ANALYSIS OF FACTORS AFFECTING THE PERFOMANCE OF SMALL TRADERS IN SURAKARTA

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ABSTRACT

The aim of the research is to know : 1) The influence of product to marketing productivity, 2) The influence of price to marketing productivity, 3) The influence of place to marketing productivity, 4) The influence of promotion to marketing productivity, 5) The stimulant influence of product, price, place and promotion to marketing productivity. The location of search in Jongke Traditional Market, Surakarta in year 2005/2006. The population of research is all of small seller in Jongke Market. The sample takes by the proportional random sampling with count of respondent is 50 small seller. Data can found by the questionare with the validity dan reliability test. The data analyze, using statistic data analyze with multiple regression technique and do it with SPSS program. The result of research conclude that : 1) There are the significant influence between product with marketing productivity, 2) There are the significant influence between price with marketing productivity, 3) There are the significant between place with marketing productivity, 4) There are the significant influence between promotion with marketing productivity, 5) There are the significant simultant influence between product, price, place, and promotion with marketing productivity.

Keywords: marketing mix, marketing performance, small traders, tradition market

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1. INTRODUCTION

From marketing science perspective, a successful marketing is one that can fulfil the consumer needs. In a technical sense, this means that every marketing agent must be able to create a commodity whose quality is in accordance with consumer tastes. Marketing activities begin with activities to identify the needs and desires of consumers, determine the type of form and determine the pattern of distribution or distribution of goods and services. The marketing activity is an integrated system of activities. Another consideration of successful marketing is consumer satisfaction. Thus, with the increasing competition of goods and services trading, the management and coordination in the marketing field is required to achieve the expected objective.

The development of the modern market is marked by the emergence of malls, so that the existence of traditional markets is threatened, especially small traders who sell in traditional markets. Jongke Market is one of the traditional markets in the Surakarta region, precisely located in the southwest of the Surakarta region. In the area, the closest traditional markets are the Kabangan market and Purwosari market. Geographically and demographically, Jongke market has a market share or potential customers coming from the west, namely the display area and its surroundings. This area is currently described as a well-developing residential area which surrounded by private housing.

Based on the background, the research questions developed for this research are: Are there any effects of marketing mix factors (price management, place strategy and promotion strategy) applied by small traders in Jongke Market?

(1) Are there any effects of marketing mix factors (price management, place strategy and promotion strategy) application to the performance of small traders in Jongke Market?

In accordance with the problems in this study, this study has certain objectives. The objectives of this study are:

(1) To determine the effect of product management factors on marketing performance.
(2) To find out the effect of price management on marketing performance.
(3) To determine the influence of place strategy factors on marketing performance.
(4) To determine the effect of promotion strategy factors on marketing performance.
(5) To find out the effect of marketing mix on marketing performance.

This research is expected to provide the following benefits:

(1) Giving input and enriching study people in the field of marketing.
(2) Add to the experience of researchers in examining problems in everyday life in the field of marketing.

2. LITERATURE REVIEW

2.1. Definition of Marketing Mix (Marketing Mix)

Marketing mix is a marketing concept which focuses on marketing activities. The marketing mix is a number of strategies used by traders or producers to introduce and promote products to the public. In the marketing mix there are several strategies for traders or producers to market goods to the public.

According to Stanton (1998, p.5), marketing is an overall system of activities aimed at planning, pricing, promoting and distributing goods and services to satisfy the needs of both buyers and potential buyers. Another definition expressed by the AMA (American Maketing Association) in Purnama (2002, p.1) states, "marketing is the process of planning and implementing concepts, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and organization goals.

From the definitions, marketing activities are started from planning, pricing, determining promotions strategies and distributing goods. The existence of marketing activities causes on the existence of an exchange process. The exchange process in ancient times was done by way of barter or exchanging goods. However, the barter is increasingly experiencing difficulties due to the absence of definite standards among goods. These difficulties then arise what is called money. After the money existed, barter is no longer done, but replaced with the term called buying and selling, then each item has the same or almost the same standard which is valued with a sum of money.

Kotler (1994, p.8) defines marketing as "a social and managerial process where individuals and groups get their needs and desires by creating, offering and exchanging something of value with each other". Thus, marketing activities begin with identifying the needs and desires of consumers by determining the type of product, type of form and promotion and distribution of goods and services. It is clear that marketing activities are activities to offer products to the community where the product is useful to meet the needs and desires of consumers which bring satisfaction.

Further, Rambat Lupiyoadi (2001, p.58) states that marketing mix is a tool for marketers that consists of various elements of a marketing program that need to be considered to implement the marketing strategies, so it can run successfully. Likewise, Nirwana (2004, p.43) frames marketing mix is a series of variables owned by the company or marketing tools that can be controlled by the company to serve the target market segments. Both opinions indicate that marketing mix is a tool for marketers to inform products to audiences. Kotler (1997, p.83) also defines that "marketing mix is a concept of marketing activities consisting of several elements. The elements of the marketing mix consist of all variables that can be controlled by the company and communicated to consumers so that they are satisfied. We know the marketing mix consists of four elements, namely: product price, place (distribution) and promotion.

2.1.1 Product

Kotler (2004, p.48) defines product as anything that can be offered by the market to be noticed, obtained, used or consumed to fulfill the desires or needs. These products can be marketed including physical goods, services, people, places, organizations and ideas. Based on the above definition it can be understood that the products offered should be in accordance with the wishes and needs of consumers. Besides, a product offered must be in accordance with the capacity and quality of capital, so it attracts consumers' interest. According to Kotler (2004, p.49) there are four product levels, namely; product core, expected product, additional product, and potential product

The core product is the basic part of the product that has an understanding of the main uses and benefits of the product. For example a chair has benefits to seat, then the chair has a core product as a seat. The core of the product has the benefit of meeting customer / consumer desires. Kotler's desire is that everything is not in a person.

Expected product is the product that is expected. Expected products are part of the core product development. As the development of the product, the expected product is related to the model, appearance, brand and other attributes which provides level of fulfillment of the consumer. Needs according to Kotler (2004, p.50) are mentioned as desires that have been influenced by the external environment. Thus, the needs of others in certain areas will be different from the needs of people in other regions.

Augmented products or additional products are interpreted as something that distinguishes a product from similar products from other manufacturers. Augmented product will give special characteristics to the product so that people will look for it because they need a product because of these special characteristics. Some of the things that can be included in the Augmented product criteria include guarantees, after-sales services or guarantees of product loss and so on.

The final level of a product is a potential product. Potential products can be interpreted as all possible additions and changes to the product.

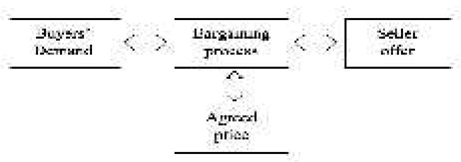
2.1.2 Price

According to Kotler (2004, p.634), price is one of the marketing mix that generates income and can determine costs. Price are also flexible, can be changed quickly. In the opinion of FW Woolwort, Tiffany and co. And John Wanamaker in history, prices were generally set by buyers and sellers who negotiated with each other through bargaining, eventually reaching a late 19th century, pricing is fixed due to large-scale retail sales. Price is an important factor to determine the amount of money that must be paid by consumers for a product. Thus, a trader must be able to determine retail prices or discounted prices.

Price is a variable from marketing that has a dominant role in determining and is associated with the number of products that are successfully sold by the company. Thus, the pricing strategy is very important in order to achieve a desired income by the company. Pricing that is well-done strategically will actually reduce the income. For example, the price that is set too high and is not adjusted to the income of consumers or market segments or too low will result to a negative perception of the products produced by the company.

The process of determining price can be started from the condition of consumer demand and the value of the offer from the producer. From the request and the price will be formed. If one party feels disadvantaged from the formation of a price, then the interaction process will occur continuously until a price agreement is formed and agreed by both parties. The following figure illustrate the process of price formation:

Figure 1: Price Formation Process



Source: Kotler (2004).

Pricing according to Kotler (2004, p.87) includes: get maximum profit, broader market share, company leadership on product quality, determine requests from consumers, cost estimation, price conditions of competitors. While pricing is based on determination of closed bid prices, mark-up pricing, pricing based on goals return, pricing based on value believed, pricing based on prevailing prices. In reality, price cannot persist without being influenced by other factors, both internal and external factors. There must be a certain strategy to respond to changes in price on a product. Things that can be done to respond to prices on a product. Things that can be done to respond to product prices include reducing prices and increasing product prices.

2.1.3 Place (Distribution)

According to Stanton (1989, p.47) distribution/place is a tool to manage trade channels which are used to distribute products to introduce distribution systems for the delivery and handling of products physically through certain channels. Place/distribution is an important factor in the marketing mix that functions as a place to distribute products sold to consumers.

Place is a combination of location and decision on the distribution channel, in this case related to how the product is delivered to consumers and where the location is strategic (Rambat Lupiyoadi, 2001, p.61). Location means dealing with the location where companies or traders must be headquartered and carry out operations.

In this case there are three types of interactions that affect location; (1) Consumers go to traders where traders should choose a place close to consumers so that it is easy to reach, (2) Traders come to consumers, in this case, the location is not too important, the main considerations are delivery and the quality of the product, (3) Traders and consumers do not meet in person, they meet through the use of certain facilities such as telephone, internet or mail. For this condition, the location becomes very important as long as there is no obstacle in existing communication facilities do not experience obstacles.

Distribution according to Boyd (1997, p.99) are amount and type of intermediary, location/availability of products sold, product inventory level, and transportation. Thus, place/distribution is the number of channels of goods to be sent also where the product inventory will be sent to the market or consumers.

2.1.4 Promotion

Kotler (2004, p.456) defines promotion as "collecting a product to the audience or consumers by using a message that is tailored to the culture of the recipient community products." Messages can be delivered in accordance with the views/perceptions of someone/certain community groups, because it aims for the acceptability of the product. Promotion according to Stanton (1989, p.47) is an element that is utilized to persuade the market to create certain image of a company's new product, it can be in the form of individual sales advertisements and sales promotions. Promotion is a marketing mix factor that functions to attract consumers' interest in a product to buy.

Promotions in marketing activities become a variable that has a very important role. Promotion is a bridge of communication between producers or traders with consumers. As a form of communication, promotion must be carried out effectively. To give a good influence on customers, communication activities must be carried out. Kotler (2004, p.74) argues that the effectiveness of communication must cover various stages consisting of; (1) Identification of the target audience, (2) Determination of communication objectives, (3) Selection of communication channels, (4) Determination of communication budget, and (5) Measurement of promotional results.

Whereas according to Nirwana, to develop effective communication, eight steps of communication are carried out: (1) Identify the target audience, (2) Determine communication objectives, (3) Designing messages, (4) Choose a communication channel, (5) Allocating the total budget from promotion, (6) Decide about the promotion mix, (7) Measuring promotional results, (8) Manage and coordinate all communication process. With various steps in promotional communication activities, it is expected that promotional activities will support sales volume. The accuracy in setting prices is expected to obtain maximum profit. The choice of a place as a distribution facility is also expected to facilitate consumers to come to where products are sold and the availability of products that are really needed and have good quality are expected to attract consumers to buy products.

3. METHODOLOGY

The object to be examined is small traders. The research locations are in Jongke market, Pajang Village, Laweyan District, Surakarta. The population are all small traders in Jongke Market. The technique used in sampling is proportional random sampling. In this study, 50 small traders are taken as respondents. The determination of classifying the small traders are based on the categorization from Traditional Market Service Official. The categorization are; vegetable traders, fruit traders, spices traders, and meat traders.

Sampling is done by recording all merchants with types of merchandise consisting of vegetables, fruit, spices and meat. After being recorded, samples were taken proportionally from each group of traders, then from each group of traders randomly.

4. HYPOTHESIS

Before obtaining the correct evidence, in this study, it is necessary to draw a temporary conclusion:

(1) There is a significant influence between product management against marketing performance of small traders in Jongke market.
(2) There is a significant influence between price exposure to the marketing performance of small traders in Jongke Market.
(3) There is a significant influence between the location strategy on the marketing performance of small traders in the Jongke market.
(4) There is a significant influence between the promotion strategy on the marketing performance of small traders in the Jongke market.
(5) There is a significant influence between product management, price management, promotion strategies and joint strategy on the marketing performance of small traders in the Jongke marketSampling is done by recording all merchants with types of merchandise consisting of vegetables, fruit, spices and meat. After being recorded, samples were taken proportionally from each group of traders, then from each group of traders randomly.

5. RESULTS AND DISCUSSION

This study aims to determine what factors influence the performance of small traders in Jongke Market, Pajang Village, Laweyan District, Surakarta. Respondents were some of the small traders in Jongke Market who are numbered 100 in total. From this number 50 people were taken as respondents for the study sample.

The results of this study depend on the marketing mix that is carried out by the small traders on their marketing performance. The respondent's data needs to be identified in advance to prove its validity. Small traders in Jongke Market who were respondents in the study were classified based on the products they sell. Jongke Market is one of the traditional markets in the southwest region of the Surakarta. Geographically and demographically, traders in Jongke Market have a large market share. This is because the area located in a developed residential area.

Small traders choose a simple form of marketing system rather than large capital traders. Because small traders have limitations both in terms of capital and sales turnover of a marketing strategy. Small traders who have mediocre capital is also influenced by the level of profits. This will affect sales turnover that will not increase and the mediocre profits. The factors such as products, prices, places and promotions is considered as an obstacle that makes small traders unable to develop as large traders. The four independent variables in this study, partially have a significant influence on the performance of small traders. Similarly, overall, the four independent variables in this study together turned out to have a significant effect on the performance of small traders.

The hypotheses in this study are all proven and acceptable. So it was concluded that product management, price management, place strategies and promotion strategies carried out by small traders had a significant effect on their performance. From these conclusions, it can be explained as explained below.

The first hypothesis states that "there is a significant influence between product management and small-scale marketing performance" is acceptable. The hypothesis is proven by the magnitude of the price coefficient for the product of 0.376 with the price of the t test of 4.068 and the price of significant at 0,000. The magnitude of the coefficient shows that if a product increases by 1 unit, it will increase the performance by 0.376 units. Likewise, vice versa if there is a decrease in product by 1 unit will reduce the performance of small traders by 0.376 units. The magnitude of the coefficient price is quite significant which means that the coefficient of 0.376 is sufficient to give meaning to the performance of small traders. The price of a significant regression coefficient for product management variables provides information that the type and quality of products is something important that must be considered by traders, especially small traders in markets with such tight competition. Product variations which supported by good quality will give consumers the confidence to come back again to be the items. If small traders always maintain the type of goods and the quality of the goods sold, then this will create customers. Please note that the customer is a source of income that can be said even though the time is uncertain. But they will come back again at a later time if he is almost always able to fulfill his needs and desires.

The second hypothesis which states "there is a significant influence between price management and the marketing performance of small traders," is approved. The acceptance of the hypothesis is proven by the magnitude of the price coefficient for the price of 0.508 with the price of the t test of 5.517 and the significant price of 0.000. The magnitude of the coefficient price indicates that if there is an increase in the management of prices of 1 unit, it will increase the performance by 0.508 units. Likewise, if there is a decrease in the management of a price of 1 unit will reduce the performance of small traders by 0.508 units of price. The magnitude of the coefficient for the price management variable is quite significant, which means that the coefficient of 0.508 is sufficient to give meaning to the performance of small traders.

The magnitude of the coefficient for the price variable is the highest coefficient, it shows that the price has the most dominant influence compared to other independent variables. It needs to be realized that for consumers, including consumers who shop on the market, price is one of the main considerations in making decisions to make purchases, in addition to other considerations such as needs. In addition to pricing, the discounted price is also one of the most important pricing policies for traders. Discounts can be given to consumers or buyers at certain events or purchases in a certain amount. All of these pricing policies will certainly get large amounts or become permanent customers. Thus, the price policy is very important to improve the performance of traders, which, in this case, is net income compared to expenditure and capital used.

The third hypothesis which states "there is a significant influence between place strategies and small traders' marketing performance," is acceptable. The acceptance of the hypothesis is proven by the magnitude of the price coefficient for the place of 0.193 with the price of the t test of 2.073 and the significant price of 0.044. The magnitude of the price coefficient shows that if there is an increase in place strategy of 1 unit, it will increase the performance by 0.193 units. Likewise, if there is a decrease in place strategy of 1 unit will reduce the performance of small traders by 0.193 units. The magnitude of the coefficient for the place strategy variable is quite significant, which means that 0.193 is sufficient to give meaning to the performance of small traders.

Place is one of the physical suggestions that must exist in buying and selling activities. Position or location is also a factor that influences consumers to shop at the place. For those who have a strategic, accessible, and comfortable place is considered as plus points. Especially in a complex market such as the Jongke market, location is one of the important factors that need to be considered so that the merchandise it sells is bought by consumers. Nonetheless, a place that is strategic but less well-organized and not maintained will also keep consumers away. In addition, as one of habits in the market, traders with similar items located close together which then create a truly healthy competition. That is why in this study, although significant, the place has little effect, which is only 0.87 with a t-value of almost no significant, which is 0.044.

The fourth hypothesis which states "there is a significant influence between promotional strategies and small traders' marketing performance," is acceptable. The acceptance of the hypothesis is proven by the magnitude of the price coefficient for the promotion strategy of 0.207 with the price of the t test of 2.237 and the price of significant at 0.030. The magnitude of the price coefficient shows that if there is an increase in the promotion strategy of 1 unit, it will increase the performance by 0.207 units. Likewise vice versa if there is a decrease in the promotion strategy of 1 unit will reduce the performance of small traders by 0.207 units. The magnitude of the coefficient for the promotional strategy variable is quite significant, which means that the coefficient of 0.207 is sufficient to give meaning to the performance of small traders.

Promotion is one of the activities carried out by traders or producers in an effort to introduce goods to consumers. In addition, promotions are also intended to remind consumers of products that might be needed to fulfill their daily needs. In general, promotions are carried out by producers. But it does not rule out the possibility that promotions are carried out by traders. Promotions carried out by traders are certainly not the same as promotions made by producers. This is because traders sell various kinds of goods from many producers and many different brands. For this reason, the promotion of merchants is aimed more so that the merchandise is sold. Some forms of promotion that can be done by small traders in the market are by offering merchandise to people who pass in front of their kiosks which can be done by naming the goods. Mentioning the name of the item will remind the person of his needs which he might lose. In addition, promotions can also be done by small traders by offering certain discounts or bonuses. With these promotional activities, it is expected that people passing in front of the kiosks will stop and at least see the items offered by traders.

The fifth hypothesis states that "there is a significant influence between product management, price management, place strategies and promotion strategies together with the marketing performance of small traders," acceptable. The acceptance of the hypothesis is proven by the magnitude of the price of the determination coefficient of 0.602 with the price of the F test of 19,526 and the significance price of 0,000. The magnitude of the coefficient of determination shows that the four major variables which consist of product management, price management, place strategy and promotion strategy together contribute 60.2% to the performance of small traders in the Jongke market.

Based on the description above, it can be seen that the price variable has the most dominant influence on the marketing performance of small traders. This is evidenced by the magnitude of the price coefficient for price management of 0.508 which is greater than the variable coefficient of 0.376, 0.207 and 0.193. Likewise, the price of the t test for prices is 5.517 higher than the price of the t test for other variables, namely 4.608 2.073 and 2.237. The magnitude of the price coefficient for the price indicates that the price gives the greatest influence or change to the performance of the trader if there is a change in the independent variable of one unit.

Price is the main consideration for consumers in the market to purchase goods needed. For consumers in the market, they are usually remembered in their dreams about what is needed and want to be bought in the market while at the same time preparing the money they want to spend on shopping. As for traders, price policy is a means to find consumers. Of course, in this case, is a price policy that benefits producers and consumers. For producers the price policy is intended so that the goods sold sell well, while for consumers the price policy can also be profitable. This study proves that price policy is the dominant factor that influences the performance of traders, where the performance of traders that is most visible is the net income compared to the total capital spent.

6. CONCLUSION

Based on the testing of hypotheses, it is concluded that: (1) there is a significant influence between the product and the marketing performance of small traders in Jongke Market. Based on the price of t count for the product variable of 4.068 with a significance price of 0,000, Ho is rejected, and Ha is accepted, (2) there is a significant influence between the price and the marketing performance of small traders in Jongke Market. Based on the price t count for the variable price of 5.517 with a significance price of 0,000, Ho is rejected, and Ha is accepted, (3) there is a significant influence between the place and the marketing performance of small traders in Jongke Market. Based on the price of t count for the place variable of 2.073 with a significance price of 0.044 then Ho is accepted, and Ha is rejected, (4) there is a significant influence between the forms of promotion and the marketing performance of small traders in Jongke Market. Based on the price of t count for the form of promotion variable of 2.237 with a significance price of 0.030 then Ho is rejected and Ha is accepted, (5) there is a significant influence between product, price, place and promotion together with the marketing performance of small traders in Jongke Market. Based on the price of t count for the form of promotion variable of 19,526 with a significance price of 0,000, Ho is rejected and Ha is accepted.

Based on the conclusions above, business actors should be able to use business techniques in a modern way, even though the trade turnover is only small. The business should be carried out in a well-managed trading business. This is very necessary because in general, small traders do not pay off their business, sometimes they do not know that their business is always losing money. Efforts that can be made are taking into account the costs incurred and then calculating the results obtained. It is also necessary to try to study the consumers around them, about the type of goods that are in demand. Do not just take things without being estimated first, because this can cause losses.

For small traders and other small business people, they must be fully aware that money in their hands is their own money. This means that the money in hand is part of the business money (capital) and the other part is the money itself (profit). To fulfil personal needs, do not exceed the amount of profit and also try to leave profit money as much as possible. Remaining earnings are used as backup data which can be used for sudden needs or added as capital so that it can enlarge its business.

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