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The Effect of Product, Promotion, Location, and Reputation on Saving Decision on Village Credit Institution in Kuta Bali

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ABSTRACT:- *This research was conducted with a background in banking origin which has a position as one of the competitive forces through its bargaining power. To meet the needs and desires of customers, they have the means of purchasing in making choices including the decision to save at a financial institution. The purpose of this study was to determine the effect of the product, promotion, location, and reputation on saving decisions at the Village Credit Institution in Kuta District, Bali. This research was conducted on Village Credit Institution customers in Kuta District. The number of samples taken was 120 respondents, using purposive sampling method. Purposive sampling is the determination of the sample with certain considerations. The analysis technique used is linear regression analysis. Based on the results of the study it can be seen that the product has a positive and significant effect on saving decisions, promotion has a positive and significant effect on saving decisions, location has a positive and significant effect on saving decisions, and reputation has a positive and significant effect on saving decisions.*

KEYWORDS:- *product, promotion, location, reputation, saving decision, Village Credit Institution*

I. INTRODUCTION

Village Credit Institutions (LPD) are financial institutions in Bali. LPD is a savings and loan business entity that is owned and owned by a customary village in Bali that functions and aims primarily to encourage the economic development of rural communities through targeted savings and effective capital distribution. The adat village is one of the traditional social organizations in the Bali area, which has several autonomy rights, one of which is autonomy in the socio-economy which is the power to regulate relations between community groups and manage the wealth of the adat village. One form of management of traditional village wealth is to establish a financial institution within a customary village. The operational basis of the Village Credit Institution (LPD) rests on the traditional village awig-awig who prioritize family ties and mutual cooperation between indigenous villagers. Every traditional village in Bali is expected to have a Village Credit Institution (LPD) that will collect community funds and channel the funds back to the people who need them, and the profits obtained by the LPD are used to finance the needs or customary needs in the village.

The purpose of establishing a Village Credit Institution (LPD) in every traditional village in Bali, in accordance with Regional Regulation No. 8 of 2002 concerning Village Credit Institutions is to support economic activities in rural areas through community activities by saving and providing credit to small businesses. As a rural intermediary institution, the amount of funds collected and channeled by the LPD has a very large role in the rural economy because the function of financial institutions is to collect and channel funds for the community to stabilize the rural economy.

As the LPD continues to expand in lending, the need for savings from third parties is increasing. The savings decision made by LPD customers will increase the amount of third party funds collected in the LPD to be distributed again to the community in the Customary Village.

Today's banking customers and financial institutions have a position as one of the competitive forces through their bargaining power. The bargaining power of customers is very important because they have the needs and desires. To meet these needs and desires, they also have the means of purchase (money and time), to make choices and make decisions about the services of a financial institution. Nowadays the demands of society towards the world of banking and financial institutions are increasing, where people do not only view a bank or financial institution as a means of saving money securely, but more than that it expects higher investment returns so as to create an atmosphere of intense competition in raising funds and on the other hand the government limits banks in providing interest rates on deposit products not exceeding the interest of the Bank Indonesia agreement.

The decision to use LPD savings services is the decision made by customers or consumers to use LPD savings services. Customers in making the decision to use LPD savings will certainly go through several stages of decision making. The stages consist of the introduction of problems, information search, alternative evaluations, buying or decision making decisions, and behavior after purchase or behavior after the decision is taken.

Customers in choosing savings require information search. The customer will collect as much information about the bank or financial institution that can help meet his needs. At the alternative evaluation stage, the customer studies more deeply the information obtained and knows the weaknesses and strengths of each bank and financial institution as well as the types of savings products provided. The next stage is to make a decision, at this stage the customer chooses an alternative and takes LPD savings to meet the need to save. After the decision is taken, it can be seen after making a decision in the form of customer satisfaction and dissatisfaction regarding the decision taken. Behavior of customers after deciding to save in the LPD can be seen from customer satisfaction or dissatisfaction regarding the resulting impact.

Behavior of customers after deciding to save in the LPD can be used to measure customer decisions using LPD savings. Measuring the customer's decision to use LPD savings services by using indicators: (i) Troubleshooting. In this case the customer's decision to use LPD savings is measured according to the need to solve the problems faced by consumers. (ii) Information Search. In the information search stage, the customer's decision can be measured by the customer's experience in accessing or gathering information so that much information can be absorbed by the customer. (iii) Alternative Evaluation. At the alternative evaluation stage, the customer's decision can be judged by the customer's experience in evaluating available choices from the amount of information obtained. When the customer has passed this stage, the customer has various information about LPD savings and knows the advantages and disadvantages of LPD savings so that the customer can provide an assessment of how easy it is to use LPD savings. (iv) Buying or taking decision. In this case the decision to take LPD savings is measured in accordance with the customer's behavior on existing beliefs or perceptions after choosing or taking services to be used and whether the customer directly uses the service or not. (v) Post Buying Behavior. After deciding to use LPD savings, the customer provides an assessment of the impact on the problem after getting what he needs through LPD savings.

Kotler (2005) explains that consumers get marketing stimuli from products, prices, places, promotions, economics, technology, politics and culture that enter the consumer's black box and will produce certain responses. Several studies have shown that factors that influence saving decisions are product, promotion, location, reputation, and service quality. Fajriyah's research (2013) shows that promotion, location, and reputation of each have a positive and significant effect on savings decisions. This is consistent with the results of Rahayu's (2013) research which states that each product and promotion has a positive and significant effect on the decision to become a banking customer. Different results were obtained from a study by Fahrudin (2015) where promotion and location had no significant effect on savings decisions.

Promotion is a service marketing medium that aims to introduce company products. In the banking industry, promotion aims to inform customers about banking products. Without promotion, don't expect customers to get to know the bank. Likewise, LPD financial institutions, although the scope of business is only in one Indigenous Village, promotion is the most effective means of introducing LPD products to the village community. The preliminary survey showed that respondents who were actually residents of a Desa Adat in the LPD area were actually not aware of LPD products, what the savings interest rate was, and other benefits from saving in the LPD. Rahmawati research results (2016) states that promotion has a positive and significant effect on savings decisions. The same thing was obtained from Fajriyah's research (2013). However, Yuanita's research (2017) states that promotion has no significant effect on savings decisions.

II. LITERATURE REVIEW

Promotion

Promotion is the last marketing mix activity. This activity is an activity that is as important as other activities, both products, prices, and location. In this activity each bank or financial institution seeks to promote products and services that are owned directly or indirectly (Kashmir, 2008: 155). According to Umar (2008), in marketing management, promotion policies are broken down into four parts, namely: advertising, public relations, sales promotion, and personal selling. For banking, public relations policies can be pursued among others by providing brochures, providing product explanations / explanations, and taking on the role of sponsors. For advertising policies, it can be done by placing advertisements in the mass media. Sales promotions can be carried out by eliminating certain costs. As for the policy of personal selling (personal selling) made to the main customer or priority customers. Communication is carried out directly with customers by bank officers or financial institutions.

Reputation

Pursetyaningsih (2008) states that reputation is a total trust or decision regarding the level at which a company is given a high and honored award. In companies with the main product produced is a service, the reputation or good name of the company is crucial. Marketing efforts undertaken by the company refer to the assumption that reputation in the form of brand image, company image, brand reputation, the best name, excellent service and everything related to customer satisfaction gets priority (Azis, 2001).

Location

Location is the place where the branch products are traded and the company's operational control center, including financial institutions. In practice there are several types of bank or financial institution locations, namely the location of the head office, main branch offices, sub-branch offices, cash offices, and the location of automated teller machines (Kashmir, 2008). Location is the location of a bank or financial institution that influences consumer behavior in saving decisions because there is an element of closeness and easy access to transportation (Mariyaningsih in Wulandari, 2013). Consideration of careful consideration in determining location (Tjiptono, 2007) includes factors: (i) Access, namely location that is easily traversed or easily accessible by public transportation; (b) Visibility, i.e. location can be seen clearly from the edge of the road; (c) Large and secure vehicle parking lots; (d) Expansion, which is a place for future business expansion; (e) Environment, which is the area around which supports the services offered.

Buying decision

Decision is a process approach to solving problems that consists of identifying problems, finding information, looking for alternative research, making purchasing decisions, and behavior after making a purchase that is passed by consumers (Kotler, 2002).

To facilitate the company researching the decision making process of purchasing or using products or services by consumers, modeling the stages of the purchasing process is used. The five stages in the purchase decision process are: (a) Problem recognition. The process of buying by the buyer / service user begins when he knows there is a need, the buyer feels the difference between the real situation and the state he wants. (b) Information search. A buyer who is moved by stimuli will then try to find information about a particular product. The buyer will pay attention to product advertisements, products to be purchased and talk about the product. (c) Evaluation of alternatives (evaluation of alternatives). The buyer does not carry out a simple, single evaluation process in all purchase situations. There are several processes in evaluating decision making. Most of the customer evaluation process models in making product considerations are done consciously and rationally. (d) Purchase decision. At the evaluation stage, customers form preferences for the chosen brands. Customers may form a purchase intention for the brand they like most. (e) Behavior after purchase. After purchasing a product or service, customers will experience a certain level of satisfaction or dissatisfaction. Customers will take action after the purchase and use of the product or service that gets the attention of marketers.

This research analyzes the effect of the product, promotion, location, and reputation on saving decisions. Figure 1 shows the conceptual framework that explains the relationship of each variable.

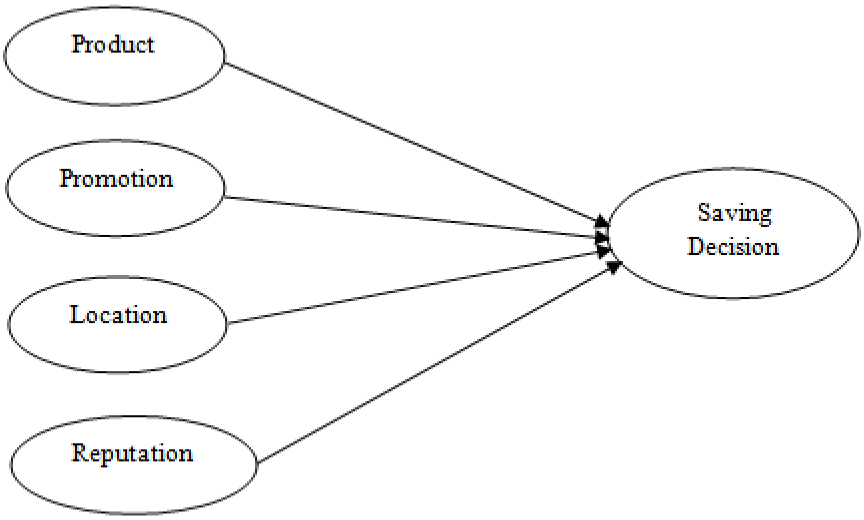

Figure 1. Research Conceptual Framework

Some literature reviews show that savings decisions are influenced by product, promotion, location, service quality, and reputation. Rahayu (2013) research results show that the product and promotion of each have a positive and significant effect on the decision to become a student customer in Islamic banking. Different results were obtained from Fahrudin's study (2015) where promotion and location had no significant effect on savings decisions at Bank Mandiri Surabaya. Rahmawati research results (2016) states that promotion has a positive and significant effect on savings decisions. The same thing was obtained from Fajriyah's research (2013). However, Yuanita's (2017) research is different, namely that promotion does not significantly influence saving decisions.

Based on previous empirical studies, the following hypotheses can be compiled: H1: Products have a positive and significant effect on savings decisions on LPD in Kuta, Bali District; H2: Promotion has a positive and significant effect on saving decisions on LPD in Kuta, Bali District; H3: Location has a positive and significant effect on the decision to save on LPD in Kuta District, Bali; H4: Reputation has a positive and significant effect on the decision to save on LPD in Kuta District, Bali.

III. RESEARCH METHODOLOGY

The approach used in this research is a quantitative (positivism) approach that is associative because this research discusses and examines the influence of several variables namely product, promotion, location, and reputation on saving decisions.

Based on the conceptual framework of research and theory mapping that has been explained previously, it can produce variable indicators. Variable indicators were adopted from previous studies, as well as some modifications to these indicators so that operational variables can be defined as follows: (1) Products. According to Widiyono (2006), bank products or financial institutions are all bank businesses in accepting deposits and channeling them back to the public (customers) and other services as stipulated in the applicable laws in the banking sector. In other words, bank products are all facilities, services and services provided by banks to the public. According to Kotler and Keller (2012) decisions regarding each type of product are based on four aspects: decisions about product attributes, product quality, product characteristics, and product style. (2) Promotion. According to Lupiyoadi (2001), promotion is one of the variables in the marketing mix that is important for companies to market service products. According to Kotler and Keller (2012) companies must distribute total promotional costs to four promotional means, namely: advertising, sales promotion, publicity, salespeople. (3) Location. Location is where the company is headquartered to carry out operations (Tjiptono, 2000). The strategic location will attract customers to make transactions in the LPD. Location is measured based on the following indicators: access, visibility, spacious and comfortable parking, environment that supports the services offered. (4) Reputation. Asker and Keller (in Sulistiarini, 2008) state that the company's reputation is the customer's perception of the quality of services associated with the company's name. Reputation is measured based on the following indicators (Hasanah, 2015): good reputation is the perception of customers about the extent to which a bank's reputation is successfully built, a competitor's reputation is the customer's perception of how good the bank's reputation is compared to the bank's other banks, widely known to show customer perceptions of the extent to which the bank's name is already widely known to the public, easy to remember shows customer perceptions about the convenience of customers to remember the name of the bank or financial institution. (5) Savings decision. The decision to save is a decision on purchasing products from financial institutions. Purchasing decision is a process approach to solving problems that consists of identifying problems, finding information, making alternative assessments, making buying decisions, and post-purchase behavior experienced by consumers (Setiyawati, 2015). Purchasing decisions are measured based on the following indicators: problem recognition, information search, alternative evaluation, buying decision, post-purchase behavior.

TABLE 1 RESEARCH VARIABLES AND INDICATORS

Variable	Indicator	Source
Product	• Product attribute • Product quality • Product characteristics • Product style	Kotler and Keller (2012)
Promotion	• Advertisement • Sales promotion • Publicity • Salesman	Kotler and Keller (2012)
Location	• Access • Visibility • Large parking area	Tjiptono (2000)

	• Environment	
Reputation	• Good name • Competitor's reputation • Widely known • Easy to remember	Hasanah (2015)
Savings decision	• Introduction to the problem • Information search • Alternative evaluation • Decision to buy • Post-purchase behavior	Setiyawati (2015)

Sources: Kotler and Keller (2012), Hasanah (2015), Tjiptono (2000), Setiyawati (2015)

IV. RESULTS AND DISCUSSION

Validity and reliability tests are needed because the research variables are measured using several indicators. The validity test results show that the calculated value is greater than rtable ($n = 30$, $\alpha = 0.05$) so that all instruments for product variables, promotion variables, location variables, reputation variables, and purchase decision variables are valid.

The reliability test results show that the Cronbach Alpha value of product variables, promotion variables, location variables, reputation variables, and purchase decision variables in accordance with the terms ≥0.60. This means, the instruments for product variables, promotion variables, location variables, reputation variables, and purchasing decision variables are reliable.

Characteristics of respondents in this study were seen from gender, age, education, marital status, and length of time using LPD services. As shown by Table 2, the largest percentage of respondents were men (56.7%), marital status (87.5%), aged between 46 to 55 years (53%), senior high school education or equivalent (61.7%), and has been using LPD for more than five years (74.5%).

TABLE 2 CHARACTERISTICS OF RESPONDENTS

No	Characteristics	Information
1	Long time using LPD services • ≤ 1 year • > 1-3 years • > 3-5 years • > 5 years	 7.8% 10.2% 7.5% 74.5%
2	Age • 17 - 25 years old • 26-35 years old • 36 - 45 years old • 46 - 55 years • 56 years and over	 2.8% 16.7% 26.7% 53% 0.8%
3	Gender • Men • Woman	 56.7% 43.3%
4	Marital status • Marry • Single	 87.5% 12.5%
5	last education • High school • Bachelor	 61.7% 38.3%

Source: Data processed, 2019

Multiple linear regression analysis was processed with the SPSS for Windows program with the dependent variable Savings Decision (Y). Table 3 shows the results of multiple linear regression analysis with savings decision dependent variable (Y), so the regression equation is obtained as follows:

$$Y = 0.257X1 + 0.264X2 + 0.162X3 + 0.222X4 + e \quad \text{(i)}$$

TABLE 3. RESULTS OF THE SIGNIFICANCE OF THE VALUE OF T $_{ARITHMETIC}$ (THE DEPENDENT VARIABLE DECISION- SAVING)

Variable	Beta	t	Sig.
Product	.257	2,208	0.029
Promotion	0.264	2,145	0.034
Location	.162	1,983	0.050
Reputation	.222	2,101	0.038

Source : Data processed, 2019

Based on the regression equation (i) and Table 3, the following things can be explained: The product has a positive regression coefficient of 0.257, this shows that the product has a positive and significant effect on saving decisions. Promotion has a positive regression coefficient of 0.264, this shows that promotion has a positive and significant effect on saving decisions. Location has a positive regression coefficient of 0.162, this shows that location has a positive and significant effect on saving decisions. Reputation has a positive regression coefficient of 0.222, this shows that reputation has a positive and significant effect on saving decisions.

V. CONCLUSION

The conclusion of this research is based on the results of data analysis and the discussion that has been done can be stated as follows: (i) The product has a positive and significant effect on saving decisions. This means that the better the quality of LPD savings products, the decision to save in the LPD will increase. (ii) Promotion has a positive and significant effect on savings decisions. This means that the more promotion carried out by the LPD, the decision to save in the LPD also increases. (iii) Location has a positive and significant effect on savings decisions. This means that the more strategic location of the LPD, the decision to save in the LPD will increase. (iv) Reputation has a positive and significant effect on savings decisions. This means that the better the LPD's reputation, the decision to save in the LPD will increase.

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