Effect Marketing Mix on Purchasing Decision at Small Business Product Using C2C E-Commerce

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Abstract--This study aims to examine the impact of product, price, promotion, location, people, physical proof, and method, or what's known as the 7P marketing mix on Palembang's character buns purchasing decisions. Multiple linear regression analysis techniques were employed in this study. The population has been the client of the three Bakpao Characters online shops in Palembang City. There were with 110 respondents including Kingsbao, Baperpao and Karapao Palembang. Data were analyzed in this research using version 24 of SPSS. Partially there are 5 variables that have a major impact on the purchasing decision of character buns, namely variables for price, promotion, location, physical proof, and operation. And 2 factors, namely Commodity and Individuals, which have no effect on buying decisions. 2) Around the same time the findings showed that the marketing mix together had an impact on the buying decision on the character of the city of Palembang. In part, price, advertising, location, physical proof, and method are the marketing mix variables that influenced purchasing decisions of Palembang's Bakpao characters. The factors of the company and the people did not affect purchase decisions. The commodity, price, promotion, location, people, physical evidence and process variables had a simultaneous positive and significant impact on the purchasing decision of the character of Palembang City Bakpao with an F value of 34,066 and a r2 value of 0,700 or 70%.

Key words--Marketing Mix, Purchasing Decision, Character Bakpao

I. INTRODUCTION

The ongoing growth of the Internet has turned business operation into e-commerce, leading to more goods being accessible online and thus continuing to increase online shopping. Additionally, technical advancements in mobile apps now allow consumers to access information instantly and make transactions online anytime at any time. Although eCommerce or online business tends to provide more ways to reach consumers anywhere and at any time, marketing and selling online goods is still challenging. Online businesses compete in the rapidly growing virtual marketplace, and not understanding how to market and sell goods online effectively will impact online business performance. When online product choices expand, decisions on which goods to purchase become more complicated, with the decision-making process becoming longer.

Marketing plays a very important role as a way to draw consumers and retain loyal customers in the company activities. It is also necessary to ensure that the consumers are subjected to advertisements by the business which may influence the decision of the final buyer. 4Ps of the marketing mix is typically seen in a typical company where goods are the main focus. In the case of online business, which includes not only products but also marketing services, these 4Ps (product, quality, location, and promotion) marketing mixes need to be expanded to cover the specific aspects of services. The standard 4Ps were expanded by Booms and

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Bitner (1981) to include participants, physical proof, and procedure, making it 7Ps. Marketers should engage 7Ps marketing mix to influence the decision-making process of virtual customers As this research is to examine the actions of consumers in online business, 7Ps is adopted to be studied as the core pillars of online business marketing.

Since this study is intended to examine the actions of consumers in online business, 7Ps are adopted as the central pillars of online business marketing.

The goal of this study is to investigate the effects of the 7Ps marketing mix on online consumers ' buying intent. The focus community is the online grocery retailer. In addition, we are discussing those 7Ps that will be tested in empirical studies.

II. CASE STUDY: ONLINE BUSINESS OF FOOD PRODUCT

This study focuses on the food product on-line sector namely steamed buns. Steamed buns, or Bakpao, have been popular since ancient times among Chinese people. Bakpao is a delicious snack, since it has carbon dioxide in it. The refined base bun is made of high protein flour with added sugar and butter to make the bun's flavour sweet and salty. The phenomenon continues to fluctuate depending on the amount of trend data on bun searches via the Google analytics from 2017 to 2018. The city of Palembang is gradually home to more Bakpao sellers. Bakpao has innovated in different shapes and sizes known as character Pao. Character Pao is made of a variety of characters, including animation, emblem, writing, animal shapes, and various other forms.

In Palembang there are 3 (three) online character Pao shops operating from online namely Kings Bao, Baperpao, and Palembang Karapao. These online shops use the concept of C2C (Consumer-to-Consumer) e-commerce, described as people doing business in an online world, taking advantage of Internet capabilities and social media networks like Facebook, Instagram, and Whatsapps. Such shops run online.

By selling online, helped by one of the e-commerce forms, C2C (Consumer To Consumer) makes it easier for product Bakpao companies to sell Bakpao product in cyberspace. Through using Whatsapp, Twitter, Instagram, Line, and Facebook social networking as an overview of the top 5 social media apps mostly used in Indonesia, quoted from GDP Venture. Based on the number of followers on Instagram, the three online shops with Bakpao characters in Palembang have the most customers. King Bao, Baperpao, and Karapao are these. Their Title for Instagrams is @kingsbao.id, @baperpao, and @karapaopalembang.

Table 1: Data on Number of Character Bakpao Customers in Palembang in 2018 Based on the Number of Followers on Instagram

No.	Character Bakpao Business	Total Customers
1	Kings Bao	1261
2	Baperpao	1562
3	Karapao Palembang	826
Total		3650

Source: http://www.instagram.com

Bakpao sales in online stores do not always run smoothly as expected, in character Bakpao products there are many things which influence buying decisions. Business people must persuade customers that the Bakpao merchandise of their character also differs from snacks or similar food merchandise which circulates on the market. Since the retail price comparison is much smaller than the online shop price comparison. Packaging or characters from Bakpao also need to draw buyers. And the character should be ordered with exclusive motifs from Palembang, so that tourists from outside Palembang can take advantage of the character buns as one of Palembang's special foods. The lack of access to internet technology that does not have, and the position of social media has not yet reached remote areas outside Palembang. Each of these suspected causes are a 7P marketing blend, as follows: Material (P1), Cost (P2), Location (P3), Marketing (P4), People (P5), Physical Proof (P6), and Process (P7).

The aims of this research are to examine the impact on the purchasing decision of the drug, costs, advertising, location, individuals, physical evidence and method. Following that, we hope we will be able to examine the impact of the marketing mix on the purchasing decision to buy Bakpao character together from this study.

Marketing Mix in e-Commerce

Booms and Bitner (1981), who proposed that the conventional 4P's (Product, Cost, Location, and Promotion) should be expanded to include Participants (People), Physical Proof, and Method, introduced the marketing mix of Seven P.

Product

Kotler (2011) describes a commodity as something that can be sold to a consumer which can meet an individual's needs. This includes offering benefits which satisfy the needs of the customer.

H_1: The buying decisions have an impact on the product.

Price

The service marketing mix's price dimension is determined by what is paid to get the product or services. The price should be within the amount payable by the consumer. Shops that offer cheaper prices could draw more customers.

H_2: The buying decisions have an impact on quality.

Place

Place or distribute is a group of interdependent entities involved in making a commodity available for consumer use or sale. Jones (2007) described the place as any means by which the consumer may obtain a product or receive a service (Owomoyela and Oyeniyi 2013). In e-commerce, the place of sale is a social network platform or marketplace. The place of sale may be a joint market in today's industry for a company or several individual sellers, selling products at fixed prices (aliexpress.com) or via an auction (ebay.com).

H_3: Purchasing decisions have a place-effect.

Promotion

Promotion requires all the resources you can use to get the clients to learn more about your business. An example of having the contact with buyers and sellers is advertisement, advertisement, public relations and promotional selling activities. Promotion is part of a broader initiative to enable clients to advertise their services to others (Owomoyela and Oyeniyi, 2013).

H_4: The buying decisions have an impact on promotion.

People

The People dimension includes the business environment consumer who buys the business and other customers. Customer-oriented service workers with a focus on demonstrating personal interest, emotional concern, ability to support, politeness and timely actions are likely to make a major contribution to improving the relationship between customer and employee.

H_5: The purchasing decisions have an impact on the men.

Physical Evidence

Products are also subjective and the standard can not be accurately measured by the consumers. Consumers are therefore using the service environment as a significant proxy for efficiency. Service environments often referred to as services cape or physical proof, contribute to the design and nature of the physical environment and other experiential elements that consumers experience at service delivery locations. Service companies need to carefully handle the physical evidence as it can have a significant effect on the experiences of consumers (Kushwaha, et al. 2015). Therefore, we state the following assumption:

H_6: There is an impact of physical evidence on purchase decisions.

Process

The method is all the processes, structures, and activities used for service delivery (Hurriyati, 2005). A successful method can affect the effectiveness of the marketing. All job activities are processes containing procedures, assignments, systems, events, and routines that are used to deliver items (goods or services) to clients.

H_7: There is an impact of process on purchase decisions.

Purchasing Decisions

Purchasing is the decision of a customer on what's being purchased, whether to purchase or not, what to purchase, when to buy and how to pay (Sumarwan, 2003).

According to Hasan (2002: 9), buying decisions are the result of finding clear solutions to the problems it faces. Decisions need to be able to address planning relevant questions.

H_8: There is an impact of product, price, place, promotion, people, physical evidence, and process simultaneously on purchase decisions.
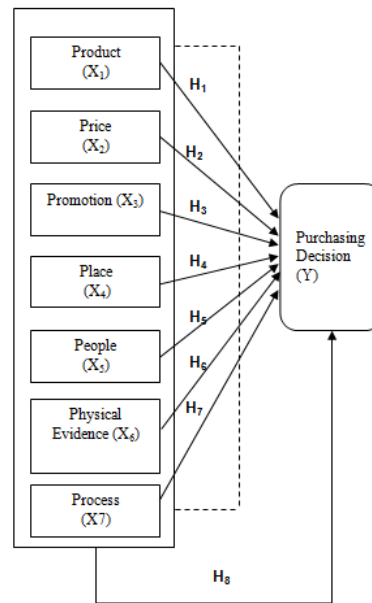
Figure 1: Framework Effect Marketing Mix on Purchasing Decisions

III. RESEARCH METHODOLOGY

Population and Sample

Based on the total number of followers on the third Instagram of character buns, who are customers of the three online character buns businesses in Palembang, namely Kings Bao, Baperpao, and Karapao Palembang, the target population numbered 3650 in that report.

Research Samples

The minimum sample that can be taken is 98 customers but 110 samples were taken in this study to obtain more accurate results.

Data and Data Sources

The data sources to be used in this study would be:

(1) Primary Data, i.e. data to be collected by researchers asking respondents to fill out a prepared online questionnaire.
(2) Secondary data, i.e. data derived from the analysis data at http:/www.eMarketer.com, http:/www.apjii.or.id and http:/www.googletrend.com.

Data Collection Technique

The method used in data collection is:

1. Questionnaire

Done by circulating a list of questions to clients collected from the study population, this approach is to explore primary data and collect written information as test items from respondents.

2. Interview

This is a way to obtain data by holding a question and responding directly with the field understudy stakeholders in the hope of obtaining the required information. The details gathered makes the responses provided via the questionnaire transparent or positive.

3. Literature Study

This is a way of collecting knowledge through research data related documents and literature or articles.

Questionnaire Assessment Techniques

Then, the data obtained is calculated and scored using the Likert scale. This scale is in relation to an object's behaviors, beliefs, and expectations. And if it's a person's calculation, the Likert scale of calculation (Donald R. Cooper and C. William Emory, 1999: 194).

In deciding the score in this study made on a scale of 1 to 5 as follows in the positive form:

1. Strongly disagree, given a score (STS) = 1

2. Disagree, given a score (TS) = 2

3. Hesitated, given a score (R) = 3

4. Agree, given a score (S) = 4

5. Strongly Agree, given a score (SS) = 5

Data Analysis Design

Several methods of regression analysis (multiple regression analysis) are used in this research, i.e. regression where more than one variable links or describes the dependent variable (Y). Multiple regression analysis is used to analyze the effect on the dependent variable of independent variables comprising Item (X1), Cost (X2), Promotion (X3), Place (X4), People (X5), Physical Evidence (X6), and Process (X7). Decision of purchase (Y). The mathematical equation form is:

$$Y = a + b1x1 + b2x2 + b3x3 + b4x4 + b5x5 + b6x6 + b7x7 + e$$

Testing the hypothesis in this study are as follows:

1. t-Test (Partial Test)

T-test is used to independently check the truth of the hypothesis between independent variables to the dependent variable. The test steps are as follows:

Ho is agreed if t table= t count= t table, which means that the independent variable and the dependent variable have no effect.

Ha is rejected if t arithmetic <-t table or t arithmetic > t table, indicating that the independent variable and the dependent variable have an effect.

2. F-Test

The F test essentially shows whether the dependent variable has a major effect on all the independent variables used in the model together. F test is used to see the independent variables which influence the dependent variable which is satisfaction together. The F method uses measures such as:

a. Ho: β1= β2=β1= β4= β5, indicating that the independent variables, namely reliability, sensitivity, confidence, empathy and measurable to the dependent variable, which is patient satisfaction, have no substantial impact together.

a. Ha: β1 β2 β2 β3 β4 β5 β50, which implies that the independent variables, namely reliability, sensitivity, confidence, empathy and measurable to the dependent variable of patient satisfaction, have a major impact together.

Criteria for decision making:

a. H_O is accepted or Ha is rejected, if F arithmetic <F table at α = 5%
b. H_O is rejected or Ha is accepted, if F arithmetic> F table at α = 5%

3. Coefficient of Determination (R2)

The determination coefficient is used to describe the proportion of the dependent variable, namely efficiency, sensitivity, confidence, empathy, and tangibles that can be explained by differences in the independent (external) patient satisfaction variable. To predict the independent variable the determination coefficient is 0 formulation required.

IV. RESULTS AND DISCUSSION

Classic Assumption Test

Normality Test

When evaluating the regression model of independent and dependent variables which already have a normal distribution, the normality data is evaluated using a histogram and P-plot as follows:
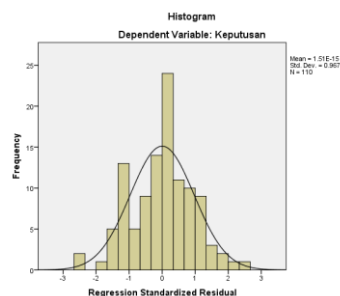

Figure 2: Histogram Normality Test Results

Source: Primary data processed by SPSS (2018)

There are no data that deviate from the graphic image above, where the data distribution has followed the diagonal line path, so the data has a regular distribution. The regression model then is possible and follows normal distribution.

Multicoloniarity Test

There are no data that deviate from the graphic image above, where the data distribution has followed the diagonal line path, so the data has a regular distribution. The regression model then is possible and follows normal distribution. If the value of the VIF > 10 and the tolerance value is less than 0.1 then multicollinearity

takes place. Conversely, multicollinearity does not occur if the VIF < 10 and the tolerance value is greater than 0.01.

Table 2: Analysis of Multiple Linear Regressions Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	-4.044	1.425		-2.837	.005					
Produk	.132	.081	.101	1.621	.108	.446	.158	.088	.759	1.317
Price	-.670	.229	-.293	-2.921	.004	.379	-.278	-.158	.293	3.419
Promosi	.075	.034	.122	2.223	.028	.106	.215	.120	.972	1.029
Place	.558	.078	.516	7.177	.000	.729	.579	.389	.568	1.760
People	.379	.200	.193	1.895	.061	.408	.184	.103	.284	3.515
Phisical	.337	.079	.266	4.268	.000	.556	.389	.231	.757	1.320
Proses	.347	.103	.274	3.362	.001	.550	.316	.182	.443	2.256

a. Dependent Variable: decision

Based on the output in the table above it is known that the tolerance value of the seven independent variables is greater than 0.01 and the VIF value of the seven independent variables is less than 10.00 so that based on the values above it can be concluded that there is no multicollinearity.

F- Test

Table 3: Result of F-Test

ANOVAª

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	120.343	7	17.192	34.066	.000ᵇ
	Residual	51.476	102	.505		
	Total	171.818	109			

a. Dependent Variable: Decision

b. Predictors: (Constant), Process, Promotion, Physical, Products, Place, Price, People

From the ANOVA table above it can be shown that the significance value of F in the regression model is 34.066, which implies that all independent variables at the same time have a major effect on the dependent variable. In another context, the marketing combination has a major impact on the decision to purchase character Bakpao at the same time or jointly.

T-Test

Table 4: Result of T-Test

Coefficientsª					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
1 (Constant)	-4.044	1.425		-2.837	.005
Produk	.132	.081	.101	1.621	.108
Price	-.670	.229	-.293	-2.921	.004
Promosi	.075	.034	.122	2.223	.028
Place	.558	.078	.516	7.177	.000
People	.379	.200	.193	1.895	.061
Phisical	.337	.079	.266	4.268	.000
Proses	.347	.103	.274	3.362	.001

> a. Dependent Variable: Keputusan

In the t-test, 5 (five) independent variables were partly found which had a major impact on the dependent variable. The five variables are variables in size, promotion, location, physical, and method. And the two variables that have no major impact are the variables of the commodity and of men.

The equation for regression then is as follows:

$Y = -4.044 + 0.123X1 - 0.670X2 + 0.075X3 + 0.558X4 + 0.379X5 + 0.337X6 + 0.347X7$

R^2 Test

Table 5: Result of R^2 – Test

Model Summary[b]

	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
					Change Statistics					
1	.837[a]	.700	.680	.71040	.700	34.066	7	102	.000	1.801

a. Predictors: (Constant), Process, Promotion, Phisycal, Product, Place, Price, People
b. Dependent Variable: Decision

It can be seen from the table above that the correlation value between the independent variables and the dependent variable is 0.837 which means it is quite high. Although the value of r2 (determination coefficient) of 0.700 means that the independent variable can explain the dependent variable by 70 percent while the output is explained by other variables (100 percent-70 percent= 30 per cent).

V. CONCLUSION

Based on the results of the research and discussion in the previous chapter, the conclusions of the decision to buy character buns with case studies (Character Balls in Palembang City) that can be drawn from marketing mix research are as follows:

1. Partially, there are 5 factors, Cost (X2), Promotion (X3), Place (X4), Physical Evidence (X6), and Method (X7), the marketing combination that has a major impact. There are variable Promotion, Location, Physical Evidence and Process which has a positive and significant impact and one variable has a negative significant effect is the Price variable.

2. The marketing combination together has a big influence on the decision to buy 70 per cent Palembang character buns. This means that customer satisfaction in choosing to purchase Palembang character buns can be decided by a marketing combination, including Product, Price, Promotion, Location, People, Physical Evidence, and Method.

3. Not all marketing mix components have a major impact or effect, but there are those that don't have a noticeable effect.

Acknowledgement

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