



The impact of marketing mix (7P) that consist of product, price, place, promotion, people, physical evidence, and process toward purchasing decision of service hotel

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Abstract : This research is aiming to know how the impact of marketing mix (7P) that consist of product, price, place, promotion, people, physical evidence, and process toward purchasing decision of service hotel on Alimar Hotel Surabaya. The sample that is being used in this thesis is the user of Alimar Hotel Surabaya services within 6 months in the range age of 18 – 60 years, have income, and lives outside Surabaya to 155 respondents. To analyze and to process the data in this thesis, therefore using Structural Equation Modelling (SEM) AMOS 16.0 software. The analysis result shows that product, price, place, promotion, people, physical evidence, and process gives positive affection toward purchasing decision. The empirical research indicates that the variable of price, physical evidence, promotion, and place has significant affection because it has coefficient regression above 0.200, but there are also variables that doesn't give significant affection toward purchase decision, they are the variable of product, people and process.

Keywords: Marketing mix, Purchase Decision, Marketing

I. INTRODUCTION

East Java's economic growth has experienced significant developments from year to year. This explains that the economy of East Java is always developing dynamically. The Central Bureau of Statistics (BPS) for East Java province recorded East Java's economic growth in the first quarter of 2017 of 5.37 percent. This figure is higher than the national economic growth of 5.1 percent.

Economic growth is one of the economic indicators that determines the development of each production sector in the future. The economic growth of the City of Surabaya can be seen through the indicator of the growth rate of GRDP (Gross Regional Domestic Product) of the City of Surabaya. This GRDP indicator shows the purchasing power of a city's residents. In this case, GRDP at current prices is used because it aims to measure changes in the economic structure of the City of Surabaya. The greater the GRDP of a region, the higher the level of development progress in the region. This explains the good progress of East Java Province GRDP in 3 main sectors, where one of them is the trade, hotel and restaurant sector. Surabaya City is the capital city of East Java Province where this province has a strategic economic role on a national scale. East Java Province experienced significant economic growth compared to other regions' economic growth.

II. LITERATURE REVIEW

Marketing

Kotler (2010) defines marketing as a social process in which individuals and groups obtain what they need and want by creating, offering, and freely exchanging products of value with other parties. Kotler (2010) also suggests that the definition of marketing means working with target markets to create potential exchanges with the intention of satisfying human needs and wants. So it can be said that marketing success is the key to success for a company.

Meanwhile, according to Kotler and Armstrong (2010) marketing is a business function that identifies the needs and desires of customers (customers), determines the target market that can be best served by the company, and designs the right products, services and programs to serve that market.

Marketing Mix

According to Zeithaml and Bitner (2005), the definition of marketing mix is the elements of the company's organization that can be controlled by the company in communicating with consumers and will be used to satisfy consumers. Meanwhile, according to Payne, the marketing mix is an important internal element or element that makes up the marketing program of an organization. Marketing mix is one of the universal concepts that have been developed in marketing.

Kotler (2010) suggests the marketing mix is a set of marketing tools that companies use to constantly achieve their marketing goals in the target market. In service marketing by relying only on the 4Ps (Product, Price, Promotion, Place), companies cannot understand the interrelationships between key aspects in the service business. People, Process, and Physical Evidence are added to the service marketing mix due to the unique properties and characteristics possessed by the service itself.

Service Product

According to Kotler (2010) service products are everything that producers can offer to be noticed, requested, sought, purchased and used. In addition, Kotler posited that a product is anything that can be offered to the market to attract attention, owned, used or consumed that can satisfy a desire or need.

Regarding the offer of a product, Payne (2000) suggests that the offer of a product can be seen from several levels, namely, Core or Generic Product, Expected Product, Expanded Product (Augmented Product), Potential Product. According to Hosseini (2011) indicators of product variables include Quality of room equipments, Variety of food and beverage, Quality of food and beverage, and Appropriateness of hotel services with your needs.

Price

Price plays an important role for sellers and buyers. Kotler (2000) says that price is the amount of money that must be paid by the customer for that product. Price is also a variable of the marketing mix program that influences consumers to make purchasing decisions. According to Payne (2000) prices are made by adding a mark up presentation to the cost of the benefits of using or using a service and product.

Price is an element of the marketing mix that is flexible, where one day the price will be stable for a certain time but in an instant the price can also increase or decrease and is also the only element that generates revenue from sales. Someone will buy our goods if the sacrifices spent (money and time) match the benefits obtained from the production.

Assauri, (2004) suggests that price is an element of marketing mix that generates sales receipts, while other elements only cause costs. Because it generates sales receipts, profit levels, and market share obtained by the company. According to Alma (2004) the notion of price is an attribute attached to an item that allows the good to meet needs, wants, and satisfy consumers (satisfaction) expressed by money. Price variables according to Hassan Hosseini (2011) can be measured through indicators Room price, Room Discount, Services price in comparison with other hotels.

Place

According to Lovelock and Wright (2002) Place, Cyberspace, and Time is a management decision regarding when, where and how to present good service to customers. The definition of place according to Hurriyati (2005) is for manufacturing industry products, place is interpreted as a distribution channel, while for the service industry, place is interpreted as a place of service. Philip Kotler's definition of distribution is: Various activities carried out by a company to make its products easily obtainable and available to target consumers. According to Hassan Hosseini (2011) place variables can be measured through indicators of Suitable accessibility, Parking

facilities, Sport and Recreation facilities.

Promotion

Promotions are used to inform people about products and convince buyers in a company's target market, channel organizations, and the general public to buy the goods. Promotion is more suggestive of sales which is commonly called sales promotion (sales promotion).

Public relations is another important marketing tip where the company must relate only to customers, suppliers, and dealers, but it must also relate to a larger set of public interests. (Lupiyoadi, 2001). Harini (2008) also argues that promotion is a form of communication, which is a special stage intended to be able to seize the willingness to receive from others ideas, goods and services. Then according to Cannon, Perreault, McCarthy (2009) also suggests a similar thing, namely promotion is communicating information between sellers and potential buyers or other people in channels to influence attitudes and behavior. Promotion variables according to Hassan Hosseini (2011) can be measured through indicators of Marketing, Advertising, Good public relations.

People

Philip Kotler said, people is the process of selection, training, and motivation of employees, which can later be used to differentiate the company in meeting customer satisfaction. Yazid (2003) suggests that people are a vital element in the marketing mix. In manufacturing production, consumers don't worry too much about whether production employees dress disheveled, speak rudely at work, or are late to work.

People in a service business can mean human resources. The definition of human resources was stated by Sedarmayanti (2001) that human resources are workers or employees in an organization who have an important role in achieving success. The people variable according to Hassan Hosseini (2011) can be measured through indicators of Personnel willingness and attentiveness to the customer need, Politeness and courtesy, Personnel skill concerning their responsibilities, Personnel ability to solve guests' problems, Appearance and uniform.

Physical Evidence

Philip Kotler suggests that physical evidence is representative (Physical Evidence and Presentation). Physical evidence owned by service providers addressed to consumers as a proposed added value of consumers. Physical evidence of services includes all tangible things related to a service such as brochures, business cards, report cards and equipment (Boom and Bitner, 2000). Physical evidence indicators according to Hassan Hosseini (2011) can be measured through Cleanliness of interior environment and room, Pleasant atmosphere of room and lobby, Suitable facilities, Room light, Decoration and color of room and its facilities, Attractiveness of hotel building, Interior decoration of hotel.

Process

The process in the service is a major factor in the service marketing mix as service customers will often feel the service delivery system as part of the service itself. In addition, decisions in operations management are very important for successful service marketing. According to Hurriyati (2005) All work activities are processes, processes involve procedures, tasks, schedules, mechanisms, activities and routines with which products or services are distributed to customers. Identification of process management as a separate activity is a prerequisite for service improvement. The importance of this process element, especially in the service business, is due to the unstorable supply of services.

This process element means a company's efforts in carrying out and carrying out activities to meet consumer needs and desires. For service companies, cooperation between marketing and operations is very important in this element of the process, especially in serving all the needs and desires of consumers. According to Hassan Hosseini (2011) process indicators can be measured through Check in process, Easiness of reserving process, Easy bill payment.

Buying Decision

The definition of purchasing decisions according to Helga Drumond (2003) is to identify all possible options to solve the problem and assess options systematically and objectively and their goals that determine their respective advantages and disadvantages.

More specially the primary objectives of this reasearch are:

1. Does the product affect the decision to purchase services at Alimar Hotel Surabaya?
2. Does price affect the decision to purchase services at Alimar Hotel Surabaya?
3. Does Promotion affect the decision to purchase services at Alimar Hotel Surabaya?
4. Does Place affect the decision to purchase services at Alimar Hotel Surabaya?
5. Do employees influence the decision to purchase services at Alimar Hotel Surabaya?
6. Does Physical Evidence affect the decision to purchase services at Alimar Hotel Surabaya?
7. Does the process affect the decision to purchase services at Alimar Hotel Surabaya?

RESEARCH ISSUES AND METHODOLOGY

In this study, the population used was Alimar hotel Surabaya service users. The population used is users aged 18-60 years. It is assumed that the population used is one who already has income and understands a brand. The characteristics of respondents in this study are users aged 18-60 years, then customers who use Alimar Hotel services at least two nights in order to feel the service facilities in the hotel. This study used questionnaires as the main tool in data collection. The technique is used, because the actual population size is unknown and known, in other words individuals do not get the same possibility of being sampled.

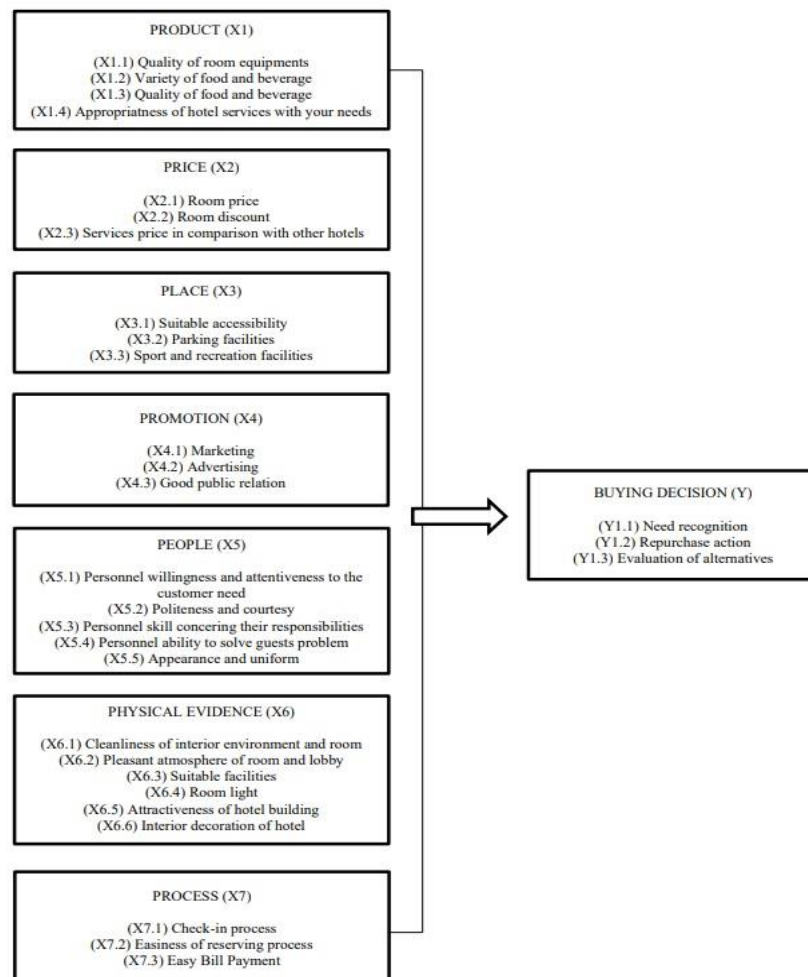


Figure 1 Research Model

FINDING AND DISCUSSION**Findings**

The results of data processing using the SPSS 16.0 program obtained descriptive statistics as shown in the table 1.1

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
x1	155	1.00	5.00	4.1097	1.04178
x2	155	1.00	5.00	3.9226	1.19813
x3	155	1.00	5.00	3.9226	1.08434
x4	155	1.00	5.00	3.9226	1.12548
x5	155	1.00	5.00	4.1548	1.02654
x6	155	1.00	5.00	4.0581	1.10041
x7	155	1.00	5.00	4.2194	.98871
x8	155	2.00	5.00	4.5226	.71474
x9	155	1.00	5.00	4.3613	.95946
x10	155	1.00	5.00	4.1161	1.06877
x11	155	1.00	5.00	3.7871	1.26382
x12	155	1.00	5.00	3.8387	1.17044
x13	155	1.00	5.00	4.1677	1.01814
x14	155	1.00	5.00	4.4516	.91306
x15	155	1.00	5.00	4.4516	.91306
x16	155	1.00	5.00	3.9032	1.13832
x17	155	1.00	5.00	3.7161	1.32290
x18	155	1.00	5.00	3.8129	1.33284
x19	155	1.00	5.00	4.7419	.60128
x20	155	1.00	5.00	4.0645	1.28769
x21	155	1.00	5.00	4.4065	.93069
x22	155	2.00	5.00	4.4968	.86320
x23	155	1.00	5.00	4.3484	.95750
x24	155	1.00	5.00	4.2065	1.16606
x25	155	1.00	5.00	4.0452	1.23447
x26	155	1.00	5.00	3.7226	.86442
x27	155	1.00	5.00	3.7355	.93335
x28	155	1.00	5.00	3.6903	.99066
y1	155	1.00	5.00	4.2903	.91855
y2	155	1.00	5.00	4.2387	.95403
y3	155	1.00	5.00	4.4903	.85560
Valid N (listwise)	155				

Source: Author (2023)

Based on the results of data processing, the Product variable (X1-X4) has an average value of 3.97. This shows that in general respondents rated Alimar Hotel Surabaya Products quite well. While the standard deviation obtained for each Product indicator is less than 2, this shows the level of understanding of respondents of Alimar Hotel Surabaya Products is good.

The Price variable (X5-X7) has an average value of 4.14. This shows that in general respondents consider Alimar Hotel Surabaya prices quite attractive. While the standard deviation obtained for each Price indicator is less than 2, this shows that the level of understanding of respondents about Alimar Hotel Surabaya Prices is quite good.

The Place variable (X8-X10) has an average value of 4.30. This shows that in general respondents rated Alimar Hotel Surabaya Place quite well. While the standard deviation obtained for each indicator of each Place is less than 2, this shows the level of understanding of respondents about Alimar Hotel Surabaya Place is quite good.

The Promotion variable (X11-X13) has an average value of 3.93. This shows that in general respondents rated

Alimar Hotel Surabaya Promotion quite well. While the standard deviation obtained for each Promotion indicator is less than 2, this shows that the level of understanding of respondents about Alimar Hotel Surabaya Promotion is quite good.

The Employee variable (X14-X18) has an average value of 4.07. This shows that in general respondents rated Alimar Hotel Surabaya employees quite well. While the standard deviation obtained for each employee indicator is less than 2, this shows that the level of understanding of respondents about Alimar Hotel Surabaya employees is quite good.

The Physical Evidence variable (X19-X25) has an average value of 4.33. This shows that in general respondents rated Alimar Hotel Surabaya's Physical Evidence quite good. While the standard deviation obtained for each indicator of physical evidence is less than 2 each, this shows the level of understanding of respondents of Alimar Hotel Surabaya physical evidence is quite good.

The Process variable (X26-X28) has an average value of 3.72. This shows that in general respondents rated the Alimar Hotel Surabaya Process quite well. While the standard deviation obtained for each Process indicator is less than 2, this shows that the level of understanding of respondents about the Alimar Hotel Surabaya Process is quite good.

The Purchase Decision Variable (Y1-Y3) has an average value of 4.34. This shows that in general, respondents rated the Purchase Decision of Alimar Hotel Surabaya quite good. While the standard deviation obtained for each Purchase Decision indicator is less than 2 each, this shows that the level of understanding of respondents about Alimar Hotel Surabaya Purchase Decision is quite good.

Overall the Purchase Decision variable has the highest average value of all existing variables, which is then followed by Place, Physical Evidence variable, Price variable, Employee variable, Product variable, Promotion variable and finally Process variable.

HYPOTESIS TEST RESULTS

Hypothesis Test Results

Hypothesis	Analysis
H1 : There is a positive influence of the Product on the Purchase Decision	Rejected Accepted
H2 : There is a positive influence of Price on Purchasing Decisions	Accepted
H3 : There is a positive influence of Place on Purchasing Decisions	Accepted
H4 : There is a positive influence of Promotion on Purchasing Decision	Rejected Accepted
H5 : There is a positive influence of Employees on Purchasing Decisions	Rejected
H6 : There is a positive influence of Physical Evidence on Purchasing Decisions	
H7 : There is a positive influence of Process on Purchasing Decisions	

Source: results of research and model tests conducted

DISCUSSION

H1. The estimation parameter between Product and Purchase Decision shows insignificant results with a value of $CR = 0.120$ or $CR < \pm 2.00$, with a regression coefficient of 0.026. Thus hypothesis one is rejected.

H2. The estimation parameter between Price and Purchase Decision shows significant results with a value of $CR = 2.724$ or $CR \geq \pm 2.00$ with a significance level of 0.01 (1%), with a regression coefficient of 0.478. Thus hypothesis two is acceptable.

H3. The estimation parameter between Place and Purchase Decision showed significant results with a value of $CR = 2.675$ or $CR \geq \pm 2.00$ with a significance level of 0.01 (1%), with a regression coefficient of 0.463. Thus hypothesis three is acceptable.

H4. The estimation parameter between Promotion and Purchase Decision shows significant results with a value of $CR = 2.926$ or $CR \geq \pm 2.00$ with a significance level of 0.01 (1%), with a regression coefficient of 0.262. Thus hypothesis four is acceptable.

H5. The estimation parameter between Employee and Purchase Decision shows insignificant results with a value of $CR = 0.460$ or $CR < \pm 2.00$, with a regression coefficient of 0.120. Thus hypothesis five is rejected.

H6. The estimation parameter between Physical Evidence and Purchase Decision shows significant results with a value of $CR = 2.795$ or $CR \geq \pm 2.00$ with a significance level of 0.01 (1%), with a regression coefficient of 0.216. Thus hypothesis six is acceptable.

H7. The estimation parameter between Process and Purchasing Decision shows insignificant results with a value of $CR = 1.596$ or $CR < \pm 2.00$, with a regression coefficient of 0.155. Thus hypothesis seven was rejected.

The results of the study explain that Purchasing Decisions are influenced by variables Product, Price, Place, Promotion, Employee, Physical Evidence, Process. Of the 7 variables, all variables have a positive effect. But there are 4 variables that have a significant effect, namely Price, Physical Evidence, Promotion and Place variables. This can be seen from table 5.9 which contains Regression Weight Full Structural Model. In the table it is said that the 4 variables have C.R above 2. While the other 3 variables do not meet the requirements or do not have C.R above 2 so it cannot be said that the variable is significant. These variables include Product, Process, Employee.

CONCLUSION

This research was conducted as an effort to test the influence of Product, Price, Place, Promotion, Employee, Physical Evidence, and Process variables on Purchasing Decisions in the Alimar Hotel Surabaya hotel business. The research was conducted through the distribution of questionnaires to respondents who are Alimar Hotel Surabaya service users who are domiciled outside Surabaya, male and female, aged 18-60 years and have stayed for the last 6 months at Alimar Hotel Surabaya. The results of the research through the distribution of the questionnaire and the results of the literature review conducted provide significant support that the Price variable has a positive influence on the Purchase Decision of Alimar Hotel Surabaya, which is 0.478.

The Promotion variable also has a significant influence of 0.262. Then there is the Place variable that positively and significantly affects the Purchase Decision variable, which is 0.463. In addition, there is a price variable that has the largest positive and significant influence, which is 0.478. The results also showed that there were three variables that did not have a significant influence, including Process, Employee, and Product variables. The Process variable has an influence of 0.155. While employees have a regression coefficient of 0.120. Then the variable that has the lowest influence is the Product variable, which is 0.026.

The results of research on the relationship between these variables are the answer to the problem raised in this study, namely whether Marketing Mix has a positive influence on Alimar Hotel Surabaya Purchase Decisions.

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