

## **MARKET SEGMENT ANALYSIS OF HOME PURCHASE IN GRESIK DISTRICT, SOUTH REGION**

Hendra Dwi Prasetyo

Moh. Wahib

STIE Mahardhika Surabaya

Email : hendra\_prasetya@ymail.com, [mwronajaya@yahoo.co.id](mailto:mwronajaya@yahoo.co.id)

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### **ABSTRACT**

Gresik City in the south is a landed house development area. A number of companies have already looked at the area close to the big city of Surabaya. A number of areas in the southern Gresik City have now been plotted for housing, including in the Subdistricts of Menganti, Driyorejo, Wringinom and Kedamean. This study uses quantitative research in which data are expressed in numbers and analyzed by statistical techniques. The method used is an associative method which is a study using at least two variables. The conclusion in this study that the position of the southern region of Gresik is directly adjacent to the city of Surabaya. The high level of density in the city of Surabaya causes the development of settlements increasingly spread to the border region. One of the goals of Surabaya City residents to choose to buy a house in the border area of the city is to be able to live in a quiet and inexpensive settlement close to the center of Surabaya. This can be seen from the results of research that geographical market segmentation has the greatest influence on home purchase decisions.

*Keywords: Market Segments and Purchasing Decisions*

### **INTRODUCTION**

*The development of the population tends to increase, especially in big cities. It is estimated that in 2025 more than 50% of the population in Indonesia lives in cities. This has an impact on increasing the needs of homes as basic human needs. Increased housing needs in the city center (core region) with high intensity of land use, also influence the growth of housing and settlements around the city or border (sub-urban). The factors that are based on the community in making the decision to choose a house on the city border are very diverse. Developed and developing countries almost all experience the same thing.*

*The world of property in Gresik City is fairly high. Not only in the northern region is increasingly stretched, the southern region is also a center for large settlements. This condition is inseparable from the government program, especially at the Ministry of Public Housing, since 2011,*

*Gresik City in the south has been designated as a residential development area. In the southern region of Gresik, the areas in the development zone are Menganti, Driyorejo, Wringinom and Kedamean districts. The total land in the four districts reaches 10,000 Ha. Most of the land has been managed by the developer.*

### **LITERATURE REVIEW**

#### **Marketing**

*Marketing (Kotler and Armstrong, 2016) is the process by which strong values and relationships are created by companies for customers with the aim of capturing the value of customers in return.*

#### **The market segmentation**

*Market Segmentation (Tjiptono, 2015) is a process where the entire market of a heterogeneous product or service is divided into several segments, where each segment tends to be homogeneous in all aspects.*

### *Market Segment Patterns*

*There are three patterns of market segments (Tjiptono, 2015), namely:*

- 1. Homogeneous preferences, in this pattern all customers have roughly the same preference. The market does not show natural segments.*
- 2. The prevalence is spread, in this pattern customer preferences are very diverse and different.*
- 3. Group preferences, in this pattern can show a separate group of preferences and are often called natural market segments.*

### *Market Segment Criteria*

*There are five criteria for market segments (Hasan, 2014), namely:*

- 1. Segments can be measured, how much information can be obtained about the characteristics of buyers, how far these characteristics can be measured, for example the urge to buy, economic considerations, quality status and the number of buyers.*
- 2. Segments can be entered, companies can focus on selected segments, can be reached by the formulation of marketing programs to attract and serve.*
- 3. Profitable segments, broad market segments, homogeneous (similarity) in large numbers and profitable when carried out marketing activities.*
- 4. Different segments, very different segments, have different responses to different marketing mixes.*
- 5. Very actionable, by formulating effective programs to attract and serve the segment.*

### *Market Segment Factor*

*There are three market segment factors (Swastha and Irawan, 2012), namely:*

- 1. Measurability, the level of information available about the nature of the buyer, to what extent these properties can be measured.*

- 2. Accessibility, the rate at which the company effectively decides its marketing efforts in the segment it has chosen.*
- 3. Substantially, the level at which the segment is broad and profitable enough to carry out separate marketing activities. If the market segment is the seller's target.*

### *Consumer Market Segment*

*There are four main segmentation variables (Kotler and Keller, 2016), namely:*

- 1. Geographical segment, this segment requires the market to be divided into different geographical units. The company's decision to operate in one or a few geographical areas or operate in an entire region, but can still pay attention to local differences.*
- 2. Demographic segments, this segment is a market that is divided into groups based on variables. Demographics are a popular foundation in differentiating customer groups. Another reason is that demographics are easier to measure than most variables.*
- 3. Psychographic segment, this segment better understands consumers using psychology and demographics, in this segment consumers are divided into different groups based on lifestyle or personality or values. Within the same demographic group can show a very berbeda psychographic picture.*
- 4. Behavior segment, this segment of buyers is divided based on the group of knowledge, attitudes, usage or their responses to certain products. Many believe that behavior is the best start in the formation of market segments.*

### *Strategy for Selecting Market Segments*

*There are three alternative strategies (Swastha and Irawan, 2012), namely:*

- 1. Undifferentiated Marketing Marketing (in the same way), in*

*this strategy the company tries to review the market as a whole, decides on the similarity in consumer needs, not in different market segments with different consumer needs. The company is trying to develop a single product that meets the overall market desires. So, one kind of product is marketed to all market groups, not just one or several groups.*

2. *Differentiated Marketing (all in all), in this strategy the company tries to identify a particular group of buyers. By dividing the market into two or more groups. The company makes different marketing mix products for each segment. This is intended to increase the number of sales and get a strong position in each segment chosen.*
3. *Concentrated Marketing (centralized) marketing, in this segment the company only concentrates its marketing efforts on one segment, because it serves one segment, making it a strong position because the company can master the segment buying behavior well.*

#### *Buying Decision*

*Purchasing decisions (Kotler and Armstrong, 2016) are buying a brand that is most preferred from various alternatives, but two factors can be between purchase intention and purchase decision. The first factor is the attitude of others and the second factor is the situational factor. Therefore, preferences and purchase intentions do not always result in actual purchases.*

#### *The Connection of Market Segments and Purchasing Decisions*

*There are four factors that influence consumer behavior until finally deciding to make a purchase (Kotler and Armstrong, 2016), namely:*

1. *Cultural factors, these factors have a broad and deep influence on behavior, including culture*

*(culture, sub-culture and social class).*

2. *Social factors, these factors are influenced by consumer behavior such as the reference group, family and role and status.*
3. *Personal factors, these factors are influenced by personal characteristics such as the age of the buyer and the stages of the life cycle, work, economic conditions, lifestyle and personality.*
4. *Psychological factors, these factors that influence purchasing choices namely motivation, perception, knowledge and beliefs and attitudes.*

#### *Prior Researchers*

*There are several researchers who have conducted research on market segmentation and purchasing decisions, namely:*

1. *Nanang Khoirul Ahmadi and Herlina (2017). The results of this research are 1) there is an influence between demographic segmentation on purchasing decisions, 2) there is an influence between psychographic segmentation on purchasing decisions, 3) eiger products are currently widely used by consumers who have status as students, students, private employees who have a lifestyle prefers to be in the room and likes to exercise at the age of 24-30 years.*
2. *Larasati, Silcyljeova and Sjendry (2017). The results of this research are: 1) demographic segmentation and psychographic segmentation factors have a positive and significant influence on purchasing decisions. 2) demographic segmentation factors have a positive and significant effect on purchasing decisions at the Matahari Department Store MTC demographic variable segmentation is the most dominant influence on purchasing decisions at the Matahari Department Store*

MTC. 3) psychographic segmentation has a positive and significant effect on purchasing decisions at Matahari Department Store MTC.

3. Alexadra Vinerean (2014). The results of this research are the subject of consumer behavior is the main key foundation of all marketing activities that are applied to build, promote and sell various products and services. To increase the effectiveness and efficiency of marketing activities, companies must understand how consumers make the decision to buy different products. If they are aware of consumer behavior patterns, what motivates them or what determines them to buy, then they will know when to intervene in the process to get the results they want and also who will be targeted at certain times with specific products and services.
4. Debasis Ray and Sayantani (2015). The results of this research are consumer purchase intentions for household appliances generally derived from demographic, psychographic and behavioral factors. But of the three, psychographic factors are the most significant. Therefore, the seller must consider these factors when selling household appliances. Marketing strategies must also be determined. If we further categorize this group, it is revealed through this research that work is the most prominent factor behind purchasing decisions. This can be related to the effect of

independency of decision making process because of others which tells us about the unique human nature where ordinary people following friends, colleagues and neighbors when making a decision to buy a product.

5. Sulekha Goyat (2011). The results of this research that there is a predominance of demographic and psychographic factors for segmentation but critically that there is a large influence of foreign variables such as prices, trends, and market conditions on consumer purchases. In addition, the strength of the relationship between traditional bases and market segmentation is highly dependent on many foreign variables provided by market and consumer conditions.

## RESEARCH METHOD

### Types of research

In this study using a type of quantitative research where data are expressed in numbers and analyzed with statistical techniques. The method used is an associative method which is a study using at least two variables. This method is a study that looks for a causal relationship between independent variables and dependent variables (Nanang and Herlina, 2017).

### Operational definition

Differences in interpretation of the studied variables will occur if the operational definition is not stated, then the variables stated are as follows:

Table 1. Operational Definitions

Variable	Indicator	Operational Definition	Dimension
The market segmentation	Geographical Segments	Geographical segmentation is done by grouping consumers into market segments according to regional scale.	a. Strategic sales area, b. Location affordability, c. Sales territories.

<i>Variable</i>	<i>Indicator</i>	<i>Operational Definition</i>	<i>Dimension</i>
	<i>Demographic Segments</i>	<i>Demographic segment is done by grouping consumers into markets according to demographic variables.</i>	<i>a. Age b. Gender c. Income</i>
	<i>Psychographic Segments</i>	<i>Psychographic segment is done by dividing buyers into different groups based on lifestyle.</i>	<i>a. LifestyleSelera b. Personality c. The incident / special event</i>
	<i>Behavior Segment</i>	<i>Behavior segment is done by dividing buyers into groups based on knowledge and responses to the product.</i>	<i>a. The benefits b. Usage rate</i>
<i>Buying decision</i>	<i>Home Purchase Decision</i>	<i>An action or behavior of individuals to meet a need by choosing the desired product.</i>	<i>a. Purchase decisions based on geography b. Purchase decisions based on demographics c. Purchase decisions based on psychographic d. Behavioral buying decisions.</i>

Source: processed data.

#### *Population and Sample*

The population in this study are the people who buy houses in Gresik City, South Region. Due to the large number of housing estates in the southern area of Gresik City, a sample of the entire population will be taken. The larger the sample from the size of the existing population is the better, but there is a minimum limit that must be taken by researchers as many as 30 samples (Cohen et al., 2007).

The sample size according to Roscoe suggested in the study (Sugiyono, 2017) as follows:

1. A decent sample size in this study is between 30 to 500.
2. If the sample is divided into categories, the total number of sample members for each category is at least 30.
3. If in the study will conduct multivariate analysis (correlation

or multiple regression), then the number of sample members is at least 10 times the number of variables studied.

4. For simple experimental research, which uses both experimental and control groups, the number of sample members is between 10 to 20.

From the explanation above the researchers used a total sample of 100 people. The sampling technique used (Sugiyono, 2017) is purposive sampling, namely the determination of samples using certain criteria, namely the number of respondents used as research samples are respondents who have bought a house.

#### *Data analysis method*

This study uses multiple regression analysis method, an analysis

used to determine the magnitude of the quantitative effect of a change in events (independent variables) on other events (the dependent variable), which in this study examines the presence or absence of influence on home purchase decisions.

## **RESULTS**

From the results of research that has been done shows that the variable geographical segments provide the greatest and most significant influence on home purchase decisions. This is because location is the main priority considered by home consumers. Even though the location is not near a highway or crowd, consumers will still look for a housing or home location that offers a lower price. Other causes are also influenced by the environment around the housing or house purchased.

Demographic segmentation variables have a significant effect on home purchasing decisions, this is because the housing product offered can be purchased by anyone and many housing offers various models of housing according to the wishes of buyers ranging from 30 m<sup>2</sup> to 90 m<sup>2</sup>. In addition, home prices are a potential factor that many prospective consumers ogle, because home prices vary according to the wishes of the buyer.

The psychographic segmentation variable influences the purchase decision because the shape and specifications of the house always having new changes. In other words, the housing company is always spoiling their consumers in terms of home specifications so that the innovations developed by the housing are superior than before, so buyers are interested in making a purchase.

Behavior segmentation variable gives a small and insignificant influence on home purchase decisions, because homes have benefits and general usage levels.

## **CONCLUSION**

In this study, it can be concluded that the position of Gresik City in the south is directly adjacent to Surabaya City. The high level of density in the city of Surabaya causes the development of settlements increasingly spread to the border region. Surabaya residents' goals is to choose and to buy a house in the border area of the city is to be able to live in a quiet and inexpensive area and still not too far from the center of Surabaya. This can be seen from the results of the study that the market segment variables (geographical, demographic, psychographic and behavioral segments) simultaneously and partially influence the variable of home purchase decisions in Gresik City in the southern region and geographical market segmentation has the biggest and significant influence on home purchase decisions .

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