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Improving Product Knowledge Through Personal Selling Activities

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***Abstract*— This study aims to determine the effect of Personal Selling activities on product knowledge and their impact on the decision to purchase Honda BR-V. Referring to the sale of wholesales to the dealer released by the Association of Indonesian Automotive Industries (GAIKINDO) it was noted that BR-V had decreased sales. From the problems that occurred, Honda tries to capitalize on their intangible capital to improve the sales number of Honda BR-V. This study uses data analysis using descriptive and verification methods. The primary data used in this study were obtained from the questionnaire. Data were collected through a questionnaire processed and tested on a path model. This study refers to Slovin approach with accuracy of 5% where 250 customers are taken as sampling from 668 population customers. Based on the data processing that has been done with the Partial Least Square method using SMART PLS. The results of this study found that Product Knowledge Activities have a positive influence on Customer Purchasing Decisions through Personal Selling activities.**

Keywords— Personal Selling, Automotive Industries, and SMART PLS

I. INTRODUCTION

The current era of globalization directs the pace of companies in increasingly competitive conditions so companies must be demanded to be more innovative in offering a product that has better added value compared to competing companies. Through diverse customer activities, both the need for services and the need for goods and services. In the business world both nationally and internationally, each company will always face business competition and competition in the market must be faced. Competition must be faced with the hope that the company can compete and still be able to maintain its existence both in the domestic market and in the global market. One industry that is growing and developing rapidly in the present is the automotive industry, this can be found on the road car with various types and brands. The participation of developing countries in automotive industry was made possible by the technology development and innovations in telecommunication and transportation, which enable automotive industry to fragment the production process into smaller segments in which components of productions or assemblies can be relocated to different places based on cost advantages [1].

This shows that the need for cars is needed by the community to support their life activities. One of the APMs that are heavily launching new products is PT Honda Prospek Motor (HPM), in early 2014, HPM launched Brio LCGC (Satya), followed by mid-2014 with Honda Mobilio, and in mid-2015 Honda re-launched Honda HRV and Honda BRV. Honda BR-V received a very good response from consumers, but after being marketed for about 2 months, since officially released in 2015, Honda BR-V sales stagnated and based on wholesales sales data of the Indonesian Automotive Industry Association (Gaikindo) 2017 from the SUV segment, which experienced the biggest decline was Honda BR-V of 59% from 40,682 units in 2016 to 23,949 units in 2017. The decline continued in 2018, based on wholesales sales data of the 2018 Indonesian Automotive Industry Association (Gaikindo) of at least 604 cars capable of only being sold in January to March 2018 this is very different from sales in 2016 and 2017.

Personal selling is defined as a face-to-face contact process between buyer and seller in order to achieve planned goals, which are sales, and build long standing relations with consumers [2]. Personal selling represents the strategy that salespeople use to persuade customers to buy their products, provide them with all the information relating to the products, and work to eliminate consumer fears about such goods [3]. Furthermore, the product knowledge variable of the writer chooses an indicator of product knowledge as used by Peter and Olson [4] there are knowledge about product characteristics or attributes, knowledge of product benefits and trust in the product. Gilaninia and Mousavian [4] say that brand image is often used as an extrinsic condition for making a purchasing decision. If consumers have no experience with a product, they tend to trust the preferred or famous brand [5].

Looking at this phenomenon made the writer interested in conducting research related to the decline in sales of Honda BR-V cars that were not as good as in previous years, especially in car dealers in the city of Bandung where researchers were domiciled. Researchers in this case decided to choose the Honda car dealer Ahmad Yani because of its very strategic location which is located in the center of Bandung, making it easier for customers to reach the dealer location. In addition, Honda car dealership Ahmad Yani is one of the dealers with the best car sales in Bandung. Based on these considerations the researchers chose Honda Ahmad dealers. Based on these considerations the researcher chose Honda dealer Ahmad Yani as a potential research object. In conducting a survey at Honda dealers Ahmad Yani Appeal researchers found the findings of the phenomenon of a significant decrease in sales of Honda BR-V cars. This was allegedly the effect of the decline in sales of Honda BR-V cars nationwide.

II. METHOD

The method in this study uses descriptive verification, descriptive method is a method of researching status, groups of people, an object, a system of thought or a class of events in the present. The unit of analysis is the customers of BR-V cars at Honda Ahmad Yani dealer and is carried out using slovin methods with a sample total of 250 respondents from 668 respondents. Data analysis tests using Smart PLS 3.0.

III. RESULTS AND DISCUSSION

Partial Least Squares (PLS) was used to analyze the data. PLS is well suited to handle highly complex predictive models [6] with formative constructs as is the case with this model. The results of the PLS analysis are presented in the following Figure 1.

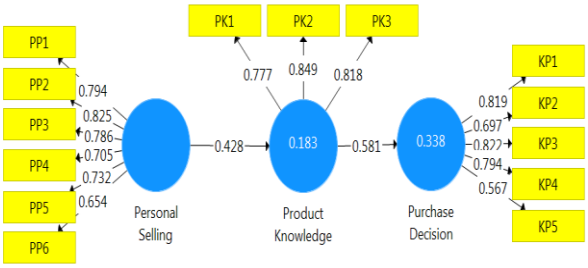

Fig 1. Research Model

3.1 Measurement Model

The appropriate validation procedure is followed to evaluate reflective and formative measurements in the model. We examine internal consistency, convergent validity, and discriminant validity to examine the validity of reflective construct measurements [7]. Both discriminant validity and multicolineticity are examined for formative steps. Internal consistency of reflective measurements was evaluated using Alpha Cronbach. All constructs have a Cronbach alpha value of more than 0.6, a recommended threshold for exploratory research [8]. Table 1 shows Cronbach's alpha values for all reflective constructions.

TABLE I. TEST AND MEASUREMENT RELIABILITY

Construct	Cronbach's Alpha
Personal Selling	**0.846**
Product Knowledge	**0.747**
Purchase Decision	**0.796**

Component factor analysis is used to evaluate the discriminant validity of reflective measurements. This approach examines whether the theory group theorizes the proper construction and distinguishes it in several constructions with minimal cross-loading among factors. The criteria used in the analysis are factors that are greater than 0.45. The results in Table 2 show that items for independent variables converge on the three constructs as originally designed.

TABLE II. FACTOR ANALYSIS RESULT

	Personal Selling	Product Knowledge	Purchase Decision
KP1			0,819
KP2			0,697
KP3			0,822
KP4			0,794
KP5			0,567
PK1		0,777	
PK2		0,849	
PK3		0,818	
PP1	0,794		
PP2	0,825		
PP3	0,786		
PP4	0,705		
PP5	0,732		
PP6	0,654		

Confirmatory factor analysis in SmartPLS [13] was used to validate the measurement model. One control variable, personal selling, was included in the model for the confirmatory factor analysis test. We also examined the convergent and discriminant validity of the reflective constructs. Convergent validity is supported as indicated by Average Variance Extracted (AVE) for each construct being greater than the recommended 0.5 in all cases [3]. In addition, strong convergent validity is evident as the items load highly on their own constructs (Table 3). Discriminant validity was evaluated by assessing the square root of the AVEs to ensure that it is greater than the correlation among the constructs. The higher AVE for a construct indicated that more variance is shared between the construct and its items than with other constructs [1].

The inter-construct correlation matrix in Table V, with square root of AVE on the diagonal, indicated satisfactory discriminate validity of all the constructs. Furthermore, Cronbach's alpha for all reflective constructs exceeded

0.6, and the composite reliability of all reflective constructs exceeded 0.7, indicating adequate internal consistencies of the constructs.

Based on analysis using smart PLS can measure the value of the influence between variables indirectly, based on Table III below is known the value of the effect of personal selling on product knowledge and on purchasing decisions are positive and significant can be seen from the value of P <0.05. while the indirect effect value is 0.249 or 24.9%.

TABLE III. REFLECTIVE CONSTRUCTS RELIABILITY AND LOADINGS

Personal Selling	Composite Reliability =0.886 Cronbach's Alpha =0.846	AVE=0.565
	Loadings	T- Value
PP1	**0,794**	20,300***
PP2	**0,825**	31,204***
PP3	**0,786**	23,725***
PP4	**0,705**	13,283***
PP5	**0,732**	13,844***
PP6	**0,654**	10,260***
Product Knowledge	Composite Reliability =0.747 Cronbach's Alpha= 0.856	AVE=0.665
	Loadings	T- Value
PK1	**0,777**	20,910***
PK2	**0,849**	45,545***
PK3	**0,818**	26,511***
Customer Decision	Composite Reliability =0.861 Cronbach's Alpha= 0.796	AVE=0.557
	Loadings	T- Value
KP1	**0,819**	30,889***
KP2	**0,697**	15,612***
KP3	**0,822**	29,811***
KP4	**0,794**	22,020***
KP5	**0,567**	9,078***

*p<0.1, **p<0.05, ***p<0.01

TABLE IV. SPECIFIC INDIRECT EFFECT

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Personal Selling -> Product Knowledge -> Purchase Decision	0,249	0,254	0,058	**4,270*** **	0,000

*p<0.1, **p<0.05, ***p<0.01

	Specific Indirect Effects
Personal Selling -> Product Knowledge -> Purchase Decision	**0,249**

*p<0.1, **p<0.05, ***p<0.01

3.2 Structural Model

A bootstrapping resampling method was used to assess the structural model [12]. The R2 values in the model range from 0.183 to 0.338. Additionally, all paths are statistically significant at the 0.05 level and are in the expected direction. Therefore, the proposed model is considered to have good predictive power. The path coefficient of each hypothesized relationship and its statistical significance was examined to determine the support for the hypothesis. The path coefficient between personal selling and product knowledge was 0.428 (t= 6.052, pb.000), while that between product knowledge and purchase decision was 0.581 (t=9.692, pb.000). The PLS structural model results are shown in Figure 3.

TABLE V. PATH COEFFICIENTS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Personal Selling -> Product Knowledge	**0,428**	**0,433**	**0,071**	**6,052**	**0,000**
Product Knowledge -> Purchase Decision	**0,581**	**0,581**	**0,060**	**9,692**	**0,000**

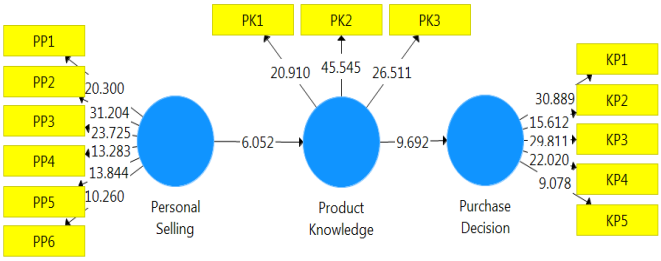

Fig 3. Bootstrapping Model Results

IV. CONCLUSION

Based on the identification of the problem, Personal Sales Variables have a significant effect on knowledge of Honda BR-V car products at Honda dealers Ahmad Yani Bandung because t counts from personal sales variables 6.052 and p <0.05. This is consistent with Kotler & Keller [13] suggesting that personal sales will increase consumer knowledge of the products offered the creation of consumer purchasing decisions. Variables in product knowledge have a significant influence on the purchase decision of Honda BR-V cars at Honda dealers Ahmad Yani Bandung because the t count of product knowledge variables is 9,692 and p <0,05.

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