

EFFECTS OF PRODUCT, PRICE AND LOCATION ON SALES OF BLOCK PAVING IN PT. PUTRA INTI SULTRA PERKASA KENDARI

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Abstract— This study aims to identify and explain the effects of product, price and location on Sales of Block Paving in PT. Inti Putra Perkasa Kendari of Southeast Sulawesi. The populations in this study are the consumers of PT. Kendari Putra Perkasa IntiSultra totaling 65 people. This study used multiple linear regression analysis. The results show that product, price and location partially have significant effects on the sales of the block paving in PT. Kendari Putra Perkasa IntiSultra; this is evidenced by referring to the value of f-count which is greater than the value of f-table which t-count is greater than the t-table.

Index Terms— Product, Price, Location, Sales

1 INTRODUCTION

Business competition keeps increasing. Any companies in running their activities both companies engaging in the field of service and goods have the same purpose namely to obtain profit. Annually, companies compete to obtain market share, so they give efforts to progress and maintain their position in improving the business. Company not only has to anticipate economic trend in the future, it must also have ability to compete with any companies engaging in the same field. Therefore, company can pay attention to the effects of resulted product and given price on customers by still considering the position so the consumers can take appropriate purchase decision making. Then, in such situation, it is necessary for companies to pay attention to the shift and change of customer preferences and needs so the company must work hard in preparing strategies leading to era progress.

When a company has no sensitivity to what consumers needs, then certainly the company will lose many chances to attract consumers and its offered products will be useless. Not all consumers have the same taste of needs to a product, even in this current global market era. Each company competes to attract consumers by giving or launching products based on market needs. To meet market needs and preferences, a company or marketer must determine, understand and define concepts and characters of the offered products, as well as determine clearly product classification based on consumer needs. In marketing process, determining strategies on products, price and location is one of the important processes to pass, since products, price and location are the elements of marketing mix as the core of the marketing activity which aims to meet market needs.

Such decision must be based on sharp definition on customer behavior and careful strategic thinking. Company can be easily select the best distribution channels and communication channels and will obtain clear description on its competitors as company engaging in the same field. However, this segment is seen as merely a preference meaning that not all goods in this segment prefers the exact same goods. So, company must be able to decide what kind of product to be offered to the market.

Thus, in this chance, it will discuss how the effects of products, price and location on sales. One of which is competition by some companies engaging in sales of block paving.

In marketing of block paving products and the effort to introduce products require a good marketing strategy, in facing competition in order to increase sales. In general, companies must face problems. PT. Putra IntiSultra Perkasa Kendari, which is engaging in the production of block paving stones, has sales problems that fluctuate each year. By increasing number of companies competing in the same field, there is also competition in strategic location and increasingly difficult for the company in determining the price of their goods.

The illustration above can be said that PT. Putra IntiSultra Perkasa kendari is one type of business that is engaging in sales of block paving stones. In an effort to attract customers, the company should pay attention to the activity of production quality improvement, to follow market prices, and to choose a more strategic location to meet company targets.

PT. Putra IntiSultra Perkasa Kendari for 5 years has faced ups and downs or fluctuations in sales results as in the following table:

Table 1.1 :Development of sales in PT. Putra IntiSultra Perkasa Kendari

Years of sales	Number of sales
2014	14.285 m ³ (628.540 pieces)
2015	8.566 m ³ (376.904 pieces)
2016	10.879 m ³ (478.676 pieces)
2017	8.448 m ³ (371.712 pieces)
2018	22.461 m ³ (988.284 pieces)

Source: PT. PUTRA INTI SULTRA PERKASA KENDARI in 2018

Table above shows that sales (block paving) faced fluctuation as seen in 2011 until 2015. From the sales result seen in the table above, it shows fluctuating sales in 2011 until 2014 which greatly have effects on purchase decision of these block paving products. Based on the results of the Table above, it shows that the largest increase in the number of paving block sales was in 2015 namely 22,461 m (988,284 pieces).

Related to the sales, it can be seen the consumer purchase

decision of paving blocks produced by PT. Putra IntiSultra Perkasa Kendari. It is greatly necessary for improving quality of production and determining a balanced price and location chosen by the company as the main concern of the block paving business managers. The concept of improving production quality, determining a balanced price and location chosen by PT. Putra IntiSultra Perkasa Kendari has great effects on the company to maintain its survival. This study aims to determine and analyze the effects of products, prices, and location on the sales of block paving in PT. Putra IntiSultra Perkasa Kendari.

2 LITERATURE REVIEW

2.1 Product

Definition Of Product

According to Alma (2000 : 98) definition of product is "a series of attributes both tangible and intangible, including issues of color, price, shop image that sells, factory and retail service, which is received by buyers to satisfy their preference". Products offered by the company must be accompanied by services provided by the company to consumers or marketing intermediaries. So, the product is not only in the form of tangible, such as food, drinks and so on, but also something intangible as a service.

According to Kotler, (2002: 212) it is necessary for marketers to think through the following five product levels:

1. Core benefit, namely fundamental benefit of money purchased by the consumers.
2. Generic product, namely basic version of the product.
3. Augmented product, namely additional services and benefits which distinguish company offers from competitors.
4. Potential product, namely all additional transformation which may be taken to a product in the future.
5. Expected product, namely a series of attributes and conditions which are expected and approved by buyers when they buy the products.

The indicators in this study adopt the indicators proposed by Kotler (2006: 289) as follows: (1) Ease of use, (2) Quality or durability, (3) ability of the product to perform its function, and (4) Product appearance.

2.2 Price

Definition Of Price

According to Swastha (2001 : 211) "Price is the amount of money (plus a few items if possible) needed to get a combination of goods and its services."

According to Kotler, (2002: 296), Price is the only element in the marketing mix that generates revenue and is one of the most flexible marketing mix elements, which can be changed quickly.

According to Kotler (2002: 297), there are six step procedures for establishing prices, namely:

1. Choosing purpose of pricing
2. Determining request
3. Estimating costs
4. Analyzing costs, prices and competitors' offers
5. Choosing a pricing method

6. Choosing final price

From this definition, we can find out that the price paid by the buyer includes the services provided by the seller.

The indicators in this study adopt the indicators proposed by FandyTjiptonoet al (2008: 473) namely: (1) Affordability of prices, (2) Price suitability with product quality and (3) Price competitiveness

2.3 Location

Definition of Location

For companies, location means a place where the service is provided. A good location is an easily-accessed location without requiring a large cost and also a long time to achieve it.

According to Lupiyodi (2001: 62), there are three types of interactions that influence on location, namely:

1. Consumers go to the giver of goods
2. The giver of goods comes to the consumer
3. the giver of goods and consumers do not meet directly

The indicators in this study adopt the indicators proposed by Lupiyodi (2001) namely: (1) strategic, (2) extensive inventory and (3) safe situation of the factory environment

2.4 Sales

Definition of Sales

Sales are the main objective of company's activities. Companies, in producing goods / services, have the ultimate goal namely selling their goods / services to the public. Therefore, sales play an important role for the company so that the products produced by the company can be sold and provide income for the company. The sales made by the company aim to sell the goods / services which is required as a source of income to cover all costs to make a profit.

Sales activity is an activity that must be carried out by a company by marketing its products in the form of goods or services. Sales activities carried out by the company aim to achieve the expected sales volume and profit to achieve maximum profit for the company.

The following is the definition of sales volume stated by Freddy Rangkuti (2009: 207) that sales volume is an achievement expressed quantitatively in terms of physical or volume or unit of a product. Sales volume is a sign of sales ups and downs and can be expressed in terms of units, kilos, tons or liters.

Sales volume is the total amount generated from the sales of goods. Greater amount of company sales leads to greater possibility for the company to make more profit. Therefore, the volume of sales is one of the important factors to be evaluated for the company possibility not to lose. So, a profitable volume of sales must be the company main goal and not for the interests of the sales volume itself.

There are some indicators of sales in this research taken from BasuSwastha (2008 : 412) namely: (1) attracting interest of prospective consumers, (2) Determining consumer attractiveness dan (3) service of sales

3 RESEARCH METHOD

3.1. Research Objects

This research was conducted at PT. Putra IntiSultra Perkasa

Kendari which is located on Kudu-Kudu Street with the research objects are the consumers of PT. Putra IntiSultra Perkasa Kendari and with research subjects are product, price and location of block paving sales.

3.2. Population and Samples

Population

Population is a generalization area that consists of objects / subjects that have certain quantities and characteristics determined by researchers to be studied and then drawn conclusions. The population here means not only people or living things, but also other natural objects. Population is also not only about the existing amount on the studied objects or subjects, but includes all the characteristics and properties owned by the objects or subjects. The populations in this study are the consumers at PT. Putra IntiSultra Perkasa Kendari which all consumers are in Southeast Sulawesi, specifically in Kendari city, namely users of block paving stones.

Samples

The sample is a population element chosen to represent the population in the study (Cooper and Schindler, 2003: 82). Because the total population is unknown, the number of samples in the study uses the formula 5-10 times the number of estimated parameters (Ferdinand, 2000: 44). This study consists of five variables and 13 indicators, so the number of samples in this study is 5 times the number of estimated parameters or indicators used, thus, the number of samples in this study is 65 respondents.

3.3. Data Collection Technique

Data collection methods used in this study consist of:

1. Interview, conducted by meeting with parties who can provide information and being interviewed using interview guidelines
2. Questionnaire, as a method of data collection which is carried out by giving questionnaires to respondents to fill in then these are collected.

3.4. Data Analysis

Multiple Linear Regression

Based on the problem formulation and the stated hypothesis, the analytical tool used is multiple linear regression analysis. According to Sugiyono (2011) regression analysis is a statistical tool used to test and analyze the relationship / effects of one or several independent variables on the dependent variable.

The formula for the regression equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

- Y : Sales
- X1 : Product
- X2 : Price
- X3 : Location
- a : Constanta Value
- b (1,2,3,...) : regression coefficient value
- e : Error

4 RESEARCH RESULTS

4.1 Data Analysis

This analysis is used to find out the effects of 3 (three) independent variables; Products (X1), Price (X2) and Place (X3) on the dependent variable; Sales. The calculation analysis of this research uses SPSS. 20.0. The results of data processing are as follows:

Table 4.10. Regression coefficient, correlation coefficient, determination coefficient, F test and t test

Variables	B	t-Hit	Sig	Information
Intercept	2,534	2,023	0,047	-
Product (X1)	0,202	2,443	0,017	Ha is accepted
Price (X2)	0,336	3,028	0,004	Ha is accepted
Location (X3)	0,422	3,606	0,001	Ha is accepted
R			0,846	
R-Square			0,716	
F count			51,280	
Sig F			0,000	

Source: Processed Primary Data in 2016

The regression equation model that can be written from the results in the form of a standardized regression equation is as follows:

$$Y = -2,534 + 0,202 + 0,336 + 0,422 + 1,253$$

Based on the results of the regression equation above, it can be explained as follows:

b1 = Product coefficient value (X1) is positive, this means that if product quality (X1) increases, sales of block paving will also increase as well.

b2 = Price coefficient value (X2) is positive, this means that if the sacrifice matches the expected benefits, sales of block paving will also increase.

b3 = Place coefficient value (X3) is positive, this means that if the factory location is strategic then sales of block paving will also increase as well.

4.2 Discussion of Analysis Results

4.2.1 Effects of Product on Sales

Based on the results of data analysis in this study, it is obtained a regression coefficient value that shows the effect of product on sales in PT. PutraIntiSultra Perkasa in Kendari City which is positive. This shows that the increase in product quality will have effects on the sales, this is because the quality of the product encourage potential customers to better determine the specifications as well as other expectation and preferences which have been fulfilled by the product so that consumers make product purchases. The direction and significance of the effects of product on sales indicates that the product as one element of the goods marketing mix which has significant effects on sales made by consumers.

The results of this study support the theory that explains that the purchasing process begins when consumers already recognize the problem or need for a product (Kotler and Keller, 1997). The basic reason is the introduction on the needs to be met by consumers from the benefits of a product as a reflection of the consumer preferences to buy the product.

Based on this theory, we can conclude that fulfillment of consumer needs and preferences for the product serves as an important element because consumer's decision to make a purchase is influenced by product benefits or usefulness in accordance with the wishes of prospective buyers. (Rusmari

and DevynNata, 2012: 32) the research explains that if the offer of a product increases (both quality, type and variety and guarantee in the form of quality) in one unit, sales will increase. Product as an important factor including facilities and specifications as well as owned variations have effects leading to consumer interest and desires based on consumer expectations and benefits so that consumers do not have any doubts about making product purchases.

Improving product quality is one of the company strategic factors in increasing sales. In a subsequent study, Kotler (2005: 204) explained that before making a purchase decision, consumers are often confronted with preferences of existing various product brands in a collection of choices, which consumers take an evaluation stage on various kinds of information about product quality. This is the concept of sales that should be done, namely, how a consumer obtains and examines every information about a product, then evaluates and connects product quality with his preferences. Then, the results of this study also support the results of previous studies which conclude that the product as one aspect of the marketing mix has positive and significant effects on sales volume (WahyuJumadi, 2012).

The basic reason according to the empirical condition is that satisfied consumers with the purchasing decisions made in using the company's products cause improved product quality and variations owned by the company. There will be consumer satisfaction with purchasing decisions if consumers are satisfied with the suitability of product work with information received in the form of: quality and facilities. The rewards received by the company from increasing product quality in accordance with product performance will lead to consumer loyalty attitudes toward the product, otherwise product low quality will cause consumer dissatisfaction with the product which can have implications for consumers' decisions to use other products.

Based on these thoughts, PT. Putra IntiSultra Perkasa Kendari really pay attention to the quality of the products sold. This is supported by several studies, including: Cholifah, (2010: 21): which explains that the product is everything that can be offered in the market and can meet consumer needs. Consumer satisfaction does not only refer to the physical form of the product, but a package of satisfaction which is obtained from the product purchase decision. This satisfaction is an accumulation of physical, psychological, symbolic satisfaction, and services provided by the producer.

4.2.2 Effects of Price on Sales

Based on the results of data analysis in this study, it is obtained a regression coefficient value that shows the effect of price on sales in PT. PtraIntiSultra Perkasa in Kendari City which is positive. This shows that offer of competitive price will have effects on the sales. Direction and significance of the effect of prices on sales indicates that price is one element of the marketing mix which has significant effects on increased sales made by the company. In the law of marketing demand, when prices increase then sales will decrease, but the price referred to in this study is the sacrifice given to the owner of the goods as an exchange rate in meeting consumer preferences and

needs, then in such condition, the price is not only as a ratio value but for the exchange rate in meeting customer satisfaction. A product can be said to have been consumed by consumers if the product has been decided to be purchased.

The results of this study also support the theory which states that the price set by the producer can be affordable and as the preferences, namely a cheap price. Therefore consumers' preference to buy products is strongly influenced by price, so price has two main roles in buyer decision making process (Tjiptono, 2008: 152), including: the role of price allocation and the role of information from price. The basic reason for this statement is that the price paid by consumers is as a result of the decision to use or own a product with the benefits that consumers want to obtain.

The results of this study also support price theory (Kotler and Armstrong, 2004) which explains that price is the amount of value that consumers exchange for a number of benefits by owning or using an item or service. Based on this theory, we can conclude that sales are taken by consumers by paying an agreed amount of value to own or use a product in exchange for the benefits to be obtained from the use of the product. Price has a major role in the decision making process carried out by buyers (Tjiptono, 2000), namely: The role of price allocation, which has a function in helping buyers to decide how to obtain the highest benefits or utilities expected based on purchasing power.

The role of information from price is the price function in targeting consumers about product factor, such as quality. This is especially useful in situations which buyers find it difficult to objectively assess product factors or benefits. The arising perception is that high prices reflect high quality so that consumers assess the price set in accordance with the product or service quality. Thus, determining the price to be offered to consumers is not as easy as imagined because determining the price is one of the quite serious considerations for potential buyers in deciding on a purchase.

The results of this study also support the pricing theory proposed by Lupiyoadi (2001) which explains that pricing is so important to take which aims to determine how services or benefits obtained or valued by consumers when using it, pricing is also a strategic part of a company in building image. Determination of price is a very important activity in the marketing mix process because the determination has an internal goal for the company namely determination of price is directly related to the revenue which will be received by the company, while external objectives of price determination can influence consumers to make purchases.

The basic reason according to empirical conditions is that consumers decide to use the company's products because they have been through various considerations regarding the benefits obtained and the prices offered by the company. The decision to buy is influenced by the product value being evaluated. If the perceived benefits are greater than the scarification to get it then the drive to buy it is higher.

4.2.3 Effects of Location on Sales

Based on the results of data analysis in this study, it is obtained the value of regression coefficient which indicates the

location has significant effects on sales in PT. Putra IntiSultra Perkasa in Kendari City. This shows that company location is one of the factors that can have effects on sales. Location as a part of the marketing mix strategy has an important role to influence sales. This is supported by a research conducted by AkhmadNastainRaditya andRistiawanNurhasan who includes product variable, price variable, and location variable in the research showing that location has a role in buying and selling by consumers.

The direction and significance of the location effects on sales indicates that location as one of the elements of the marketing mix has significant effects on sales made by consumers. It can be assumed that one of the main factors of sales is how consumers see other elements of the marketing mix in influencing their purchasing decisions such as product quality, competitive prices, detailed information of promotions carried out as well as the interaction process carried out by employees satisfactorily and strategic locations from the company.

The results of this study are also in line with the theory put forward by Ma'ruf (2005: 114) which states that location has effects on purchasing decisions, which by a right location, a store will be more successful than other outlets located less strategically, even though both sell the same products. The basic reason given by Ma'ruf is that location in his research aims as a place or center for company's operational activities and where the activities of employees should be located in strategic locations, easily accessible to potential customers so that it has significant and positive effects on sales because location does not only serve as a internal company needs, but also as a place for consumers to better know the product as well as a place to make transactions. There is a consistent research with this research namely a research conducted by Adinata and Gedeom (2011: 14) in which the results of the study state that price, product and location variables have positive and significant effects on sales.

Based on these thoughts, PT. Putra IntiSultra Perkasa Kendari really pays attention to the business location. This is supported by a research conducted by Trijalu (2008: 94) which explains that strategic business location namely close to consumers is one of the aspects in consumer purchasing decisions.

Based on the empirical conditions, perception made by consumers before making a purchase of company's products is formed through initial information about product quality and competitive prices as the main factors to be considered / evaluated by consumers before deciding to make a purchase by considering the company location.

5 CONCLUSION AND RECCOMENDATIONS

5.1 Conclusion

Based on the results of the analysis and discussion obtained, the following conclusions can be made:

1. Product variable has significant effects on sales. Better product quality leads to more block paving sales in PT. Putra IntiSultra Perkasa Kendari. This fact shows that better quality of a product has a contribution in increasing sales of block paving in PT. Putra IntiSultra Perkasa

Kendari.

2. Price variable has significant effects on sales. More appropriate sacrifice with the benefits obtained by the consumer will also increase block paving sales in PT. Putra IntiSultra Perkasa Kendari. This fact shows that increasingly competitive prices have contributed to increased sales of block paving in PT. Putra IntiSultra Perkasa Kendari.
3. Location variable has significant effect on sales. More strategic location of the factory will increase sales of block paving in PT. Putra IntiSultra Perkasa Kendari.

5.2 Recommendations

Based on the conclusions obtained, the following suggestions or recommendations can be made:

1. For PT. Putra IntiSultra Perkasa in Kendari City, it is advised to maintain product quality so that the resulting block paving can meet consumer preferences and needs.
2. It should provide prices in accordance with the product benefits, so that consumers obtain a sense of satisfaction over the published scarification. And
3. Strategic factory location will increase sales of block paving produced by PT. Putra IntiSultra Perkasa Kendari.
4. Clarity of the description and specifications about the marketing mix is to increase sales of block paving in PT. Putra IntiSultra Perkasa Kendari. To obtain a more comprehensive explanation on the effects of marketing mix on sales, it is recommended in subsequent studies to be able to develop other variables, such as promotion variable.

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