

The Strategy of Promotion Mix for Achieving Target Outstanding Financing on Indonesia Exim Bank in Medan Area

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Abstract: The purpose of this study is to investigate and analyze the significant promotion mix factors that have an effect on the outstanding lending decision and formulate a suitable strategy for Indonesia Exim bank. The type of research used is correlational research and if based on data type is quantitative research. The population of this research is the debtors from Indonesia Exim bank in the Medan region from 2012 to 2016, totaling 30 companies. Data analysis in this research uses multiple linear regression model. In the process of data processing, the authors are assisted using the Statistical Product and Service Solution (SPSS) data processing application. The results have found that advertising, personal sales, public relations, and direct sales simultaneously have an influence on lending decisions. Partially, advertising and public relations have a significant influence on loan decisions, while personal sales and direct sales have no significant effect on lending decisions
Keywords: Promotion Mix, Advertising, Personal Selling, Public Relations, Direct Selling, Lending Outstanding, Export-Import Bank.

INTRODUCTION

One of the sectors that contributed significantly to the development of the nation's economy was the banking sector. Development of all service, industry and trade sectors requires business capital or working model as a driving force for production activities.

Without working capital, the business people will have difficulty in financing the company's production activities. Therefore, financial institutions have an active role in providing loans, financing or guarantees. In line with the rapid growth of the economy, the part of financial institutions becomes more needed to accelerate the nation's economy. Every company wants their business to be more fluent and more advanced to achieve the company's goals, among others, to generate optimal returns to support the smooth running of the company and the survival of the company, providing support financing and capital funding to small, medium and large enterprises, either inside and outside the country.

Indonesia Exim bank is a specialized financial institution owned by the Government of Indonesia. Has the ultimate goal of supporting export performance, increasing the value and competitiveness of the export commodity through financing, guarantee, and insurance. Financial institutions should attract as many potential customers as possible by conducting promotional strategies and providing satisfactory services to consumers. In order to increase the number of customers, it needs a promotion mix strategy that

includes the main variables of advertising, promotion, sales, personal sales, public relations and direct marketing [1]. Based on the problem identification, the authors formulated several hypotheses in this study are as follows:

H1: There is significant influence between advertising on lending decisions

H2: There is significant influence between sales on lending decisions

H3: There is significant influence between public relation to lending decisions

H4: There is significant influence between direct marketing on lending decisions

H5: There is a significant influence among advertising, personal sales, public relations, and direct marketing on lending decisions simultaneously.

LITERATURE REVIEW

A decision to Use

According to Setiadi [1], there are five steps that consumers go through in the decision-making process to buy or use a service or product. The decision-making stages include: (1) Recognizing the product is the process of commencement when choosing goods or services by recognizing the existence of many options in obtaining the desired needs. (2) Searching for information is an action seeking as much information as needed to the wanted or desired needs. The level of information seeking is divided into two levels. The first level of increased attention and second is the actively seeking information that is done from all sources. (3) Evaluate alternative, i.e., consumers process information about brand choices to make final decisions. Consumers will seek certain benefits and further look at the attributes of the product or service. (4) Choosing a decision is the stage where consumers are composing brands in a set of choices and establishing purchase intentions, and consumers will drop their choices by what they prefer. (5) Post-purchase behavior is a stage where consumers will experience two possibilities, i.e., to feel satisfaction on their decision or dissatisfaction at all his decision.

Advertising

Kotler and Armstrong [2] state that advertising is all forms of nonprivileged paying and promoting ideas, goods or services with a particular sponsor. Marketing management must make four crucial decisions to advance the advertising program. The first step is setting advertising goals. These goals should be based on past decisions about target markets, positioning, and marketing mixes, which define the tasks that the ads should have to perform in total marketing programs. The overall purpose of advertising is the consideration of building customer relationships with customers by communicating customer value. Good ad messaging is very important in an expensive and mixed-up advertising environment today.

An ad can attract attention [2] in the following ways: (1) break the crowd. Today many marketers subscribe to the new advertising and entertainment mix "Madison & Vine." Madison & Vine is a term that presents advertising and entertainment combinations to break the crowd and create a new arena to reach consumers with more private messages. (2) Message strategies. Message strategy statements tend to be a useful benefit framework and flat point, and direct advertisers want to emphasize. Advertisers should then develop a compelling creative concept or "big idea" that will turn on message, messages in different and easy-to-remember ways. (3) Implementation of the message. Advertisers have to turn a big idea into actual executions that will capture the attention and interest of the target market. The creative team must find the best approaches, styles, tones, words, and formats to execute

messages. All messages can be displayed in different execution styles.

Personal Selling

Kotler and Armstrong [2] argue that personal selling is personal presentations by company salesperson to sell and building relationships with customers. So personal selling is a company activity to engage in direct contact with potential customers. With this direct contact, it is hoped that there will be a positive relationship or interaction between the company and the prospective consumer. This direct contact affects consumers more intensively, because in this case entrepreneurs can know the tastes and tastes of consumers and their lifestyles, and thus entrepreneurs can adjust the approach or communication with the consumer more precisely by the consumers concerned. Personal selling purposes are diverse, ranging from merely generating awareness about the availability of a product, stimulating buyer interest, to comparing prices with terms of sale and settlement transactions.

Shimp Terence [3] mentions, the ultimate goal personal selling is educating our customers, providing useful products and marketing help, and providing perfect service and support to buyers. While according to Boyd Walker [4], the purpose of personal selling is (1) Winning new product acceptance by existing customers. (2) Gain new customers for existing products. (3) retain customer loyalty now by providing excellent service (4) completing future sales facilities with technical service members to potential customers. (5) complement future sales by communicating product information. (6) Get market information. The personal selling process consists of several stages that must be mastered.

Here are the steps in the personal selling process according to Kotler and Armstrong [2]: (1) Choosing and evaluating prospects. Steps in the sales process where a salesperson identifies qualified potential customers. (2) Pre-approach. Steps in the sales process where a salesperson learns to be as prospective as possible before making a sales visit. (3) Approach. Steps in the sales process where salespeople meet customers for the first time. (4) Presentations and demonstrations. Steps in the sales process where the salesperson tells the "product story" to the buyer, emphasizing product benefits for the customer (5) Overcoming objections. Steps in the sales process where the salesperson sought, clarified, and addressed customers' objections to purchasing. (6) Closure. Steps in the sales process where a salesperson asks customers to place an order. (7) Follow-Up. The last step in the sales process where the salesperson followed up after a sale to ascertain the customer's header and repeat the business.

Public Relations

According to Kotler and Armstrong [2], public relations (PR) is building a good relationship for the public, the company by acquiring the desired publicity, making a good corporate image, and handling or encountering rumors, stories, and unpleasant events. Public relations departments can carry out one or all of the following functions [2]: (1) Press relations or press agents Creating and placing valuable information in the media to attract attention to a person, product or service. (3) Community activities Build and maintain national and local relationships (4) Maintain relationships Build and maintain relationships with regulators and government officials to influence laws and regulations (5) investor relations Maintain relationships with shareholders and other parties in the financial community (6) Development Public relations with donors or nonprofit members of a nonprofit organization for financial or voluntary support.

Direct Marketing

Kotler and Armstrong [2] state that direct marketing is a direct individual consumer relationship with carefully targeted individual consumers to reach immediate response and achieve lasting customer relationships. The deal communicates directly with the customer, one by one and is interactive based. In addition to brand building and customer relationships, direct marketers are usually looking for immediate, immediate and measurable consumer responses. Direct marketing benefits are as follows [2]: (1) Benefits for buyers. For buyers, direct marketing is fun, easy and personal. Direct marketing is interactive, and immediately, the buyer can interact with the seller via

telephone or seller's website to create the right information configuration, product, or service they want. (2) Benefit for sellers. For sellers, direct marketing is a tool for building customer relationships. Direct marketing gives sellers access to reach buyers they cannot enter through other channels.

RESEARCH METHODS

The type of research based on the method used is correlational research and based on the data type used is quantitative research. The purpose of this research is to know and analyze the promotion mix factor which significantly influences the decision of outstanding lending. The population in this research is all debtors of the finance division in the period of 2012-2016 as many as 30 companies. The number of research subjects is less than 100. Therefore, It can take samples from the whole population [5]. Method of data analysis in this research is multiple linear regression model. In the data processing process, the author used the Statistical Product and Service Solution (SPSS).

RESULTS

Validity Test

With a total sample of 30 respondents, the correlation analysis was conducted between the questionnaire score and the validity value (r-critical). For the r product moment (r-critical), at 30 samples, with a significant level of 5% is 0.361, if the r-count value is higher or equal to 0.361, then it can be stated that the instrument is valid. Thus the whole question in the questionnaires is declared valid [6]. The following table of validity test results of the research instrument is as follows:

Table-1: Validity Test Results

| Variables | Item | r-critical value | r-count value | Description |
|-----------------------|------|------------------|---------------|-------------|
| Advertising (X1) | X1-1 | 0,361 | 0,468 | Valid |
| | X1-2 | 0,361 | 0,581 | Valid |
| | X1-3 | 0,361 | 0,639 | Valid |
| | X1-4 | 0,361 | 0,717 | Valid |
| Personal Selling (X2) | X2-1 | 0,361 | 0,484 | Valid |
| | X2-2 | 0,361 | 0,533 | Valid |
| | X2-3 | 0,361 | 0,712 | Valid |
| | X2-4 | 0,361 | 0,650 | Valid |
| | X2-5 | 0,361 | 0,557 | Valid |
| | X2-6 | 0,361 | 0,676 | Valid |
| Public Relations (X3) | X3-1 | 0,361 | 0,680 | Valid |
| | X3-2 | 0,361 | 0,641 | Valid |
| | X3-3 | 0,361 | 0,785 | Valid |
| | X3-4 | 0,361 | 0,826 | Valid |
| Direct Selling (X4) | X3-1 | 0,361 | 0,755 | Valid |
| | X3-2 | 0,361 | 0,725 | Valid |
| | X3-3 | 0,361 | 0,535 | Valid |
| Lending Decision (Y) | Y-1 | 0,361 | 0,806 | Valid |
| | Y-2 | 0,361 | 0,776 | Valid |

Reliability Test

In this study, the Cronbach alpha coefficient calculated as the average correlation between the items

in the set, if the alpha Cronbach coefficient value is closer to value one then the stronger internal consistency reliability [7].

Table 2: Reliability Test Results

| Variables | Alpha Cronbach value | Description |
|-----------------------|----------------------|-------------|
| Advertising(X1) | 0.857 | Reliable |
| Personal Selling (X2) | 0.857 | Reliable |
| Public Relations (X3) | 0.857 | Reliable |
| Direct Selling (X4) | 0.857 | Reliable |
| Lending Decision (Y) | 0.693 | Reliable |

Hypothesis Test

Simultaneous Test Results (F-Test)

In table-3, the F-count value is (12,824) > of F table (2,759) and the significance level of the F test is 0,000 (p <0.05), meaning there is a significant influence

of advertising (X1), personal sales (X2), public relations (X3) and direct sales (X4) on the lending decision (Y) simultaneously. From the table above test results, the proposed hypothesis is acceptable.

Table-3: Simultaneous Test Results

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|--------|------|
| Regression | 3.900 | 4 | .975 | 12,824 | .000 |
| Residual | 1.900 | 25 | 0.76 | | |
| Total | 5.800 | 29 | | | |

- b. Predictors: (Constant), Advertising (X1), Personal Selling (X2), Public Relations (X3), Direct Selling (X4)
- a. Dependent Variable: Lending Decisions (Y)

Partial Test (T-Test)

Table 4 shows the results of t-test as follows

- The t-value for advertising variable 2,879 > of the t-table value is equal to 2.045, and the significant value for the advertising variable is 0.008 < $\alpha = 0.05$. The test results found that advertising had a positive and significant effect on lending decisions. Therefore, the hypothesis proposed by the authors are proven and accepted.
- The t-count value for the personal selling variable of -.008 < the t-table value is equal to 2.045, and the significance value for the personal selling variable is 0.994 > $\alpha = 0.05$. The test results found that the training had a negative and insignificant effect on lending decisions. Therefore, the

hypothesis proposed by the authors are unproven and rejected.

- The t-value for variable public relations 3,263 > the t-table value is equal to 2.045, and the significant value for the public relations variable is 0.005 < $\alpha = 0.05$. The test results found that public relations had a positive and significant effect on lending decisions. Therefore, the hypothesis proposed by the authors are proven and accepted.
- The t-count value for the direct selling variable of -.195 < the t-table value is equal to 2.045, and the significance value for the direct selling variable is 0.847 < $\alpha = 0.05$. The test results found that direct selling had a negative and insignificant effect on lending decisions. Therefore, the hypothesis proposed by the authors are unproven and rejected.

Table-4: Partial Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-----------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .216 | .667 | | .323 | .749 |
| | Advertising (X1) | .600 | .208 | .474 | 2.879 | .008 |
| | Personal Selling (X2) | -.002 | .190 | -.001 | -.008 | .994 |
| | Public Relations (X3) | .427 | .131 | .497 | 3.263 | .003 |
| | Direct Selling (X4) | -.029 | .146 | -.029 | -.195 | .847 |

a. Dependent Variable: Lending Decisions (Y)

DISCUSSION

The Effect of Advertising on Lending Decisions

Test results show that advertising has a significant and positive effect on lending decisions. Advertising is one of the factors that influence the

lending decision in Indonesia Eximbank Medan region. The findings of this study are in line with and support the findings of Noor Imansyah [8] which have proven that advertising has a positive and significant effect on lending decisions. It should have noted that the top

management of the company that advertising is a management action to encourage members of the organization to meet the demands of various provisions.

The Effect of Personal Selling on Lending Decisions

Test results show that personal selling has an insignificant and positive impact on lending decisions. This case is because Indonesia's Eximbank market is relatively narrow and small. It only targets consumers engaged in export commodities.

The Effect of Public Relations on Lending Decisions

Test results show that public relations have a significant and positive influence on lending decisions. Public relations is an important marketing and promotional tips where the company is not only related to the customer but also has to deal with other larger public interest groups. The findings of this study are in line with and support the findings of Nina Widiyanti [9] which have proven that public relations have a positive and significant effect on lending decisions.

The Effect of Direct Selling on Lending Decisions

Test results show that direct marketing does not significant and positive effect on lending decisions. This case is because the target market of Indonesia Eximbank is a company engaged in export commodities and is a medium scale company, the direct selling system is effectively used in promoting a product.

The Effect of Advertising, Personal Selling, Public Relations, Direct Selling on Lending Decisions

The results of simultaneous testing proved that there was a significant influence of advertising, personal selling, public relations, and direct selling on lending decisions. It should have noted that if advertising, personal selling, public relations, and direct selling are enhanced, then the lending decision will increase. These findings have proven and supported previous researches undertaken by Tursina Apriliana [10] in which the researchers have found that advertising, personal selling, public relations, and direct selling can increase the interest of customers in making lending decisions.

CONCLUSIONS

Based on the analysis and discussion that has been previously stated, it can be concluded as follows:

- Advertising has a positive and significant effect on lending decisions. Partial test results have found that t-count is higher than t-table or $2,879 > 2.045$
- Personal selling has a negative and insignificant effect on lending decisions. The partial test results have found that t-count is lower than t-table or $-0,008 > 2.045$.
- Public relations have a positive and significant influence on lending decisions. Partial test results have found that t-count is higher than t-table or $3,263 > 2.045$

- Direct selling has a negative and insignificant effect on lending decisions. Partial test results have found that t-count is lower than t-table or $-0,195 < 2.045$
- Based on the F-test, it is known that advertising, personal selling, public relations, direct selling, in the same way, affects significantly on lending decisions.

SUGGESTIONS

Based on the analysis and conclusions, the researchers recommend the following:

- The Company maintains and enhances advertising activities performed from strategic placement and banner placements, broadcasts television products periodically by conducting talk shows, Install print media advertisements such as newspapers, magazines, etc.
- The company holds activities such as exhibitions that can be the entrepreneurial exhibition, charity activities for orphans and less fortunate children, sponsorship activities such as student research or sports activities.
- The authors also acknowledge there are limitations in this study, therefore, for future researchers may able to develop this research and add variables or develop models such as path analysis

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