of variables which include product, place, price, promotion, personal traits, physical evidence and process adopted by the cooperative shops in business management. However, there are some variables that are explicitly excluded in this study because the variables can be combined or added to other variables. For example, public relations variables can be combined with promotion people, and participant variables which are applied by the market sellers.

Table 1. The Variables and Indicator of Service Marketing Mix

Product	Price	Place	Promotion	Personal Traits	Physical Evidence	Process
*type	*level of price	*location	*advertising	*education	*spacious store	*mechanism in buying
*quality	*discount	*warehouse	*promotion sale	*Expertise / to skills	*interior shop	*mechanism offers
*number	*time payment		*personal selling	*quality service	*front store	
*feature	*terms of payment		*publicity	*performance	*music	
*style			*exhibition		*lights an	
*brands			* Gift		*parking facilities	
*packaging					*Facilities shop	

Source: Carthy dan Collier, 1991,

Marketing mix, characters buyers and purchasing decision are elements of buyer behavior model (Kotler, 2006). The model is as follows:

Tabel 2. Buyer Behaviour Model

Marketing Stimulants	Other Stimulants	→	Consumer Character	Buyer Decision Process	→	Purchasing Decision
<ul style="list-style-type: none"> ✓ Product ✓ Price ✓ Place ✓ promotion 	<ul style="list-style-type: none"> ✓ Economy ✓ Technolog ✓ Politics ✓ culture 		<ul style="list-style-type: none"> ✓ Culture ✓ Social ✓ Personal psychological 	<ul style="list-style-type: none"> ✓ Knowing the problems ✓ finding the information ✓ alternative evaluation ✓ purchasing decision ✓ behavior after purchasing 		<ul style="list-style-type: none"> ✓ choosing a product ✓ selecting the type ✓ determining the time of purchasing ✓ determining the total purchasing

Sumber: Kotler, 2006.

Framework

Based on the background, the basic theory and the results of previous studies, the writer presents the framework, as follows:

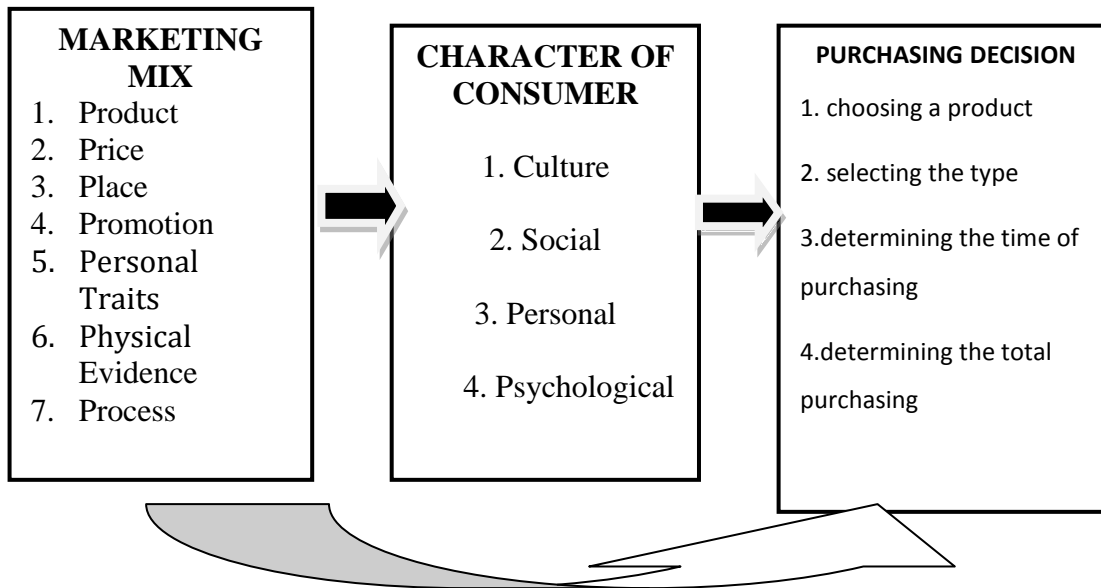


Figure 1: the framework of the study

There are 2 objectives of this study. Firstly, to know the direct influence of marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision at traditional markets in Semarang, and secondly, to know the indirect influence of marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision based on consumers characters which consist of cultural, social, personal, psychological variables at traditional markets in Semarang. Then it is expected to know the most influential and efficient factors between direct and indirect influence toward purchasing decision in traditional markets in Semarang.

Hypothesis

Based on the description above, the hypothesis proposed in this study are:

- a) there is direct influence of empowring the marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision at traditional markets in Semarang,
- b) There is indirect influence of empowering the marketing mix which consists of product, price, place, promotion, personal traits, and physical evidence variables toward purchasing decision based on consumers characters which consist of cultural, social, personal, psychological variables at traditional markets in Semarang.

METHOD OF THE STUDY

This research took place in Semarang, and the subject of the research is consumers who buy the goods at traditional markets in Semarang. The population of this study is all buyers/purchasers on 32 tradisional markets in Semarang which the number was unknown. Since the exact number of total population was unknown, so the technique of sampling was accidental sampling technique using Sitepu formula to determine the number of respondents. The sampling technique of this study was proportional cluster random which took 50 % of the total traditional markets, so it got 16 traditional markets and the total respondents were 160 people. It can be seen in detail from the table below.

Table 3. The Samples of the Study

NO.	Area Group of Traditional Markets	The number of Traditional Market (unit)		The number of buyers (people)	The Names of Traditional Markets
		Nf (%)	Σ		
1.	Northern Semarang	0.13	2	20	Johar, Dargo
2.	Central Semarang	0.19	3	30	Bulu, Randusari, Kagok
3.	Western Semarang	0.25	4	40	Karang Ayu , Jrahah, Manyaran, Mangkang,
4.	Eastern Semarang	0.19	3	30	Peterongan, Gayam Sari, Mrican,
5.	Southern Semarang	0.25	4	40	Gunungpati, Sampangan, Jatingaleh, Banyumanik
	Total number		16	160	

Research Variables

Marketing mix consists of product, price, place, promotion, personal traits, physical evidence, process variables. The perception of marketing mix is related to the needs and desires of consumers in cooperative stores.

The Sources and Types of Data

The data of this study are primary data and secondary data. The primary data obtained from questionnaires of respondents, included the data of marketing mix consisting of product, price, place, promotion, personal traits, physical evidence, process and character of the buyer variables. Then, the secondary data is the number of traditional markets in Semarang. The type of data is quantitative, therefore the researcher used statistical techniques to analyze them.

The Method of Data Collection

Data are collected by questionnaires and documentation.

The Measurement Scale

In order to obtain qualitative data as mentioned earlier, the data need to be quantified by using itemized rating scales by Likert scale, which the answer to the question positively and negatively divided into four scales. Examples for scoring a question / statement is; The price of goods sold at traditional market is cheaper than in the modern market: Strongly Agree, Agree, Disagree, Strongly Disagree

The Validity and The Reliability of Research Instrument

The result of Instrument test validity, both marketing mix variables and character members, shows that all items in each variable are valid because the amount of P in each item instrument is less than 5%.

The results of Instrument reliability test show that both marketing mix variables and consumer loyalty have reliability coefficients of more than 0.50. It means that all instruments used in this study are reliable.

The Methods of Data Analysis

- 1) To test the first hypothesis, it uses multiple regression methods.
- 2) To test the second hypothesis, it uses Path Analysis.

RESULTS AND DISCUSSION

Results

1. The Direct Influence of Marketing Mix Which Consists of Product, Price, Place, Promotion, Personal Traits, and Physical Evidence Variables toward Purchasing Decision at Traditional Markets in Semarang

The results of multiple regression analysis using SPSS showed that product variable has direct influence toward purchasing decision of 0.481. It shows positive correlation. It means that the better of consumer perception toward the product, the higher of purchasing decision at traditional markets in Semarang, *vis versa*.

Next, price variable has direct influence toward purchasing decision of 0.328 and it is positive. It shows the correlation it is positive. It means the better understanding of consumer perceptions toward the price, the higher of the purchasing decision of consumers at traditional markets, *vis versa*.

Then, place variable has direct influence toward purchasing decision of 0.511 and it is positive. It shows the correlation it is positive. It means the better consumer perceptions toward the place, the higher of the purchasing decision of consumers at traditional markets,

Fourthly, for promotional variable, it has direct influence toward purchasing decision of 0.370 and it is positive. It means that the better perception of consumers towards the promotion, the better of purchasing decision on the traditional markets, *vis versa*.

Then, personal traits variable shows a direct influence toward purchasing decision of 0.762 and it is positive. It means the better understanding of consumer perceptions toward the personal traits, the higher of the purchasing decision at traditional markets, *vis versa*.

Next, for the physical appearance variable, the results of the study show it influences directly toward the purchasing decision of 0.039 and it is positive. It means the better understanding of consumer perceptions toward the physical appearance, the higher of the purchasing decision at traditional markets, *vis versa*.

Finally, the result related to the process variable. It shows direct influence toward purchasing decision and it is positive 0.108. It means the better perceptions of consumer toward the process, the higher of the purchasing decision of consumers at traditional markets, vice versa.

So overall it can be concluded there is direct influence among product, price, place, promotions, personal traits, physical appearance toward purchasing

2. Product, Price, Place, Promotion, Personal Traits, and Physical Evidence Variables toward Purchasing Decision Based on Consumers Characters Which Consist of Cultural, Social, Personal, Psychological Variables at Traditional Markets in Semarang.

The results of multiple regression analysis use SPSS shows that: 1) Product variable has indirectly influence toward purchasing decision of 0.125 and it is positive. It implies that product variable influences consumer's purchasing decision through the character of 0.125. 2) Then, price variable has indirect influence toward purchasing decision and it is positive at 0.177. It implies price variable has an influence toward purchasing decision through the character of 0.177. 3) The place variable shows indirect influence toward purchasing decision and it is positive at 0.804. It means that the place variable has an influence on consumer purchasing decision through the character of 0.804. 4) Promotion variable has indirect influence toward purchasing decision and it is positive at 0.439. It implies the promotion variable influences purchasing decision by consumers for the character variable 0.439. 5) Personal traits variable has indirect influence toward purchasing decision and it is positive at 0.279. It means that the variable personal traits have an influence on the purchasing decision of consumers through the variable character of 0.279. 6) Physical appearance Variable has indirect influence toward purchasing decision of - 0.144. It means that physical appearance variables affect the purchasing decision of consumers through variable character of - 0.144. 7) Process variable has indirect influence toward purchasing decision of 0.140. It means that the variable has an influence toward purchasing decision of consumers through the variable character of 0.140.

It can be concluded that there is no direct influence between the variables of product, price, place, promotions, personal traits, physical appearance, and the purchasing decision process at traditional markets.

Discussion

The Results of research on empowering the marketing mix toward purchasing decision based on consumers' characters at traditional markets indicates that the marketing mix has direct influence and indirect influence on consumer purchasing decision at traditional markets. Product variable has greater direct influence than the indirect influence is $0.481 > 0.125$. It happens because consumers at traditional markets usually buy a product based on the needs and the type, quantity and quality of the product. It means that the better of consumer's perception toward the product such as the type, quality, quantity, feature, style, brand, packaging and presenting, the higher of purchasing decision at traditional markets. It is in line with Kotler's opinion (2006) which states that the product is seen from the type, quality, quantity, feature, style, brand, packaging and presentation. Furthermore, the field observations related to products sold at traditional markets indicate that improvement of packaging and presentation is needed. The goods sold at traditional markets usually packed in plastic, paper, or leaf without considering the neatness and aesthetics. Furthermore, the presentation is still rudimentary. The goods were stacked and mixed away so when there is a buyer who will buy the goods, the seller must look other stuffs first.

The direct influence of the price variable is greater than the indirect influence on consumer purchasing decision at traditional markets in Semarang is $0.328 > 0.177$. It happens because when the price of goods is cheaper and the quality is almost similar to supermarkets products, consumers are definitely interested to buy the product. The increasingly affordable price of goods by consumers, the decision to buy the goods will be high. It is in line with Pawitra's opinion (1996) that one factor which influences consumers to buy an item is the price.

Based on the results of the study, the place variable also has direct and indirect influence toward purchasing decision at traditional markets. Direct influence on consumer purchasing decision places at traditional markets is smaller than the indirect influence, it is $0.511 < 0.804$. It happens because the determination of the consumer to shop also considering the convenience associated with psychological and social conditions of the consumer's culture. It is in line with the opinion of Payne (1993) which states that one of the factors in marketing mix which determines the consumer's decision to buy an item is the place.

Next, based on the research results, promotional variable has indirect influence toward purchasing decision is larger than the direct influence, it is $0.439 > 0.370$. It happens because before consumers decide to purchase a product, promotion influences the character of consumers. The social, cultural, psychological of consumers will determine whether consumers will buy a product or not. Promotion is one part of the marketing mix that influences consumer decision to buy a product. The better promotion will increase consumer interest to buy the product. It is in line with Kotler's opinion (1995) that the promotion will affect the interest and the consumer's decision to buy an item. Based on field observations, it is found that traditional markets usually promote by word of mouth so the results are less optimal. It is one reason why consumers do not know that there are many product the consumers need sold at traditional markets.

The next variable is personal traits. Personal traits variable has larger direct influence toward purchasing decision than indirect influence, i.e. $0.762 > 0.279$. It happens because consumers will buy a product where merchants, servants or employees in a store are friendly and communicative. Personal trait is one part of the marketing mix that influences purchasing decision. It is in line with the opinions of Carthy and Collier (1991) which states that personal traits influence the purchasing decision and also to maintain consumer confidence for long term.

Then, physical appearance variable has greater direct influence than the indirect influence, i.e. $0.039 > 0.144$. It happens because consumers see the physical appearance of the store whether it is clean, spacious, ample lighting or not. Based on the observation, physical appearance of the store is still not considering the cleanliness, lighting and parking area. There are even some stores that the lighting was minimal and did not care about the cleanliness of the place.

The next variable is process variable. It has greater indirect influence than the direct influence, i.e. $0.140 > 0.108$. It happens because before consumers decide to buy a product in a store, the process is in store such as mechanism of supply, service mechanisms, and mechanisms affecting the character of consumer purchases, both in terms of psychological, social, and cultural before finally decided to buy the product. The better of processes in the shops at traditional markets, the higher of consumer's decision to buy on the spot. It is in line with Kotler's opinion (2006) that on the mechanism of the process in terms of purchases, offers, and services influence the consumer's decision to buy the product.

CONCLUSIONS AND SUGGESTIONS

Based on the results, it can be concluded that: (1) There is a direct influence of empowering the marketing mix which consists of product, price, place, promotions, personal traits, and physical appearance variables toward the purchasing decision at traditional markets in Semarang, (2) There is indirect influence of empowering the marketing mix which consists of product, price, place, promotions, personal traits, and physical appearance variables toward the purchasing decision by consumers based on cultural, social, personal, psychological variable at traditional markets in Semarang, (3) the variables of marketing mix have greater direct influence than the indirect influence toward purchasing decision on traditional markets in Semarang. is a product, pricing, personal traits, and physical appearance. Being variable place, promotion, and the process has a direct influence is smaller than the indirect influence toward purchasing decision in traditional markets in Semarang. Therefore; it is suggested that: (1) for the sellers of traditional markets, (a) to promote the product by using promotional media such as pamphlets, leaflets, brochures, banners so consumers know the products well, (b) to clean the store or kiosk such as disposing the waste in appropriate so the buyers enjoy buying in the market. (2) for the management of traditional market to arrange; (a) the trade places (shop or kiosk) according to the type of goods, so it will be neat and clean to facilitate and expedite the transaction process, and (b) the parking area must be rearranged well and (c) market building must be safe and strong by constructing and repairing the buildings and maintenance of traditional markets.

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