The Effect of Marketing Mix on Decision to Become Customers of Bank Pembangunan Daerah (BPD) NTT Kupang

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ABSTRACT

The purpose of this study was to determine the effect of the Product, Price, Location, Promotion, Processes, People, and Physical Evidence on the decision to become a customer at Bank Pembangunan Daerah (BPD) NTT in Kupang City. The approach used by researchers is a quantitative approach. The sample in this study were 100 respondents. The analysis technique used is the instrument test, classic assumption test, multiple regression test, coefficient of determination test, t test and f test. Determination coefficient test results show that the Adjusted R Square coefficient of 0.088 means that the product, price, location, promotion, process, people, and physical evidence affect 8.8% the decision to become a customer, while the remaining 91.2% influenced by other variables which are not explained in this study. The result of research obtained Price and People partially influence the decision to become a customer at Bank Pembangunan Daerah (BPD) NTT Kupang City, while the Product, Location, Promotion, Process and Physical Evidence variables do not affect significantly to the decision to become a customer at Bank Pembangunan Daerah (BPD) NTT Kupang City. The results of simultaneous testing of Product, Price, Location, Promotions, Processes, People, and Physical Evidence affect the decision to become a customer at Bank Pembangunan Daerah (BPD) NTT Kupang City.

Keywords: Decision to Become a Customer, Product, Price, Location, Promotion, Process, People, Physical Evidence

1. INTRODUCTION

In the world of marketing, competition is something that must be faced with making and finding the right strategy in introducing the products or businesses that we live. If a company does not have a competitive advantage, it would not be able to compete. This means that every company must have a competitive advantage to be able to successfully win the competition. To increase competition ability, companies strive to meet the needs and desires of customers by placing orientation on their customers as the main goal.

Marketing Mix is a combination of variables or activities that are the core of a marketing system that is Product, Price, Place, Promotion, Process, People, and Physical Evidence. These seven variables greatly determine the consumer's decision to purchase the service products because each variable has a very important role in determining how the service product will be sold to consumers.

According to [1], a product is anything that can be offered in the market, to satisfy the needs and desires of consumers. Products consist of goods, services, experiences, events, people, places, and ideas. A quality product will determine the consumer's decision to consume an item. So companies must pay attention to the products they want to offer to consumers.

One element of the service marketing mix is price. Price is a critical point in the marketing mix of services because price determines the income of a business and influences marketing offers or channels. The pricing strategy is very significant in giving value to consumers and influencing the image of the product, as well as the consumer's decision to buy.

According to [2], location is the environment where the service is delivered and how the service is delivered

which is the part of prepared value and benefit. Place in terms of services is a mixing of place and decision of

No	Types of products	Number of Customers / Year				
		2014	2015	2016	2017	2018
1	Current Acc	19.723	20.610	21.932	23.153	26.379
2	Savings	800.281	850.530	876,859	1.160.722	1.265.225
3	Deposit	4.234	4.652	5.368	7.241	7.963
4	Credit	10.293	10.099	11.698	7.903	8.088

Table 1. Number of Customers by Product Type 2014-2018

Source: Bank Pembangunan Daerah (BPD) NTT Kupang City, 2019

distribution channels, regarding to how the services are delivered to consumers and the strategic location.

Reference [3] states that promotion is all types of marketing activities aimed to drive demand. Promotion is one of the variables in the marketing mix that is very important to be carried out by businesses in marketing products or services. Promotional activities not only function as a communication tool between consumers and producers, but as a tool to influence consumers in purchasing or using services that are in accordance with their wants and needs.

In relationship marketing services, the person functioning as a service provider greatly affects the quality of the services provided. Decisions in this "person" are related to the selection, training, motivation and management of human resources.

The service process is a major element in the service marketing mix, this is because customers will often feel the delivery of services as part of the service itself. So that the company's goals in meeting the needs and desires of consumers can be achieved, it requires cooperation between marketing and operations in this process dimension, especially in terms of service to the needs and desires of consumers.

Reference [4] states that decision is a process approach to problem solving which consists of the introduction of problems, finding information, some alternative assessments, making buying decisions and consumer behaviour after buying. Many factors can influence consumer purchasing decisions, especially when considering the behaviour of each individual in the purchasing process is different. Self-purchasing decisions illustrate the level of influence of marketing efforts undertaken by companies on a product. Therefore, it is important for companies to better understand consumer behaviour and to achieve company goals by implementing a marketing mix strategy, so that companies are able to compete with other competitors.

The banking sector plays a strategic role as the most trusted and most complete financial institution in providing financial services so. It can be said that the bank is a component that cannot be separated from an economic activity, because without the existence of a financial institution such as a bank, economic activity in a country will not run well. The bank is known as a financial institution whose main activity is to accept deposits, savings and time deposits.

Bank Pembangunan Daerah (BPD) NTT Kupang as a financial institution that produces financial services also needs a strategy to market its products. Banks can create products that customers need and want. The products must also be high quality and can be competitive. In addition, banks must also pay attention to the marketing environment because it will affect the marketing process.
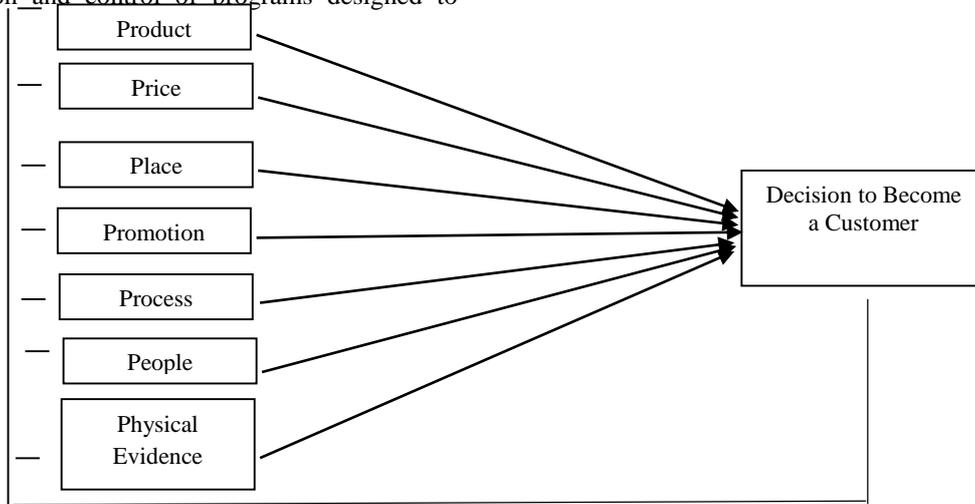
The following are data on the number of customers by product type 2014-2018, which can be seen in table 1.

Based on Table 1, it is known that the Current Account, Savings and Deposit products increased in the number of customers from 2014-2018. The increasing number of customers of *Current Account*, Savings and Time Deposits products is a good thing for the company. However, there are still a number of problems, such as customers who are not only necessarily customers of the Bank Pembangunan Daerah (BPD) NTT, but also the customers of other banks or competitors. While the Credit products fluctuations in the number of customers in 2014-2018. These problems need to be considered by the Bank Pembangunan Daerah (BPD) NTT to convince customers to be loyal in making decisions to become customers and also customers can attract other customers. To make these customers make decisions, the Bank Pembangunan Daerah (BPD) NTT must pay attention to the marketing mix which consists of Product, Price, Place, Promotion, Process, People and Physical Evidence.

2. LITERATURE REVIEW

2.1. Marketing Management

Marketing management is the analysis, planning, implementation and control of programs designed to create, build and maintain exchanges is an activity designed to create and maintain profitable exchanges with target buyers for the purpose of achieving organizational objects [5].

Figure 1 Framework of thinking

Reference [6] state that Marketing is "A social process that involves important activities that enable individuals and companies to get what they need and want through exchanges with other parties and to develop exchange relationships".

2.2. Marketing Mix

According to [5], the Marketing Mix is a collection of controlled marketing tools that are integrated by the company to produce the desired response in the target market. The marketing mix is also a strategy of mixing marketing activities, to find the maximum combination that aims to bring the most satisfying results. Service marketing mix is the elements of a company organization that can be controlled by the company in communicating with consumers and will be used to satisfy consumers. Service marketing mix is the marketing elements that are interrelated, mixed, organized and used appropriately so that the company can achieve effective marketing objectives, while satisfying the needs and desires of consumers. Service marketing mix according to Zeithaml and Bitner in [7] consists of 7P, namely Product, Price, Place, Promotion, People, Process, and Physical Evidence.

2.3. Decision to Buy

Consumer decisions arise from objective judgment or emotional motivation. The decision to act is derived from a series of mental stimulation and emotional activities. Complex decisions often involve multiple decisions regarding choices between two or more alternatives. Decisions always require the choice between several different behaviours [8] explained that consumer purchasing decisions are an integration process that combines knowledge to evaluate two or more alternative behaviours, and choose one of them. The stage of decision to buy are follows:

1) The introduction of Problems
   Consumers have needs and desires that have not been met and satisfied.

2) Search for Information
   Consumers are looking for information stored in memory or obtaining information relevant to the satisfaction from their environment.

3) Alternative Evaluation
   Consumers evaluate options with respect to expected benefits by narrowing the selection to the chosen alternative.

4) Purchasing decision
   Consumer chooses the chosen alternative and decides the purchase.

5) Post-Purchase Behaviour
Consumer evaluates whether the selected alternative has met the needs and expectations after use.

The hypothesis in this study is as follows:

H_1: Product, Price, Place, Promotion, Process, People, and Physical Evidence have a partially significant effect on the decision to become a customer of Bank Pembangunan Daerah (BPD) NTT in Kupang City.

H_2: Product, Price, Place, Promotion, Process, People, and Physical Evidence have a simultaneously significant effect on the decision to become a

customer of Bank Pembangunan Daerah (BPD) NTT in Kupang City.

3. METHOD

This research is a quantitative research. The population in this study is all customers of Bank Pembangunan Daerah (BPD) NTT of Kupang City in 2018 (1,307,655 customers). The sample in this study were 100 respondents calculated using the Slovin formula.

4. RESULTS AND DISCUSSION

4.1. Validity test

According to [9], validity means the accuracy of a measuring instrument in carrying out its measurement function. From the below table it can be concluded that the items of each variable are declared valid, seen from the Pearson correlation of each item greater than 0.202.

4.2. Reliability Test

Reliability test is used to determine the reliability of the instrument from the questionnaire. If the value of Cronbach alpha (a) is greater than 0.6 then the variables are said to be reliable [10] from the above table it can be concluded that each variable is declared reliable, assessed by Cronbach's alpha greater than 60.

Table 2. Validity Test Results for Each Item

Variable	Item	Pearson Correlation	R Table (A=0.05) N-2=98	Description
Product (X1)	1	0.745	0,202	VALID
	2	0.702	0,202	VALID
	3	0.776	0,202	VALID
	4	0.689	0,202	VALID
Price (X2)	1	0.751	0,202	VALID
	2	0.779	0,202	VALID
	3	0.742	0,202	VALID
	4	0.697	0,202	VALID
Place (X3)	1	0.689	0,202	VALID
	2	0.747	0,202	VALID
	3	0.750	0,202	VALID
	4	0.621	0,202	VALID
Promotion (X4)	1	0.758	0,202	VALID
	2	0.845	0,202	VALID
	3	0.710	0,202	VALID
Process (X5)	1	0.788	0,202	VALID
	2	0.816	0,202	VALID
	3	0.744	0,202	VALID
People (X6)	1	0.726	0,202	VALID
	2	0.792	0,202	VALID
	3	0.716	0,202	VALID
Physical Evidence (X7)	1	0.816	0,202	VALID
	2	0.786	0,202	VALID
	3	0.753	0,202	VALID
Decision to Become a Customer (Y)	1	0.720	0,202	VALID
	2	0.797	0,202	VALID
	3	0.732	0,202	VALID
	4	0.708	0,202	VALID

Variable	Cronbach's Alpha	Criteria	Description
Product (X1)	0,701	> 0,60	Reliable
Price (X2)	0,728	>0,60	Reliable
Place (X3)	0,660	> 0,60	Reliable
Promotion (X4)	0,659	>0,60	Reliable
Process (X5)	0,682	> 0,60	Reliable
People (X6)	0,699	>0,60	Reliable
Physical Evidence (X7)	0,686	> 0,60	Reliable
Decision to Become a Customer (Y)	0,849	>0,60	Reliable

Table 3. Reliability Test Results

Source: *Primary data processed (2019)*
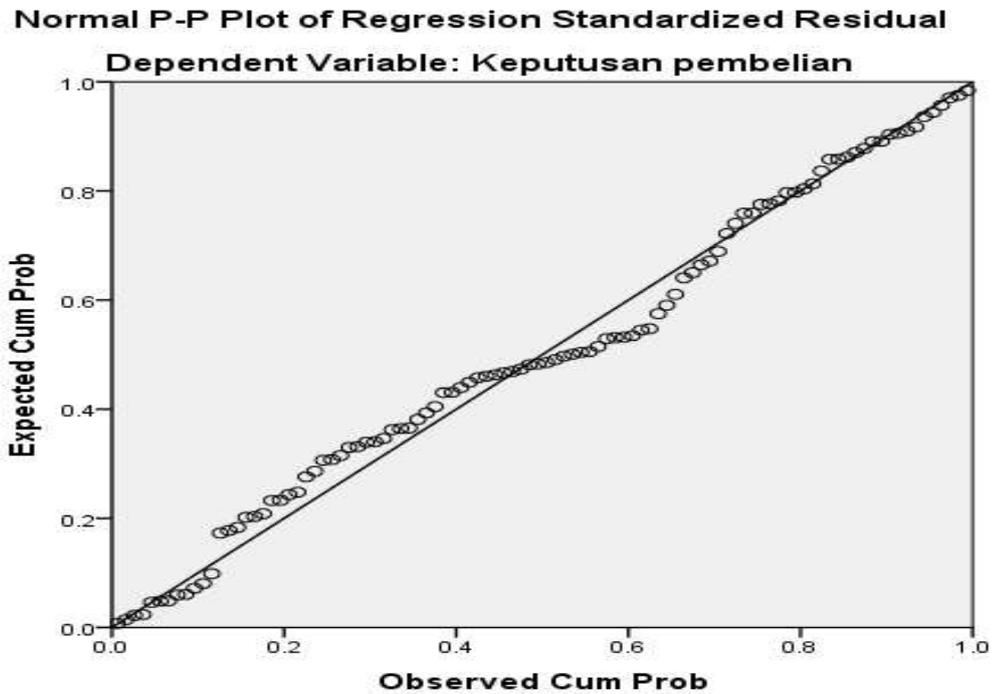
Figure 2 Normal P-P Regression plot
Source: Primary Data (processed) 2019

4.3. Normality test

This test is used to test whether in the regression model, the dependent and independent variable data used have a normal distribution or not.

From the graph above it is known that on the P-P plot, visible points spread around the diagonal line, then the residuals in the regression model are normally distributed.

4.4. Multicollinearity Test

Multicollinearity is a situation when there is a correlation of independent variables among one another. A serious problem of multicollinearity can cause changes in the sign of the estimated parameters [11]. Test multicollinearity used the VIF and Tolerance methods.

Multicollinearity calculation results show that Tolerance values more than 0.1 and VIF less than 10. So
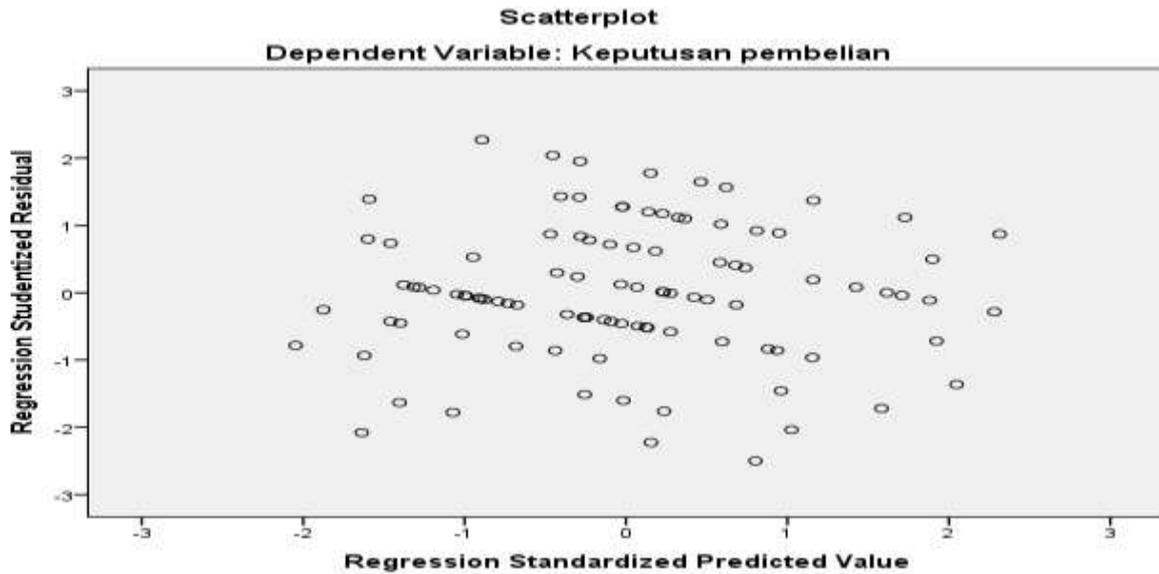
it can be concluded that there are no symptoms of Multicollinearity in the regression model used.

4.5. Heteroscedasticity Test

Table 4. Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Product	.897	1.115
Price	.988	1.012
Place	.946	1.058
Promotion	.928	1.078
Process	.986	1.015
People	.919	1.089
Physical Evidence	.965	1.036

Heteroscedasticity is indicated if the error or residual of the observed method does not have a constant variant from one observation to another, meaning that each observation has a different reliability due to changes in

Figure 3 Heteroscedasticity
Source: Primary data processed (2019)

the underlying conditions not summarized in the model specifications. Symptoms of different variance are called the symptoms of heteroscedasticity, while there are symptoms of the same variance from one observation to another that is called homoscedasticity. One test to test Homoscedasticity is by looking at the spread of residual variance [12]

From the graphic plot, the points spread above and below the 0 number on the Y axis above and there is an unclear pattern, it can be concluded that heteroscedasticity does not occur.

4.6. Multiple Linear Regression Analysis

Multiple Regression Analysis is to calculate the magnitude of the quantitative effect of a change in events (variable X) on other events (variable Y) Table 5 shows that the results of testing the Multiple Linear Regression in the standard form of the regression equation are as follows:

Y = 7,611 + -0,054 Product+ 0,259 Price+ 0,007 Place+ 0,017 Promotion+ -0,016 Process+ 0,333 People+ 0,106 PhEvidence + ε

Determination test results that the Product, Price, Place, Promotion, Process, People, and Physical Evidence variables influence the Decision to Become a Customer by 8.8%, while the remaining 91.2% is influenced by other variables not explained in this study.

Table 5. Multiple Linear Regression Test

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.611	4.299		1.770	.080
	Product	-.054	.116	-.047	-.460	.646
	Price	.259	.097	.258	2.673	.009
	Place	.007	.112	.006	.058	.954
	Promotion	.017	.135	.012	.125	.901
	Process	-.016	.137	-.011	-.118	.906
	People	.333	.120	.277	2.769	.007
	Physical Evidence	.106	.125	.082	.842	.402

a. Dependent Variable: Decision to be a customer

Table 6. T-Test Result

Variable	T	T Sig
Product (X1)	-.460	.646
Price (X2)	2.673	.009
Promotion (X3)	.058	.954
Place (X4)	.125	.901
Process (X5)	-.118	.906
People (X6)	2.769	.007
Physical Evidence (X7)	.842	.402

Source: Primary data processed (2019)

Table 7. F-Test Results

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	53.389	7	7.627	3.371	.018^b
	Residual	296.001	92	3.217		
	Total	349.390	99			

a. Dependent Variable: Decisions to buy
b. Predictors: (Constant), Physical Evidence, Price, Place, Process, People, Promotion, Product

4.7. T Test

To test the hypothesis used the t test which shows the partial effect of each independent variable on the dependent variable. At this stage, testing the influence of the independent variables contained in the model formed to determine whether the independent variables, namely X1, X2, X3, X4, X5, X6, and X7 in the model partially have a significant influence on the dependent variable(Y) [13]

Table 6 explained that Price and People variable have a partially significant effect on the Decision to Become a Customer. It is indicated by value of T Sig is less than 0.05 ($\alpha = 5\%$). The rest of variabel have not

partially significant effect on the Decision to Become a Customer indicated by T Sig value are greater than 0.05.

4.8. F Test

To test the feasibility of the research model used the F Test. The model is said to be feasible, if the results of processing from SPSS on the significance value of the F Test are less than 0.05.

Based on the calculation results of Table 7 above, it is known that the Sig value of the regression calculation is 0.018 which is less than 0.05, therefore we can conclude Product, Price, Place , Promotion, Process, People, and Physical Evidence have simultaneously significant effect to the Decision to Become a Customer.

5. CONCLUSION

Based on research and discussion that has been done, it can be concluded the test results partially price and people variable significantly influence the decision to become a customer at *Bank Pembangunan Daerah* (BPD) NTT Kupang city, while the product, place, promotion, process, and physical evidence variables do not significantly affect the decision to become a customer at *Bank Pembangunan Daerah* (BPD) NTT Kupang city. The simultaneous test results of product, price, place, promotion, process, people, and physical evidence variables simultaneously influence the decision to become a customer *Bank Pembangunan Daerah* (BPD) NTT Kupang city. Based on the result influencing the future researchers to develop this research by considering other variables such as service quality, brand, customer relationship which is another variable in this study. Decision to become a customer it is expected that the results of this study can be used as a reference**.** Of research and conclusions that have been stated before, the following suggestions are: it is expected that pt. *Bank Pembangunan Daerah* (BPD) NTT Kupang city can maintain and increase price and people, because the price and people variable have an influence on the decision to become a customer, given the independent variables in this study are very important in

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