

# Problematic of Secondhand Car Products in Palembang:

## Analysis of marketing mix towards purchase decision

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**Abstract**—Involving in the increasingly fierce competition, Kompas Motor Showroom needs to expand its business. Based on the interview results, there are problems associated with the marketing mix and the indication of the fluctuations tends to decrease in sales so that companies need to develop appropriate marketing strategies. This research aims to determine the effect of marketing mix to the purchasing decision of secondhand cars in Palembang, especially in Kompas Motor Showroom. The research method secondhand is quantitative research. The population are consumers who have ever bought a secondhand car in Kompas Motor Showroom in Palembang, and the amount of sample is 105. This research use Probability Sampling with purposive sampling and data analysis techniques use simple linear regression analysis. Based on the results of descriptive analysis shows that the highest value of Marketing Mix variables is in product dimension with average percentage of 78,5% and promotion dimension having low average, that is equal to 71,3%. In the variable Purchase Decision has the highest value on the dimensions of Payment Method with percentage of 81.8%. In addition, there is a brand selection dimension that has a low percentage of 71.1%. Based on the results of this research, it can be concluded that the marketing mix at Kompas Motor Showroom in Palembang is in good category, the purchasing decision on the Kompas Motor Showroom in Palembang is in good category, and the marketing mix has a significant influence on the purchasing decision variable with the influence magnitude of 23 %.

**Keywords**—marketing mix; purchase decision; secondhand cars

### I. INTRODUCTION

The secondhand car industry is still growing, the high desire of consumers to buy new cars on credit but not offset the ability to repay installments, often impact on the withdrawal of cars. At this stage, the right to the car is fully controlled by the financing institution. The financing agency certainly does not want to lose. If the car that has been withdrawn, it will of course be sold so that it gets funds to replace the funds that have been previously issued. One way to sell it at the auction hall is to be offered back to consumers as secondhand cars. With the number of new car outputs coupled with the incessant advertising about the latest cars, making some consumers

interested and encouraged to be able to exchange or sell their cars and replace them with the latest cars, so that this creates secondhand cars that are still suitable to be re-traded to consumer's others. This situation will be secondhand by secondhand car entrepreneurs to purchase cars at the auction hall for later resale [1].

When economic conditions are not stable, for example an increase in fuel can have an impact on consumers' interest in buying a car. If the car industry wants to remain in the automotive market, it must remain consistent with the strategy. Especially secondhand cars besides being seen as a cheap means of transportation as well as a private car needed by Indonesian people in Palembang City. Motivation of ownership and purchase of secondhand cars is based on the economic value and needs that must exist as a means of transportation to work, recreation and so on, even for now many families have more than one car. All brands of four-wheeled vehicles or cars are competing to create new innovations, models and designs continue to be tested and developed according to consumer tastes. Large scale promotions are carried out in various media, both print and electronic [2].

According to Abdullah and Tantri defines that "Products are all things that can be offered to the market to get attention, be bought, used, or consumed and that can satisfy desires or needs. While the advantage of buying a secondhand car is that consumers pay far less than new conditions. The price reduction effect is not too high if later the car wants to be resold. It could be that when consumers buy secondhand cars already full options (starting from accessories, audio, up to aftermarket wheels) this will certainly save consumer spending and will be lucky if they get a car in good condition and regular service. But buying a secondhand car has a number of drawbacks: there is no guarantee that the car is free from accidents and has good care from the previous owner, therefore it is necessary to check before deciding to purchase a car. Apart from that, most secondhand cars that are sold are not in a smooth condition, there are only drawbacks such as body scratches or dents caused by the previous owner's carelessness. For this reason, consumers need to consider the price offered [3].

This secondhand car sales industry that shows significant developments also helped establish several companies that provided secondhand car sales. One of the business people who opened a business in buying and selling secondhand cars in Palembang was Kompas Motor. Kompas Motor Showroom was first established in 2006 which was founded by Firman Amancik. This showroom is located at Jalan Alamsyah Ratu Prawiraneraga No. 32 Palembang. Before this showroom was established, Mr. Firman started his business through cooperation with other showrooms using a profit sharing system. Because the business of buying and selling secondhand cars grew in Palembang, Firman decided to open his own showroom. In the beginning, this Showroom had 5 employees and only sold 5 cars. In the period of three years (2006-2008), there were many changes in Kompas Motor itself as a secondhand car showroom. According to one consumer in Kompas Motor Showroom Imam Rachman, respondents chose to buy secondhand cars in the Kompas Motor showroom because they have many types and brands of cars offered with good quality and affordable prices besides the showroom's location along the many Alamsyah Prawiraneraga roads. Selling secondhand cars allows consumers to choose the right car to buy.

In facing the challenges of an increasingly fierce era, Kompas Motor Showroom needs to develop its business in order to strengthen its business scale. But in the last year there was a significant sales fluctuation that occurred in the Kompas Motor Showroom. Based on the data obtained, there were fluctuations in 2015 and 2016 in the Kompas Motor showroom. In 2015, the highest sales occurred in August, which sold 8 units of cars, and in July 2016 cars sold 10 units. The increase in sales occurs because certain situations such as the months approaching the feast and the discounts offered by Kompas Motor Showroom can cause an increase in terms of sales. Whereas in 2015 there was a significant decrease in sales in September as many as 4 units after *Idul Adha* consumers preferred to buy other needs so they were less interested in buying a car. In August 2016 also experienced a decline in sales of 2 cars, due to the stock of cars in the Motorbike Compass Showroom a little due to the difficulty of buying a quality car, resulting in a decline in sales for the month.

To find out the occurrence of these fluctuations, researchers conducted interviews with several consumers in the Kompas Motor Showroom. First is Mr. Zulkarnain (interview conducted on January 11, 2017), related in terms of the Toyota Innova G-type car purchase product, respondents feel aggrieved because the car purchased has poor quality. The car had a bad history because there had been a collision on the back of the body so the showroom did repainting so that the damage on the rear body was not so visible. With this in mind, it has an impact on product selection in purchasing decisions, which means it is not in line with what consumers want.

The second interview was conducted to Mr. Nurimansyah (interview conducted on January 11, 2017) in terms of price, he felt aggrieved because the price offered was very expensive compared to the market price, Mr. Nurimansyah bought a Ford Everest for Rp170,000,000 while the market price was only Rp150,000,000. With this in mind, it affects the product selection in terms of price on purchasing decisions, which

means that it is not in line with what consumers want. The third interview was Mr. Destriadi Akbar (interview conducted on January 11, 2017) in terms of service, Mr. Destriadi had purchased an Avanza in 2012 but there was an error by the showroom because the vehicle letters were exchanged with another car letter so the showroom had to make a return the right car. In this case, the showroom seemed slow in returning the documents so that the car could not be driven on the highway within 2 months which made Mr. Destriadi feel badly hurt.

The fourth interview was conducted to Mr. Tryanto in terms of promotion and where respondents felt the lack of marketing on social media made it difficult for consumers to know what places and stock updates were in Kompas Motor Showroom because the Kompas Motor Showroom only used promotional media in the form of brochures. In addition, respondents also complained that if they wanted to see secondhand cars of the type of bus and truck they could not be seen in the showroom but had to check the car in the storage warehouse which was quite far from the city center. Problems that are based on the results of interviews have problems related to the marketing mix and indicate that there are fluctuations in sales, which affect buying interest and consumer purchasing decisions. When a company gets pressure to increase its operating profit while competition is getting tighter, the company needs to develop the right marketing strategy. In other words, companies as marketers must be able to influence consumer purchasing decisions. These aspects are in the form of low prices, quality products, smooth distribution, and attractive promotions. In addition, there are supporting aspects in the form of comfort, cleanliness, speed of service systems.

To determine the effect of the marketing mix on secondhand car purchasing decisions, researchers conducted an initial survey of 30 respondents. Based on the results of a preliminary survey that researchers conducted on 30 respondents related to the purchase of secondhand cars in a secondhand car showroom, the first aspect of 100% of respondents answered agreed that the secondhand car showrooms sold various types, brands, and quality of secondhand cars that varied. The second aspect is 86.7% of respondents answered agree which means that us secondhand car showrooms offer varying prices for cars offered to consumers. The third aspect is 86.7% of respondents answered agree that means secondhand car showrooms offer various methods of payment to consumers in paying for secondhand car purchases. The fourth aspect of 80% of respondents answered agreeing that means the location of secondhand car showrooms is in a strategic place so as to facilitate consumers. The fifth aspect of 60% of respondents answered agreed that the promotion program offered by secondhand car showrooms was still limited.

To determine the effect of the marketing mix on secondhand car purchasing decisions, researchers conducted an initial survey of 30 respondents. Based on the results of the initial survey researchers conducted on 30 respondents related to the purchase decision of secondhand cars in a secondhand car showroom showed that the first aspect was 56.7% of respondents answered agreed which meant that respondents were more interested in choosing a secondhand car compared

to the latest car. The second aspect is 55.3% of respondents answered agree which means that secondhand car showrooms offer a variety of diverse brands for consumer choice. The third aspect of 70% of respondents answered agreed that the location of secondhand car showrooms was in many places. The fourth aspect is 66.7% of respondents answered agree which means that the secondhand car showroom operating hours are longer to make it easier for consumers to make purchases. The fifth aspect of 90% of respondents answered agreed that the payment method offered by secondhand car showrooms made it easier for consumers in purchase transactions. Based on the description of the background of the study above that fluctuating sales even tended to decline, the writer was interested in doing research to find out how the marketing mix contributes to purchasing decisions in the Kompas Motor showroom research object located in Palembang.

The secondhand car showroom is concluded as a car showroom that sells various types of motorized vehicle brands that are classified as secondhand cars. The words of the showroom also become the same as a place to display a car. Besides that, the showroom can also be interpreted as a display place for furniture or items that are indeed to be exhibited. The purpose of the showroom is to provide facilities for needs, where the current vehicle needs are very complex. The marketing mix is a component of a marketing tool consisting of product, price, place and promotion (4P) that is combined and used by companies to market their products to consumers. The following is an explanation of the variables of the marketing mix:

- **Products (Products)**, According to Kotler and Keller, products mean that everything that can be offered to the market for attention, acquisition, use, or consumption can satisfy desires or needs [4]. Meanwhile, Nguyen defines that the product is anything that can be offered to the market to get attention, be bought, used, or consumed and that can satisfy the desire or need [5]. According to Stanton states that a product is a group of real and unreal attributes, including packaging, color, price, quality, and brand plus service and reputation of the seller [6].
- **Price**, according to Kotler and Armstrong, price is the amount of money that must be paid to get a product or service [7]. Meanwhile, according to Gitosudarmo, Price is a value expressed in one currency or medium of exchange, against a particular product [8]. According to Kotler and Keller there are several indicators in the price including price list is information about the price of products offered to consumers [4].
- **Distribution (Place)**, is the activity of delivering products to the consumers at the right time [9]. Meanwhile, Nguyen states that, the marketing channel can be seen as a set of interdependent organizations that are involved in the process of providing a product or service for use or consumption [5]. Kotler and Armstrong defines the location as a company activity that makes the product available to customers [7].

- **Promotion**, Kotler and Keller states that marketing communication is a means used by companies in an effort to inform, persuade and remind consumers directly or indirectly about the products and brands they sell [4]. There are seven marketing communication mixes, namely: Advertising, Sales Promotion, Events and Experiences, Public Relations, Direct Marketing, Interactive Marketing, and Personal Selling [4].

The purchase decision is a person's decision in which he chooses one of several alternative options available and an integration process that combines the attitude of knowledge to evaluate two or more alternative behaviors and choose one of them [5]. According to Tjiptono and Chandra is a purchase decision which a buyer's decision is regarding which brand to buy [10]. There are six dimensions of purchasing decisions, including: (1) Product selection, (2) Brand Selection, (3) Selection of Purchasing Channels, (4) Time of Purchase, and (5) Payment Method, consumers must make decisions about the method or method of payment of the product purchased, whether in cash or in installments. In this case, the company must know the buyer's desire for the payment method.

## II. METHOD

This type of research is descriptive and causal research [11]. While causal research is a study that explains the causal relationship between independent variables (influencing variables) and dependent variables (variables that are affected) [6]. In this study the researcher wants to know how the influence of independent variables (influencing variables) is the marketing mix consisting of products, prices, places and promotion of the dependent variable (influenced), namely the purchase decision.

The hypothesis can also be stated as a theoretical answer to the formulation of research problems, not an empirical answer [6]. Based on the description that has been stated and the framework of thinking, the hypothesis of this study is that there is an influence of the marketing mix on purchasing decisions. The scale used is Likert attitude scale. The population in the study were consumers who had already bought a secondhand car in the city of Palembang in the Kompas Motor Showroom. Based on the results of car sales in 2015 and 2016, the population of this study was 105 people. In this study the author uses a total of 105 samples that correspond to the number of populations, so it does not use special techniques in determining the number of samples used in this study (saturated samples).

The primary data in this study were obtained through a questionnaire distributed to respondents who were consumers who had bought a secondhand car in the Kompas Motor Showroom. The list of questions in this research questionnaire is closed. Respondents only need to choose alternative answers provided by the researcher. Secondary data from this study are literature studies, journals, literature related to problems, and other information that can be retrieved through internet media. Data analysis techniques in quantitative research use statistics. There are two kinds of statistics used for data analysis in the study, namely descriptive statistics and inferential statistics [2]. Simple regression is based on the functional or causal

relationship of an independent variable with one dependent variable [11]. Data analysis used is simple linear regression analysis.

**III. RESULTS**

The following is the data of respondents who distributed as many as 105 based on gender, occupation, income per month, and the number of car units that have been purchased.

TABLE I. RESPONDENTS DESCRIPTION

Description		F	%
Gender	Male	89	88%
	Female	16	12%
Works	Civil Servant	28	26%
	Private Officer	28	27%
	Businessman	43	41%
	Others	6	6%
Income per month	6,5-8 million	36	34%
	5-6,5 million	29	28%
	8 more million	27	26%
	3,5-5 million	10	9%
Number of cars purchased	< 3,5 million	3	3%
	1	57	54%
	2	31	30%
	3	11	10%
	4	4	4%
>4	2	2%	

To answer the formulation of the first and second problems, namely to find out how the marketing mix and consumer purchasing decisions of Kompas Motor Showroom in Palembang City. These respondents can also be used as input for the company to correct deficiencies and maintain good ones. Based on the survey was conducted on the survey gives an average total score of 4,633 or 80.19%. Based on the survey conducted on respondents gives an overview of responses to the purchasing decision variable (Y) getting an average total score of 4,777 or 75.25%.

The results of hypothesis testing data processing using SPSS 21:

TABLE II. HYPOTHESIS TEST RESULTS (T TEST)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.044	.247		4.222	.000
	Marketing Mix	.635	.077	.631	8.244	.000

Coefficients (dependent Variable: Buying Decision)

Based on the data above, it can be seen that the marketing mix variable (X) has a calculated value greater than the T table value, namely t count (8,244) > T table (1,66) and a significance level of 0,000 < 0.05, so Ho is rejected and Ha is accepted. It can be concluded that there is an effect of the marketing mix variable (X) on the purchase decision variable (Y). The coefficient of determination (R2) is used to see how much the contribution of the independent variable (X) is the marketing mix to the dependent variable (Y), namely the

purchase decision. The results of the determination coefficient can be seen below:

TABLE III. THE COEFFICIENT OF DETERMINATION MODEL SUMMARY<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 <sup>a</sup>	.398	.392	.52603

<sup>a</sup> Predictors: (Constant), Marketing Mix

<sup>b</sup> Dependent Variable: Buying decision

From the table above it can be seen that R2 is 0.398 so the coefficient of determination can be calculated using the following formula:

$$\begin{aligned}
 \text{KD} &= R^2 \times 100\% \\
 &= 0.398 \times 100\% \\
 &= 39.8\%
 \end{aligned}$$

Based on the calculation results show the coefficient of determination (KD) is 39.8%. This shows that the magnitude of the effect of the marketing mix (X) on the decision to purchase (Y) secondhand cars in the Kompas Motor Showroom in Palembang City is 39.8% while the remaining 60.2% is influenced by other factors not examined in this study, such as service quality, product quality, or marketing strategy.

**IV. DISCUSSION**

Based on the results of the research from descriptive analysis shows that the respondent's response to the secondhand Car Marketing Mix in Kompas Motor Showroom in Palembang City resulted in an average total score of 80.19%. Thus it can be seen in the continuum line that the Marketing Mix variable is in the good rating category because Kompas Motor Showroom offers various types and brands that are varied with good quality so that many choices are offered to consumers. Marketing Mix variables that have 4 dimensions each dimension has the following numbers. Product dimensions have an average percentage of 84%. Price dimensions have an average percentage of 80.2%. Place Dimensions have an average percentage of 78.4%. Promotion dimensions have an average percentage of 77.2%. This shows that the products carried out by Kompas Motor Showroom have a good quality of car so that consumers feel safe in buying a car, has a variety of brands and types offered according to quality and needs so as to provide a variety of choices to consumers.

The price dimension gets an average percentage of 80.2%. This shows that the Kompas Motor Showroom offers customers 5% discount when making a purchase transaction. For example, at the time of buying a car at the end of the year and if there are prospective customers making purchases or exchanging cars for more than 1 unit in one month, a discount is also given by the Kompas Motor Showroom. Although the price discount given is not too large, it can influence the decision of the prospective consumer in buying a car. Kompas Motor Showroom also provides guarantees in the purchase of a car such as car checking service for the first month for free, starting from the date of purchase. In addition, Kompas Motor

Showroom has varied prices according to the type, year, brand, and quality of each car offered.

The place dimension gets an average percentage of 78.4%. This shows that the Kompas Motor Showroom has a car storage area not far from the showroom location so that consumers can see firsthand the condition of the car they want to buy and the Showroom can send the car from the car storage to Showroom faster because of its close distance. Kompas Motor Showroom location is easily accessible to consumers. Because it is in an area or road known as a place to buy and sell secondhand cars in the city of Palembang. And is in the center of the city so that consumers are not too far away in making a purchase transaction [12]. Kompas Motor Showroom is in a strategic place because it is located along the road of Alamsyah Prawiranegara which is an area that sells lots of secondhand cars of various types and brands ranging from quality Japanese, European and German manufacturers so that they can be easily found by consumers in making choices for buy the desired car. In addition, the location of Kompas Motor Showroom is close to several banks so that it can facilitate consumers in making car payments.

In addition, there are dimensions of promotion that have an average percentage of 77.2%. This shows that the promotion conducted by Kompas Motor Showroom has been good but not optimal, so Kompas Motor Showroom needs to improve the promotional programs carried out, for example following secondhand car exhibition events, so that it can reach wider consumers. Based on the results of the research from descriptive analysis shows that the respondent's response to the decision to purchase secondhand cars at the Kompas Motor Showroom in Palembang City resulted in an average total score of 75.25%. Thus it can be seen on the continuum line that the purchase decision variable is in the good category, because respondents can buy cars according to the needs with the many types, brands, and quality offered according to the funds owned by consumers which means Showroom has succeeded in influencing consumers to buy secondhand cars at Kompas Motor [13]. This Purchase Decision variable has 5 dimensions; each dimension has the following average number. Product Selection Dimensions have an average percentage of 84.6%. Brand Selection Dimensions have a percentage of 78.6%. Purchase Channel Selection Dimensions have an average percentage of 83.4%. Purchase Time Dimensions have average percentage of 84.2%.



Fig. 1. Promotional brochure.

The picture above shows one example of promotional media conducted by Kompas Motor Showroom in the form of promo brochures by displaying brand offers, type, price of credit services and requirements for making credit payments to facilitate consumers in the purchase process. The highest value is found in the dimension of product selection with a percentage of 84.6%. This shows that the products offered by Kompas Motor Showroom have various types, brands, prices, and quality so that they can provide various kinds of choices to consumers as needed. In addition, there is a dimension of brand selection that has a low average percentage of 78.6%. This shows that the selection of consumers who will buy a car offered at the Kompas Motor Showroom is still low because most of the cars offered are mostly from Japanese manufacturers, so consumers who want to buy car products from Europe find it difficult to find stock in the showroom so that consumers are interested in buying a car in the Kompas Showroom Motor is low.

Which can mean that in making purchasing decisions, consumers may make sub-choices: brand, distributor, quantity, time, and payment. Thus, the authors can conclude that buying interest is a plan to purchase products after consumer preferences are formed and the brand is one of the things that are considered to generate buying interest.

Based on the results of the determination coefficient, R2 is 0.398. This shows the effect of the marketing mix variables on the variables of secondhand car purchase decisions at Kompas Motor Showroom in Palembang City at 39.8% while the remaining 60.2% is influenced by other variables not examined in this study such as service quality, product quality, strategy marketing and others [2]. At the Compass Showroom Motorbikes, the cars offered to consumers have good quality due to periodic car checks before offering to consumers, Kompas Motor Showroom also has varied prices due to the many types, brands and qualities offered at Kompas Motor Showrooms, besides that, Kompas Motor Showroom also offers car shipping services to consumers after purchasing and Kompas Motor Showroom in addition to making direct sales and brochures in promotion.

## V. CONCLUSION

Based on the discussion of the results of the research described previously about the contribution of the marketing mix to secondhand car purchase decisions in Palembang City, with a case study at Kompas Motor Showroom, it was concluded that the secondhand Car Marketing mix at Kompas Motor Showroom in Palembang City was in good category with a percentage of 80 , 19%. In addition, the decision to purchase secondhand cars in the Kompas Motor Showroom in the city of Palembang is in a good category with a percentage of 75.25%. The third conclusion is that the contribution of the Marketing Mix to the Decision to Purchase secondhand d Cars at the Kompas Motor Showroom in the City of Palembang, the marketing mix variable has a significant influence on the variable of purchasing decisions with the influence of 39.8%. While the remaining 60.2% is influenced by other factors not examined by this study such as service quality, product quality, marketing strategies and others.

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