

CHAPTER II

LITERATURE REVIEW

2.1 Marketing Mix

Kotler and Armstrong (2001) explained that Marketing Mix is a set of tactical marketing tools where all elements of this Marketing Mix itself can be controlled by the company with the aim as one of the functions to find out the response needed by a company's business that comes from target market.

In his theory Kotler explained that there were 7 marketing mix elements consisting of Product, Price, Place, Promotion, People, Process, and Physical Evidence.

1. Product

According to Kotler & Armstrong (2001: 346) about the meaning of the product which is everything that can be offered to the market to get attention, bought, used, or consumed that can satisfy desires or needs. Some things that accompany and complement the products are as follows;

a. Branding

It is an identity, term or character that is attached to a work with the intention of recognizing or identifying a product or service.

b. Packaging

Activities for designing and making containers.

c. Product Quality

Product function capabilities in terms of durabilities, accuracy and ease of operation.

There are also levels in a product explained by Kotler and Armstrong (2001: 384), which consists of:

a. Core Product

Core Product is a product that only consists of core problems for solving problems sought by consumers when buying goods or services.

b. Actual Product

The core in the actual product is the existence of planning, such as product quality, branding or brand, and packaging that is designed so that the functions of a product can be conveyed properly.

c. Additional Product

There are additions in products such as services to satisfy consumers, for example customer service to serve customers if there are problems or questions.

2. Price

Kotler (2008: 18), describes price as the only element of the marketing mix that generates sales revenue, while the other elements are only elements of cost.

There is also a theory from Tjiptono (2005) about prices which is a monetary measure to calculate the value of a product or service, with the aim of obtaining ownership or users rights of goods and services. There are two general factors that need to be evaluated in ascertaining prices;

- a. Internal factors of the company are marketing objectives, companies, marketing mix strategies, production costs.
- b. The company's external factors are the nature of the market and demand, the presence of competition, government policies and regulations.

3. Promotion

According to Ulus in Babin (2011: 27) describes promotion as a communication tool that serves to inform and invite/persuade buyers.

Kotler (2000) also explained, promotion is one of the marketing strategy processes as a way to communicate with the market with the association of promotional mix composition.

Explained by Kotler and Armstrong (2001: 401), there are five variables in the "Promotional Mix";

a. Advertising

A form of exposure and promotion that contains ideas, goods or services that are not personal by a particular sponsor for profit.

b. Personal Selling

Is an effort made personally by the company's sales with the aim to achieve the target and establish relationships with customers.

c. Sales Promotion

Is a short-term incentive to encourage the purchase or sale of a product or service.

d. Public Relation

Is an activity that aims to create a good relationship between the public and the company or commonly called by building a "Business Image", in order to avoid negative gossip or issues related to the company, products or services offered.

e. Direct Marketing

Direct and special promotions are carried out to a person or group of consumers that have been targeted by the company in order to obtain a direct response.

4. Place

Tjiptono (2008: 185) writes location outline as a marketing activity that seeks to facilitate the delivery of goods and services from producers to consumers. A good place or location in the marketing process is an easy place for buyers to reach. According to Lupiyoadi

(2001: 62), there are several types of interactions that affect location, namely consumers come to the seller, sellers come to consumers, sellers and consumers do not meet directly.

5. People

Kotler (2012) also explained, that People are all actors who play an important role in providing services so that they can influence customer perceptions. The elements in people are company employees, consumers, distributors, and others.

Human resources are needed for companies as part of the work of a company that can provide services for consumers. In the world of work that sells services, employees who work in the service sector affect the weight of the services provided.

6. Process

According to Soewarno (2007: 21), described the process is something demands change from an event of development something that is done continuously, the process is also associated according to the company's work system in providing services to consumers in the provision of food or products.

According to Tjiptono (2000: 146) the process is superior service companies; the work process begins with consumers entering and leaving the company. The work process involves the speed and accuracy of work. If the process is done quickly then the consumer will be satisfied.

7. Physical Evidence

Physical Evidence is original evidence that influences consumer decisions in shopping for a product or service sold by a company. Physical Evidence is an element in a marketing mix that can change (dynamic). Physical Evidence is also a tangible or visible part of improving service performance and smoothness. The elements in

physical evidence are real buildings such as buildings, furniture, fixtures, brands, packaging, and other physical items.

Zeithaml, Bitner and Gremler (2006) also explained that Physical Evidence is an environment where a company provides services or products in a location where the company can interact directly with consumers.

So to summarize everything, a marketing mix is a collection of marketing variables, which are used by companies to pursue desired sales targets. From this opinion, it can be concluded that marketing is a marketing strategy implemented simultaneously. With the aim of achieving the desired target. This marketing mix strategy can be an outstanding sales technique for businesses. It can even be said, marketing mix strategy is an important consideration for consumers when they want to decide to buy or reject something offered

2.2 Purchasing Decision

According to Kotler & Armstrong (2014), a purchasing decision is a stage in the buyer decision-making process where consumers actually buy. Then explained again by Schiffman and Kanuk (2014) purchasing decisions are defined as a choice of two more to two alternative choices. According to Tjiptono (2012) purchasing decision is a process where consumers know the problem, find information about a particular product or brand and evaluate well each alternative can solve the problem, which then leads to a purchasing decision.

From this understanding, it can be concluded that the purchasing decision is a decision making process that begins with the introduction of the problem then evaluates it and decides which product best suits the needs. Kotler (2005) explains the factors that influence purchasing decisions;

1. Cultural Factors

Culture has a wide and deep impact. There is culture, sub-culture and social class in the influence of purchasing decisions. Culture is a benchmark of the most basic desires and behaviors. Sub-culture consists of nationality, religion, race, geographic area, etc. And social class is a division or segmentation in a social environment that is homogeneous and permanent. (Kotler, 2005)

2. Social Factors

Not only from cultural factors, but from social or environmental factors also influence the purchase decision in a product or service. The aspects in social factors;

a. Reference Group

Kotler (2007) explained that the reference group is a group that affects the attitudes and behavior of an individual both directly and indirectly.

b. Family

Family is the first social environment that is accepted by someone. Usually the attitudes and behaviors of a child tend to be oriented around the person who raises it.

c. Role and Status in Society

According to Kotler (2007), role is an activity or task that is expected by the surrounding community to be carried out by an individual. Whereas Status is an acknowledgment given by the community carried by an individual. These two things will then influence one's decision.

3. Personal Factors

The purchase decision of an individual also comes from within one self and by one's own needs, this includes;

a. Age and Life Cycle Stage

A person's purchasing decisions are greatly influenced by age and the stage of his life cycle. With the changes in age

and life cycle, the needs and desires of a person to change.
(Kotler, 2007)

b. Occupation

Besides the age of work also affects purchasing decisions. This is seen from the amount of income received by each individual influencing purchasing decisions.

c. Life Style

Is a person's life cycle that can be associated through one's activities, interests and opinions that can influence the attitudes and behavior of individuals in making a buying process.

d. Personality

Is a psychological characteristic, attitude, behavior, and mindset of an individual that causes the occurrence of relatively consistent and permanent responses to their environment.

4. Psychological Factors

Psychological factors are also a major factor where a purchase decision occurs. Kotler (2007) stated that needs will become a motive if they reach an adequate high intensity.

Motive is an adequate need that urges an individual to make a decision. While perception is a step used by an individual to select, organize, and interpret information received with the function to construct an illustration of "a world that has meaning".

Perception is quite diverse between individuals with one another. The following are elements of psychological factors;

a. Motivation

Is an encouragement from the need for someone to take an action These needs are diverse, and are divided into two types of needs by Kotler (2007), Biogenic needs, which are

needs that arise from within oneself or biological stresses, such as hunger, thirst for discomfort, etc. And Psychological needs, needs that arise due to psychological pressure, such as the need for recognition, appreciation, etc.

b. Perception

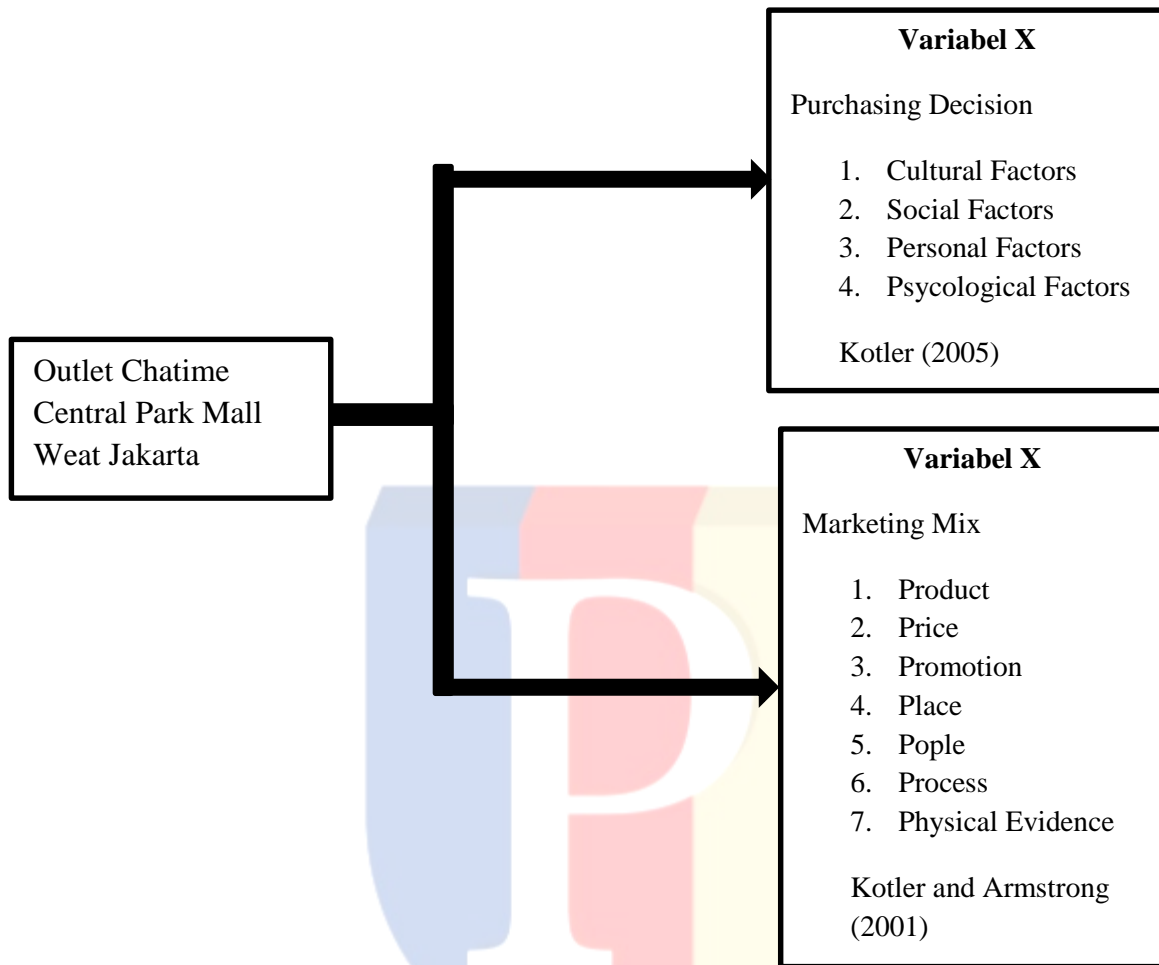
Perception also influences the decision to make a purchase. Buyers determine their actions after a perception of the product or service with the intention of making a decision to make a purchase.

c. Learning

A stage experienced by humans who are dynamic. Learning will always change due to the development of information that is always received by each individual from the results such as reading, thinking, discussing or from experiences gained that act as feedback or feedback for individuals to provide a good basis for learning in the future.

d. Beliefs and Attitude

Confidence is a descriptive perspective that is believed by an individual. Kotler and Armstrong (2006) explained that beliefs are based on original learning, opinions and beliefs. While attitude is a judgment, feeling like it or not, it also has a tendency that is relatively stagnant from someone towards an object.



2.3 Framework Of Thinking

Two variables were found in this study, both are X Variables or Independent Variable which is Marketing Mix 7P whose theory was expressed by Kotler and Armstrong (2001), which contained Product, Price, Place, Promotion, Process, People, and Physical Evidence. And the second X Variables is Pruchasing Decision which was explained by Kotler (2005) has 4 elements Cultural Factors, Social Factors, Personal Factors, and Psychological Factors.