The Influence of 7P’s of Marketing Mix on Buying Intention of Music Product in Indonesia

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Abstract

The music industry continues to decline each year, the decline in sales of music products is due to the development of technology that allows people to create a compact disc (CD) pirated and illegally downloaded music. Digital era makes selling of music cassettes and CD's dropped drastically, so the manufacturers have to think of a way to sell their music product by adjusting the development of technology. On the other hand, the development of technology has also helped to revive music products. Sales of digital music products that utilize internet technology began to increase. Smart phones like Apple through iTunes record of success in sales of digital music and encouraging many people to pioneer a similar service. Blackberry in 2013 account for approximately 20 percent of the profits derived from the sale of digital music content via the Blackberry World. The data shows that consumers interest in music began to change from consume CD music products, now consumers prefer to consume digital music products through internet, these means the e-commerce of digital music product began to increase. This study aimed to examine the factors that can influence consumer buying interest towards music products. The populations in this study are music lovers in Indonesia. The data in this study were obtained through questionnaires, and analyzed using multiple regression analysis. The results showed that the prices have the greatest influence consumers to buy music products. Price becomes a major consideration for consumers to purchase music products, because of the possibility of consumers who only want to spend money for a song which they liked. The existence of digital music via internet can make consumers easy to choose and purchase just any song they like, rather than to buy a CD that contains many songs but only a few are favourite by consumers.

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1. Introduction

The development of technology has changing human behavior. Technology makes it easy for any person to obtain information from all around of the world, but technology also makes people like to interact with others through cyberspace. The digital era has changed consumer behavior [1]. People in Indonesia more than 9 hours will be more likely to direct their gaze to gadget every day, they are prefer to socialize through social media than socialize directly.

Changes in human behavior is also induced a decrease in sales of music CDs. People now prefer to download music over the internet than to buy a music CD. The availability of online digital music products should not abolish the CD music format, but it can complement the needs of music consumers [2]. Innovation of the music products is expected to increase consumer buying intention to buy music products to increase the volume sales of music products [3].

Innovation of music product can be one of the solution for music industry to increase their product sales through combining products (bundling) with another product, for example an online digital music products are sold by offering bundling with ring back tone (RBT), music CD are sold by offering bundling with fast food in fast food restaurant. Efforts made by music industry are expected to increase sales of music products and revive the ailing of music industry.

This study aims to provide information for the music industry regarding the factors that may affect consumer buying intention of music products, the results of this study expected can provide information for music industry in increasing sales volume of music products by giving attention to factors that influence sales music products.

2. Literature Review

The world has changed, and the products of physical recorded music on CD almost ended as it began less desirable. This happened on all over the world, as far as the availability of the Internet and mobile phone services are affordable, where technology allows consumers to download songs without having to go to a music store [4][5]. The beginning of digital music online era means marked the end of the golden era of physical album sales. In the last six years, the decline in physical sales of recorded music in the world reached 40 percent. Various attempts were made by the music industry to be able to increase sales of music products, including bundling with other products.

Innovative music products offering through digital music and bundling, as well as the selection of distribution channels through digital distribution is expected to attract consumers buying intention to purchase music products [6][7]. Bundling music product with other products still have to pay attention by selection the content of the songs, because the songs are more affecting consumer buying intention than the price, and the singer or band [8]. The most important to note is the quality that should be possessed by a band or singer that can give a big impact for consumers to be able to increase the sales of music products [9].

The quality of music products and a good promotion can increase sales of music products, such as promotion through mobile phones, the internet, and through other media [10][11]. Digital music online products are cheaper and preferred by consumers than the product music on CD. The existence of digital music online product offerings another option for consumers to obtain music products, because consumers will only purchase music products and pay voluntarily of the artist or band that favored and already well known, so consumers feel that they are receiving a balanced reciprocal [12][13]. Consumer's love of the artist or band can affect consumer loyalty to keep consuming the music product from the artist or band's that they liked [14].

Digital music online products are offered by many music sites. Display of the site and easy to access the music products are very important to make consumers feel comfortable and satisfied in obtaining music products. The ease of obtaining music products on music sites can influence consumer behavior in buying the product [15]. The existence of offerings digital music online product provide convenience and time efficiency for consumers, so many music consumers are now turning to consume digital music online products [13].

3. Methodology

The populations in this study are Internet users and music lovers in Indonesia. Instrument used in this study is a questionnaire, using 1-5 Likert scale as the scale of measurement in this study. Respondents in the study were from
the Greater Jakarta area in Indonesia, which familiar to use the internet. Hypothesis used in this research are multiple regression analysis technique. The grand theory of this research is the Theory of Planned Behavior [16], and models of consumer behavior [17]. The model used in this study is a modification of a previous study which discussed consumer behavior towards music products [4][5][6][13].

4. Result

This study uses respondents to fulfill the questionnaire, and the detail of the respondents as presented in Table 1.

Table 1. Respondent Data

| Category    | Percentage |
|-------------|------------|
| Gender      |            |
| Male        | 33%        |
| Women       | 67%        |
| Total       | 100%       |
| Age         |            |
| 16-20       | 27%        |
| 21-25       | 42%        |
| 26-above    | 31%        |
| Total       | 100%       |
| Music Genres|            |
| Pop         | 37%        |
| Pop Rock    | 12%        |
| Jazz        | 30%        |
| Dangdut     | 8%         |
| Other       | 13%        |
| Total       | 100%       |

Validity test results is valid if it has a significance value of <0.05, and has a high degree of reliability coefficients >0.60 [18]. The result of validity test for marketing mix variables and buying intention showed significant values (p<0.05), this values means that all questions items in questionnaire are valid and can be used in research. Reliability test results for marketing mix variables and buying intention showed value >0.60, which means that the data from the questionnaire can be trusted.

Simultaneous test results (F test) for seven variables of marketing mix (product, price, promotion, distribution, people, physical evidence, and process) and buying intention as presented in Table 2.

Table 2. ANOVA\textsuperscript{b}

| Model       | Sum of Squares | df | Mean Square | F    | Sig. |
|-------------|----------------|----|-------------|------|------|
| Regression  | 90.953         | 7  | 12.993      | 2.316| .039\textsuperscript{a}|
| Residual    | 291.780        | 52 | 5.611       |      |      |
| Total       | 382.733        | 59 |             |      |      |

\textsuperscript{a}. Predictors: (Constant), Process (X7), Price (X2), Distribution (X4), Product (X1), Promotion (X3), Physical Evidence (X6), People (X5)
\textsuperscript{b}. Dependent variable: Buying Intention (Y)

The above table shows that the value of sig. F is smaller than 0.05, the value indicates that simultaneously the variables of marketing mix (product, price, promotion, distribution, people, physical evidence, and process) affect consumer buying intention of music products.

Partial test results for the variables of the marketing mix (product, price, promotion, distribution, people, physical evidence, and process) and buying intention as presented in Table 3.
Table 3. Coefficientsa

| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
|-------|-----------------------------|---------------------------|---|------|
|       | B | Std. Error | Beta |      |      |
| 1     | (Constant) | 6.588 | 4.527 | 1.455 | .152 |
|       | Price | .599 | .283 | .292 | 1.973 | .050 |
|       | Product | -.202 | .248 | -.120 | -.812 | .421 |
|       | Promotion | .076 | .193 | .060 | .397 | .693 |
|       | Distribution | .016 | .221 | .011 | .074 | .942 |
|       | People | .159 | .252 | .103 | .633 | .530 |
|       | Physical Evidence | .004 | .194 | .003 | .021 | .983 |
|       | Process | .272 | .197 | .236 | 1.384 | .172 |

a. Dependent Variable: Buying Intention

Independent variables can be said to have an influence on buying intention if the significance value smaller than the value of alpha (α) which has been established 0.05. Based on that statement, price is the only variable that affecting consumer buying intention of music products.

Contribution of marketing mix variables (product, price, promotion, distribution, people, physical evidence, and process) to consumer buying intention of music products can be determined by analysis of determination (R2) as presented in Table 4.

Table 4. Model Summaryb

| Model | R | R Square | Adjusted R Square | Std. Error of The Estimate |
|-------|---|----------|-------------------|---------------------------|
| 1     | .487 | .238 | .135 | 2.369 |

a. Predictors: (Constant), Process (X7), Price (X2), Distribution (X4), Product (X1), Promotion (X3), Physical Evidence (X6), People (X5)
b. Dependent variable: Buying Intention (Y)

Based on the above table, the R squared value of the column shows a value of 0. 238, which means that contribution of the influence marketing mix variables consists of product, price, promotion, distribution, people, physical evidence, and process to consumer buying intention on music products is 23.8%, and the rest is influenced by other variables not included in this research model.

5. Discussion

Changes in consumer behavior occurred as the development of technology. Everyone does not want to be left with the others and would like to keep abreast of the times. The digital era characterized by the development of technology also provide an influence on consumer behavior. Ease of accessing the Internet provide information quickly for everyone, it gives effect to the consumer in making a decision. Music industry is one of impacted in this digital era in influencing consumer behavior, the impact of both positive and negative impacts.

The positive impact of digital era for music industry is ease to obtain products with the existence of music site that sells digital music online, and internet technologies also can be used to promote music products through a search engine, music sites, and also through social media that is now emerging. Negative impact of digital era for music industry is the ease to download music products through various websites that offer illegal music products, that is makes the sales volume of music products which sold legally continue to undergo decline.

The decline in sales of music products occurred due to the rampant sale of pirated music products on CD, and download music for free through music sites. Laws made by the government on Information and Electronic Transactions (ITE) in order to control consumer behavior to prevent downloads music illegally has not yet been able to perform well [19], seen from Indonesian Recording Industry Association (ASIRI) data which show the decrease in sales of music products legally every year as shown in Fig. 1 [20].
Result test partially for product variable has no significant affect on consumer buying intention of digital music online products, but variable of product simultaneously has significant affect on consumer buying intention of digital music online products. These results indicate that consumers still will have no intention to buy digital music online products even though it has offered innovative music products and the ease of obtaining the music products. Digital era generation prefer to download music illegally through music sites on the internet.

The results of this study are inconsistent with the previous research which state that the innovative music product via digital music online can attract consumers to purchase music products [3][6]. The result is also inconsistent with previous research which states that the quality of the product that contains the song can influence consumer buying intention [8].

Test results on price variable either partially or simultaneously affect on consumer buying intention of digital music online products. The results indicate that consumers will consider prices in obtaining digital music online products. The offerings of digital music online product can make consumers to spend their money only to buy songs they like, not bought 1 album tracks as the CD. Digital music online products are expected to be able to increase the sales volume of music products.

The results are consistent with research conducted by some researchers which state that consumers are willing to buy the products music offered and are willing to pay voluntarily to the artist or band that favored and already well known, that makes consumers feel they are receiving a balanced reciprocal [12][13].

The test results for promotion variable states that partially promotion has no significant effect on consumer buying intention of digital music online products, but simultaneously promotion variable has significant affect on consumer buying intention of digital music online products. The results indicate that even though the music industry has been trying hard to promote their products through variety of media, it would not be able to attract consumer intention of digital music online products.

The results of this study are inconsistent with previous research which state that good promotion can attract consumers intention to increase sales volume of digital music online products [12][13]. Utilization of various media to introduce the digital music online products, and invites consumers to appreciate the creativity of musicians with consume music product legally still can’t attract consumers to purchase music products legally.

The test results for distribution variable states that the partially distribution has no significant affect to consumer buying intention of digital music online products, but simultaneously distribution variables has significant affect on consumer buying intention of digital music online products. The results show that offers convenience for consumers in obtaining music products are still not able to attract consumers to purchase digital music online products, although there has been a lot of easily accessible music sites that offer legal music products.

The results of this study are not consistent with previous research which states that the selection of distribution channels through digital distribution can attract customers to purchase music products [12][13]. The ease offered in obtaining music products is still not able to attract consumers to buy digital music online product, it makes the music product sales volume declined every year.

Test results test for variables of people, physical evidence, and process have no partial affect on consumer
buying intention of digital music online products, but simultaneously the test result for variables of people, physical evidence, and process have significant affect on consumer buying intention of digital music online products. The person referred to the sale of digital music online products through the site is services and facilities provided sites for consumers who want to consume music products. Physical evidence referred to digital music online product is the music site that offers products that are user friendly. The process is a step that must be passed by a consumer in obtaining digital music online product, the easier process to be followed by consumers in obtaining digital music online product will be increasingly in demand by consumers.

The results indicate that the services and facilities provided by the music site still can’t generate consumer intention to consume digital music online product. The site and easy access to digital music online products is very important to make consumers feel comfortable and satisfied in obtaining digital music online product, therefore music industry should pay more attention to the things that can attract consumer intention. Hopefully, by the ease of obtaining digital music online products on music sites can influence consumer behavior in purchasing products, as has been stated in previous studies [15].

6. Conclusion

The study used seven marketing mix variables to determine the level of consumer buying intention in Indonesia to digital music online product. Partial test results showed that the only price variable has significant affect on consumer buying intention of digital music online product, but simultaneous test results showed that all the variables of marketing mix consisting of product, price, promotion, distribution, people, physical evidence, and process have significant affect on consumer buying intention of digital music online product. Contributions made by marketing mix variables consisting of product, price, promotion, distribution, people, physical evidence, and process on consumer buying intention of digital music online product is 23.8%, the rest is influenced by other variables that are not included in this research model.

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