

## **THE ROLE OF MARKETING MIX STRATEGIES IN CONSUMER CONVENIENCE OF RURAL BANKS IN NORTH SUMATERA**

Oleh:

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### **ABSTRACT**

Rural Banks has the opportunity to increase third party fund in the form of saving and pension credit distribution. Both purposes can be achieved by increasing pensioner customers who make Rural Banks the paymaster of their pension fund. If this problem did not meet the solution or the right handling, it might increase the stagnant customers so that Rural Banks would lose the opportunity to increase third party funds and profit from loan distributed. The purpose of this study was to find out the marketing mix factor that most influences the customer convenience at the Rural Banks. This is intended to help formulate a marketing strategy to attract customers to become product customers and increase Rural Banks, savings, and credit volume. In this study, the method used was the survey approach. The type of this study was quantitative descriptive and the nature of this study was descriptive explanatory. The data collection method was carried out using a questionnaire and documentation. The data analysis used was multiple regression. Simultaneously, the result showed that the price variable did not affect the customer convenience to become a customer at the Rural Banks, but the location variable had a strong influence on the decision to become a product customer at the Rural Banks. Product, location, promotion, price, person, and process variables simultaneously had a positive and significant effect on the increase in the number of retirees at Rural Banks. This showed that with the product offered according to need, the location that was easy to reach, attractive promotion, employees who were friendly and working well, a fast process, and affordable credit interest rates could boost the positive impact on increasing the number of customers at the Rural Banks.

Keywords: Customers, Marketing Mix, Marketing Strategy, Service.

## **A. INTRODUCTION**

Nowadays, Indonesian Banks are competing to offer and marketing the product. Product is one of the most promising products in the future. Besides, it can collect pension funds and be used as a medium of distributing pension credit. (Waskita & Purwanto, 2008), The strict competition in capturing the customers in this globalization era makes Banks must be more observant in implementing business strategies to win the competition by providing satisfaction to its customers. The strict competition in the struggle for pensioners encourages Banks to implement mixed marketing that is oriented to the consumer's perspective so that they can increase the number of customers. Rural Banks consider that the application of the mix marketing is important for management, which includes the product, location, promotion, price, personnel, the process in increasing the number of customers (Rachmawati, 2011). The following data is the growth of the number of Rural Banks Until the end of April 2021, the total number of Rural Banks is 147 units in North Sumatera.

The Financial Services Authority (OJK) Regional 5 Sumbagut noted that banking assets grew to Rp. 280.58 trillion, consisting of commercial banks of Rp. 278.43 trillion and people's credit banks/sharia by Rp. 2.14 trillion, growing 8.04 percent year on year (<https://www.ojk.go.id/>). In addition, lending in the banking sector also increased by 0.03 percent year on year (YoY). Credit disbursement reached Rp216.08 trillion. On a consolidated basis, BPRs in North Sumatra has disbursed loans of Rp. 114.48 trillion or 53.32 percent of the total loans of commercial banks. The performance of rural banks in North Sumatra is relatively good in the majority. It is noted that the growth of BPR's total assets is not much different from the national average. On average, total assets grew 9% of total national assets. The appropriate marketing mix strategy must be developed and implemented to satisfy consumer needs while achieving company objectives and ensuring survival. This strategy begins with the product, the price, the promotion, the location, the process, the people, and the physical evidence on offer. Marketing is necessary for establishing, developing, and directing long-term mutually beneficial exchanges between producers and consumers or users. Marketing is one of the areas of business strategy. It is the action taken by a market-oriented organization to adjust to its ever-changing internal and external environments. It is hoped that customers will be satisfied with the Bank's financing products as a result of the various strategies. This also has the potential to provide convenience for rural bank customers.

## **B. LITERATURE REVIEW**

The marketing concept's success is due to the emergence of widespread awareness of the importance of developing positive relationships with all parties involved (stakeholders, producers, consumers, government, society, and the environment) through a win-win strategy, which is referred to as responsible or socially responsible marketing. (Achrol & Kotler, 2012) said that Robert F. Lauterborn developed the 4C marketing mix theory, beginning with Marketing Mix. The four Cs are as follows: Customer requirements-Consumer solution-

Consumer value, cost, convenience, and communication. As a result, how does a business owner comprehend and optimize the four Cs of marketing? Customer requirements – Customer solution – Customer value, Entrepreneurs must consider the needs of consumers, the feasibility of the product, the competitive advantage of the product, market positioning, customer solutions, and the ability to add value to customers. Cost, consumer costs associated with the acquisition, use, storage, and, if necessary, resale of purchased products. Numerous factors must be considered by an entrepreneur, including whether the price set is affordable for the target market and whether the price set provides customers with satisfaction and the appropriate value. One trend that is gaining popularity in this information age is the rise of the frugal consumer. They are improving their ability to weigh the costs incurred against the weight of the solution received. Convenience, Convenience is a critical factor for consumers today, and it is also what consumers seek when shopping for our products. A successful organization must understand the convenient channel, which reflects the emergence of new methods for consumers to purchase products. We cannot rely on traditional distributors alone; instead, we must offer consumers a variety of purchasing options, including direct mail, teleshopping, and catalog orders. The primary consideration should be convenience, not complexity, and flexibility, as today's consumers expect instant gratification. Communication, the moment, an entrepreneur's ability to create two-way, interactive, and direct communication is required. Historically, promotion was viewed as one-way communication, perception, image, and manipulative process.

The most critical aspect of this interactive communication is the extent to which consumers are involved in product development, pricing, and product location. It is necessary to recognize, however, that each concept has a life cycle and that the emergence of a new concept does not always immediately replace the previous one. Thus, even if the information age necessitates a shift from 4P to 4C marketing mix concepts, this does not mean that the 4P marketing mix concept is dead or obsolete. There is a close relationship between the mix marketing and consumer decision, (Zeithaml et al., 2012) state the marketing mix as follows: *Marketing mix is defined as the element organizations control that can be used to satisfy or communicate with the customer. These elements appear as a core decision variable in any marketing text or marketing plan.* According to (Payne & Frow, 2005) one form factor that can be controlled by the company and that can affect consumers is marketing stimuli. It can control through the elements of the marketing mix consisting of product, price, place, promotions, people, and process. While in choosing a product, customers will consider a lot of things, so according to (Achrol & Kotler, 2012) that "the consumer buyer decision process is varies depending on the type of purchase decision. Furthermore, consumers go through five stages in the purchasing decision process, that are problem recognition, information search, decision evaluation, and after purchase behavior that cannot be separated from the buyer character which consists of cultural, social, personal and psychological factors "(Kotler & Keller, 2013).

According to (Kotler & Keller, 2013) service convenience is defined as a consumer's perception of the time and energy spent on using services being kept to a minimum. Customers are more at ease because the process is simple and quick,

requiring little time and energy. (Chang & Polonsky, 2012) discovered that good service convenience involves consumers spending less energy; in other words, the goal is to save consumers' time and effort. The primary function of the service convenience model, as well as one of the factors that consumers consider when deciding which goods and services to use. Similarly, (Chen et al., 2011) define service convenience as a psychological dimension that aims to add value to a service provided to consumers as an intangible service. According to (Berry et al., 2002; Chen et al., 2011) service convenience is related to non-monetary costs incurred by consumers with attributes such as money, physical strength, time, and energy to a minimum when obtaining goods and services that have been used or purchased by the consumer.

### **C. RESEARCH METHOD**

The type of this study was quantitative. It was conducted by analyzing data and utilizing equations or mathematical models. The data used in this study was primary. The sampling technique used in this study was a random sampling method. It was a sample collection technique method where all individuals in the population were either individually - or together were given the same opportunity to be selected as members of the sample. (Umar, 2018) From the sampling process in this study, the population in this research is unknown so researchers can use the Lemeshow formula to determine the sample size in an unknown population and the samples were 98 people as the customers who use rural Banks (Sugiyono, 2012)

In this study, Interviews, questionnaires, and documentation studies were used to collect data, by collecting all the data needed to solve the problems formulated as the purpose of this study. The data used in this study is quantitative data and the source is from primary data.

The data analysis technique used in this study was quantitative. A quantitative approach is a decision model that uses a number. The number has an important role in making, using, and completing a quantitative model. With this approach, it is possible to express and give an overview as a fact about the effect of the marketing mix strategy on customer convenience to become a Rural Banks customer. In this study, the analysis model used was multiple linear regression. The analytical tool used in this study was path analysis. Multiple regression analysis is the analysis of the relationship between two or more independent variables (X) to the dependent variable (Y) with the assumption that Y is X's function. The result of regression analysis is in the form of a coefficient for each independent variable. This coefficient was obtained by predicting the value of the variable bound to the equation. The regression coefficient was calculated with two objectives at once.

## D. RESULT And DISCUSSION

### Determination Coefficient Value

**Table 2.**  
**Coefficient of Determination Value (R Square)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.965a	.932	.924	.57093

Source: Result Data, 2020

Based on Table 2, the value of R Square is 0.932 which means that the ability of Product ( $X_1$ ), Location ( $X_2$ ), Promotion ( $X_3$ ), Price ( $X_4$ ), People ( $X_5$ ), and Process ( $X_6$ ) could explain the effect of customer convenience on Rural Banks' customers of 93.2%, the remaining 6.8% was explained by independent variables that were not examined.

### F Test

**Table 3.**  
**Simultaneous Test Results**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	273.333	7	39.048	119.791	.000a
Residual	19.884	91	.326		
Total	293.217	98			

Source: Result Data, 2020

$F_{test}$  was conducted to test whether the independent variable (X) simultaneously has a significant or no relationship with the dependent variable (Y). If the probability value (F-statistic) is  $< 0.05$  (significance level of 5%) then  $H_0$  is rejected and  $H_1$  is accepted, which means that variable X simultaneously has a significant effect on the Y variable. However, if the probability value (F-statistic)  $> 0,05$  (5% significance level) then  $H_0$  is accepted and  $H_1$  is rejected, meaning variable X simultaneously does not have a significant effect on variable Y. In Table 2 the results of hypothesis testing with  $F_{Calculate}$  119.777, while  $F_{table}$  at  $\alpha = 0.05$  with the numerator 7 and denominator 61 obtain  $F_{table}$  2,51 from this result, it was known that  $F_{Calculate} > F_{table}$ , and significance 0,000 or smaller than  $\alpha = 0,05$ . It can be concluded that jointly the product, location, price promotion, people, process have a positive and significant influence on the customer convenience to become a customer of the Rural Banks.

### Multiple Regression Test and T-Test

Multiple regression analysis is the analysis of the relationship between two or more independent variables (X) to the dependent variable (Y) with the assumption that Y is function X. The results of regression analysis are in the form of coefficients for each independent variable. This coefficient is obtained by predicting the value of the variable bound to the equation. And t-test is a method of testing hypotheses partially on the regression coefficient that is by comparing the statistical values of each regression coefficient with t table values according to the level of significance use.

**Table 4.**  
**Multiple Regression Test Result**

Mode	Unstandardized Coefficients		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.771	.529		3.348	.001
Product (X <sub>1</sub> )	.205	.071	.148	2.356	.021
Place (X <sub>2</sub> )	.257	.084	.213	2.891	.005
Promotion (X <sub>3</sub> )	.205	.101	.171	2.027	.047
Price (X <sub>4</sub> )	-.082	.109	-.075	-.747	.458
Person (X <sub>5</sub> )	.244	.109	.197	2.362	.022
Process (X <sub>6</sub> )	.168	.092	.182	2.221	.030

Source: Result Data, 2020

From the table above, the equation was obtained by multiple linear regression as follow:

$$Y = 1,771 + 0,205X_1 + 0,257X_2 + 0,205X_3 - 0,082X_4 + 0,244X_5 + 0,168X_6$$

### Discussion

Based on the regression equation above, it can be indicated that the regression coefficients of each variable had a positive influence on the rise or fall of the dependent variable, which means that change of exclamation in the value of Y in the direction of the value of X. The regression coefficient X<sub>1</sub> is 0.205 for the positive value product and the t value for the product variable (2.356) is greater than the t<sub>table</sub> value (1.67) or the sig t<sub>value</sub> for the product variable (0.021) is smaller than alpha (0.05). It means that the influence of this product is in line with the increasing number of customers. It shows that the product has a positive influence on the customer convenience to become a Rural Banks customer. Regression coefficient X<sub>2</sub> is 0.257 for positive location and t count value for location variable (2.891) is greater than t<sub>table</sub> value (1.67) or sig t<sub>value</sub> for person variable (0.005) is smaller than alpha (0.05). It means that the location affects the customer convenience to become a Rural Banks customer. The X<sub>3</sub> regression coefficient of 0.205 for the promotion of positive value and t<sub>count</sub> for the promotion variable (2.027) is greater than the value of t<sub>table</sub> (1.67), or the value of sig. of t for the promotion variable (0.047) is

smaller than alpha ( $\alpha = 0.05$ ) means that promotion can influence the customer convenience to become a customer of Rural Banks. The regression coefficient  $X_4$  is -0.082 for the price of negative value and the calculated value for the variable price (-0.747) is smaller than the value of  $t_{table}$  (1.67), or the value of sig t for the variable price (0.458) is smaller than alpha (0, 05). This means that price is not so influential in the customer convenience to become a Rural Banks customer. The regression coefficient of  $X_5$  is 0.244 for positive people, means that people who have the ability and skill to retire product for customer conveniences become the customer of Rural Banks. The  $X_6$  regression coefficient is 0.168 for the positive process and the  $t_{value}$  for the variable person (2.362) is greater than the  $t_{table}$  value (1.67), or the sig.  $t_{value}$  for the location variable (0.022) is smaller than alpha (0.05). It means that the quick process influence the customer convenience becomes a customer of Rural Banks.

## E. CONCLUSION

From the hypothesis result that carried out on the problem of study, it showed that: Each product, location, promotion, price, person, and process partially affected the result to become a product customer at the of Rural Banks. The price variable did not affect the pension to become a product customer at the Rural Banks. Location variable had a strong influence on the customer convenience to become a product customer at the Rural Banks. In this research, that the ability of the product, price, promotion, location, people, and process variable could explain the strong enough influence in influencing retirees to become customer products at the Rural Banks. By innovating those six variables especially on location and people variables, Rural Banks was expected to get further escalation of the number of retirees and increase competitiveness. It is recommended to the Banks Management to consider the location of the Banks' office considering the results of the study indicate that office location has a positive effect on the retiree decision to become a customer. Advising marketing officers to be more proactive in promoting pension products and provide a clear explanation about the product information that is. Banks should provide optimal retirement services to pensioners considering there are still respondents who feel that the Banking sector is not optimal in retirement services.

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