

SERVICE MARKETING MIX AND ITS INFLUENCE ON PASSENGERS BUYING DECISION

(A study at Executive Class of Bima Train for Surabaya - Malang route in PT. Kereta Api Indonesia (Persero) DAOP VIII)”

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Abstract

The aim of this research is to examine the service marketing mix and its influence on passengers buying decision in choosing the executive class of Bima train for Surabaya-Malang route. It focuses on investigation to reveal the effect of product, price, promotion, place, people, physical evidence and process on passengers buying decision. The samples of this research passengers of Bima train for Surabaya – Malang route. The sampling technique used was purposive sampling and the research instrument was tested using validity and reliability test. The hypothesis was tested using t test from multiple regression analysis. The result shows that product, promotion, physical evidence and process have significant effects on passengers buying decision. whilst, price, place and people have not significant effects on passengers buying decision.

Keywords : *Product, Price, Promotion, Place, People, Physical Evidence, Process, Passengers Buying Decision, Bima train*

Background of the study

Service sector is growing dramatically compared to the last decades. This is shown by the service contribution on the world economic which is dominants by two third. In Europe, for example, service sector contributes the national domestic income up to 60 percent, while in Indonesia, reported in 2011, service sector contributed as much as 47 percent on gross national income and absorbed employment up to 40 percent. This continuously growing trend shows that the service sectors are dynamically improving. The reason is that the service providers have always been trying to fulfill and to satisfy the needs and the wants of the customers. The service sectors are becoming an important part of the daily needs, and its services are widely required. The

dynamics of the service sector can be seen from the development of various industries. Governments offer services through courts, employment services, hospitals, military services, police and fire departments, postal service, and school. Private organizations offer services through museum, charities, churches, colleges, foundations, and hospitals. A large number of business organizations offer services, such as airline, banking, hotel, insurance, consultations, medical, legal, entertainment, residential, retailing, and other services.

Railway transportation has multi-comparative advantages for its fuel and energy efficiency, level of pollution, massive loading capacity, with adaptive mobilization duties and functions between passengers and goods. This transportation has an important role in national economic

strategy. It is managed by a state owned enterprise, which in bahasa is called as BUMN, namely PT. Kereta Api Indonesia (Persero), a single provider of railway service in Indonesia, which its objective is to provide comfort, security and safety.

As a form by State of enterprise (BUMN) PT. KAI (Persero) is entitled to for-profit organization of commercial transportation by rail (executive and business class). PT. KAI (Persero) awarded as the best of the best BUMN 2012. In providing the best service oriented to customers via all kinds of innovation. the assurance of quality become top priority for any company existing at the time, especially a PT. KAI (Persero) which can be used as a benchmark of the company as a competitive advantage.

The Bima executive class train during which it operates with relationships Jakarta – Surabaya. began to 5th February 2014, PT.KAI (Persero) launched new route for Surabaya - Malang .The extension of relationships Bima train to take advantage waiting time (idle) Bima train in Surabaya Gubeng station, also to accommodate the desire of the people who want to travel comfort and fast, the option is by using train executive class, Operates with new route Surabaya – Malang will facilitate and providing an alternative modes of public transportation for people who want to Surabaya and Malang (Anonymous. 2014. Online). Therefore, to introduce and maintain the service, Bima train Surabaya - Malang needs a strategy to support in achieving the goal. It is possible by applying service marketing mix. According to Kotler and Keller (2006), marketing mix is a set of marketing tools that are used by the company to continuously achieve the

purpose of marketing in the target market. Based on the theory, service marketing mix can support as well as give contribution to achieve the goal for Bima train Surabaya – Malang.

Satit *et.al.* (2012) mentioned that one of the major problems faced by service companies is customer's dissatisfaction with their services. The problem is due to the lack of understanding and planning of the marketing mix – the 7 Ps'; product, price, place and promotion, people, physical evidence, and process – and how each "P" influences customer decision-making. The concept of 7Ps is an input component of the customer decision-making model. This model operates on the premise that external influences serve as a valuable source of information about particular products, thus influencing customers' product or services-related values, attitudes, and behaviors. In view of this, it is, therefore, crucial for service companies to improve their service marketing mix in order to attract customers as well as to fulfill their needs and to meet their expectations. There is a sufficient evidence that the 7Ps have a major impact on the decision-making process in today's competitive market. Therefore, researches related to the development of an integrated service marketing mix are conducted on transportation industry.

Problem Formulation

1. Does the product and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
2. Does the price and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.

3. Does the promotion and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
4. Does the place and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
5. Does the people and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
6. Does the physical evidence and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
7. Does the process and influence on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.

Literature Review

Service Marketing Mix

According to Zeithaml, Bitner & Gremler (2013), the marketing mix is defined as the elements an organization controls that can be used to satisfy or to communicate with consumers. Marketing mix is composed of the four Ps: *product, place, promotion, and price*. However, the strategies for the four Ps require some modifications when applied to service. In addition to the Four Ps, the service marketing mix includes *people, physical evidence, and process*.

Consumer Behavior

Consumer behavior is part of human behavior and therefore cannot be separated from part. In the field of marketing, consumer behavior study aims to find the ever-changing consumer wants and to influence it to be willing to buy the

company's goods and services when they need. According to Schiffman and Kanuk (2007) consumer behavior is the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

Consumer Buying Decision Process

Kotler and Keller (2006) have developed a "stage model" of the buying decision process. The customer pass through five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour. Buying process happen starts long before the actual purchase and has consequences long afterward. However, consumers do not always pass through all five stages in buying a product; they may skip or reverse some stages.

Hypothesis

Based on the problems that have been formulated, the purpose of research, as well as the theoretical basis of previous studies, the hypothesis presented in this study as follows:

- H₁ Product influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
- H₂ Price influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
- H₃ Promotion influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.
- H₄ Place influence significantly on passengers buying decision in taking

the executive class of Bima Train of Surabaya - Malang route.

H₅ People influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.

H₆ Physical Evidence influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.

H₇ Process influence significantly on passengers buying decision in taking the executive class of Bima Train of Surabaya - Malang route.

Research Methodology

Type of Research

Based on the formulation of the problem and research objectives, the type of study is explanatory research. In the implementation explanatory research uses survey method, a method of research that attempts to explain or describe a social phenomenon by looking at the relationship of researched variable.

The population of at least one characteristic can distinguish the population with other groups. A survey does not need to examine all individuals in a population because it would require more time, effort, and great cost. Thus, the title of this study was a population of passengers who used the services of Bima train Executive Class of Surabaya – Malang. Purposive sampling was selected based on consideration of the sample in accordance with the purposes and intent of the study.

Findings and discussion

Validity Test

The validity of the instrument is a measure that shows the levels of validity and the authenticity of an instrument. It is said to be a valid instrument, able to measure or disclose the data of the studied variables appropriately.

Validity Test Result

Variable	Indicator	(r)Values	Remarks
Product (X ₁)	P1	0,705	Valid
	P2	0,653	Valid
	P3	0,634	Valid
	P4	0,642	Valid
Price (X ₂)	P5	0,699	Valid
	P6	0,745	Valid
	P7	0,723	Valid
	P8	0,781	Valid
Promotion (X ₃)	P9	0,690	Valid
	P10	0,663	Valid
	P11	0,474	Valid
	P12	0,662	Valid
Place (X ₄)	P13	0,623	Valid
	P14	0,685	Valid
	P15	0,764	Valid
	P16	0,586	Valid
People (X ₅)	P17	0,747	Valid
	P18	0,712	Valid
	P19	0,722	Valid
	P20	0,789	Valid

Physical Evidence (X₆)	P21	0,703	Valid
	P22	0,773	Valid
	P23	0,745	Valid
	P24	0,657	Valid
Process (X₇)	P25	0,677	Valid
	P26	0,721	Valid
	P27	0,743	Valid
	P28	0,637	Valid
Passengers Buying Decision (Y)	P29	0,743	Valid
	P30	0,788	Valid
	P31	0,834	Valid
	P32	0,837	Valid

Source: Primary data 2014

Reliability Test

Reliability test should be conducted to know whether the measurement are accurate, stable, and consistent in measuring the object. One way to measure the reliability is by using the Cronbach Alpha coefficient, in which, if the Alpha is bigger than 0.6 ($\alpha > 0.6$) it shows that the instrument are reliable

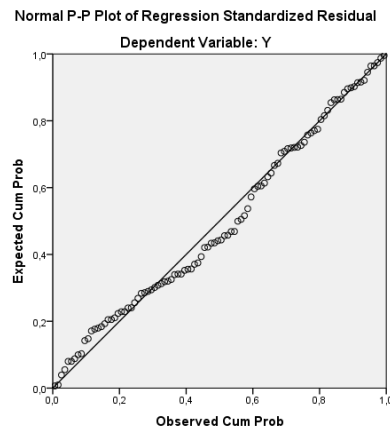
Variable	Alpha Coefficient	Explanation
Product	0.798	Reliable
Price	0.816	Reliable
Promotion	0.787	Reliable
Place	0.798	Reliable
People	0.817	Reliable
Physical Evidence	0.812	Reliable
Process	0.805	Reliable
Passengers Buying Decision	0.829	Reliable

Source: Primary data 2014

Result of Classical Assumption Test

Normality Test

Normality test is used to test whether in a regression model, independent variable, dependent variable or both have a normal distribution or not. Good regression model is the data were normally distributed or nearly normal. To detect normality in regression models, it can be done by looking at the spread of the data (dots) on the diagonal axis of normal graphs plot.



Based on the results of normality test above Normal P-Plot, it is known that the distribution of the points are still located around the diagonal line, and follow the direction of the diagonal line, so it can be concluded that the data used in this study were normally distributed and had to meet the assumptions of normality.

Multicollenerity test

The indicator of this test is VIF (Variance Influence Factor) of each independent variables, in which $VIF > 10$, the variable has.

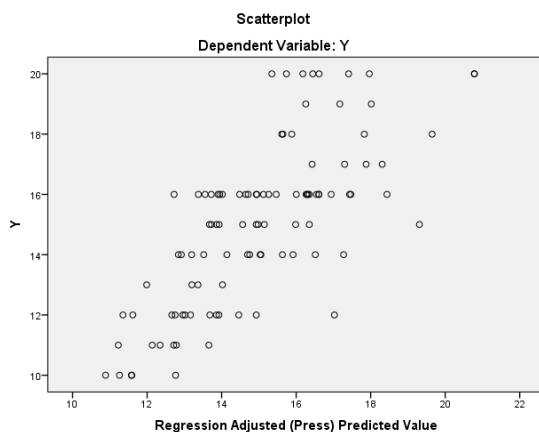
Variable	Collinearity Statistic	
	Tolerance	VIF
Product	0.422	2.372
Price	0.366	2.734
Promotion	0.588	1.702
Place	0.543	1.843
People	0.540	1.853
Physical Evidence	0.563	1.777
Process	0.502	1.990

Source: Primary data 2014

Based on the table above it can be concluded that the tolerance level is < 1 and the VIF is < 10 . So it can be concluded that the regression model used free from multicollinearity

Heteroscedasticity test

Whether or not the certain pattern exist or not on scatterplot graphic between SRESID and ZPRED, where Y axis is predicted Y and X axis is the residual which has been examined



Based on the graphics, the data spread are very randomly and no certain pattern occurs, and spreads over and below the 0 on Y axis. This means that there is no

heteroscedasticity on the regression model and it is good to be used

Hypothesis test

Model	Standardized Coefficients	t table	t	Sig	Explanation
	Beta				
1(Constant)			1.003	.319	
X1	.237	1.986	2.387	.019	Significant
X2	.010	1.986	.094	.925	Not Significant
X3	.175	1.986	2.081	.040	Significant
X4	.066	1.986	.753	.453	Not Significant
X5	.091	1.986	1.038	.302	Not Significant
X6	.197	1.986	2.297	.024	Significant
X7	.250	1.986	2.750	.007	significant

Source: Primary data 2014

Based on table above can get conclusion that variable product, promotion, physical evidence and process has significant value. Therefore, price, place and people doest not has significant values.

Discussion and Implication

1. Product

According to this study result, Product of Bima train is quite good. But still need improve the product to attract also to increase the passengers, PT. KAI (persero) should be improvement the product of Bima train and always maintain the existing facilities.

2. Price

Based on the result of this research, price does not influence passengers buying decision in taking the executive class of Bima train of Surabaya - Malang. The price that already offers is suitable with the

facilities and services (comfort and fast). Thus, when passengers decided to choose Bima train, they do not give more attention for pricing. It could be happen because, passengers interest with service that already provided. In order if in the future company increase the price of Bima train, they must set price which suitable with service and facilities.

3. Promotion

This result gives assumption that the passengers buying decision in taking the executive class of Bima train of Surabaya - Malang influence by promotion. It happens because PT. KAI (persero) has policy to buy ticket in 30 days before departure and also have many channels for book ticket. A reason passengers decision in taking the executive class of Bima train of Surabaya – Malang is good promotion about ease of ticket booking.

4. Place

Place does not influences on passengers buying decisions, most of people consideration choose Bima train because fast and comfort. Beside that passengers Bima train choose to destination of Bima for business trip.

5. People

That is the indication of PT. KAI that has been able to implement the empowerment of human resources as this can make passengers more secure in any way related to train travel, and also as a single provider agency freight trains, PT. KAI (Persero) had carried out the transport of the attention to comfort, security and passenger safety. But it should have further improvements. Bima train should prioritize the improvement the officer on train cleaning (OTC) also conducts a periodical cleaning of the room, as long as it might have shared duties with a system of voluntary workers tips. having adequate facilities will increase the convenience of train passengers.

6. Physical evidence

Physical evidence is associated with presentation of Bima train coach such as the attractive decoration interior, entertainment, comfortable and cleanness of coach. PT. KAI especially Bima train have good decoration and entertainment it give appropriate attention to the passengers buying decision to choose Bima train. In addition, the service provided in Bima train quite good but must be maintain to always give comfortable environment to passengers in train travel.

7. Process

Bima train have excellent provide service, travel on time as scheduled departure and the time that has met expectations of service users, but there should be further improvements to re-choose Bima train. One thing to note is the train is on time as scheduled in term of departure and arrival but sometimes the train delay, although the delay itself is not always caused by the PT. KAI (Persero) but also because of unpredictable factors, such as (disaster, environment, social factor and so on). To anticipate the presence of bad perception of the performance of rail transport it is necessary to have a professional attitude and skills of the Bima train in providing information that the train will arrive or depart.

Conclusion

Based on the analysis and discussion of the service marketing mix and its influence on passengers buying decision in taking the executive class of Bima train of Surabaya - Malang, it can be concluded as follow:

1. Product influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.
2. Price does not influences passengers buying decision in taking the

- executive class of Bima train of Surabaya - Malang.
3. Promotion influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.
 4. Place does not influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.
 5. People do not influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.
 6. Physical evidence influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.
 7. Process influences passengers buying decision in taking the executive class of Bima train of Surabaya - Malang.

Recommendation

Based on the conclusion above, it comes to some recommendation that can be give benefit to the company. The proposed recommendations include:

1. In an attempt to compete in the field of land transportation there is an increased competition as well as to align the mottos of PT. KAI (Persero) is "*You Are Our Priority*", then it should be necessary improve the service marketing mix to Bima train Surabaya - Malang consistently, in accordance with the positioning of PT. KAI (Persero) as a single provider agency freight trains, that must carry transport attention about comfort, security to the train passengers. So that in the future it could be a mode of transportation by considering safety, timeliness, adequate facilities, and become first choice for the middle to up income levels and also to all societies as a whole.

2. PT.KAI (Persero) should further improve the service marketing mix to Bima Surabaya - Malang train passengers of transport, In general, of the seven components service marketing mix can already said to be good. Although an average of respondent agrees but in fact the results of the questionnaires show that PT.KAI (persero) still need to improve service especially to executive class of Bima train, which is shown by the degree of assessment for agree enough indicator which is also quiet high.
3. For further researcher, the results of this study can be used as an additional reference, although still far from being perfect. Therefore, to conduct research on the issues related to service marketing mix, especially in the field of marketing services it should consider other factors and empirical studies that are more varied. For instance, other factors are the professionalism and skills, attitudes and behavior, accessibility and flexibility, reliability and trustworthiness, credibility and reputation recovery as well as other variables which have an influence on passengers buying decision.

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