e-ISSN: 2721-3013, p-ISSN: 2721-3005
DOI: https://doi.org/10.38035/jafm.v4i1
Received: 24 February 2023, Revised: 23 March 2023, Publish: 14 April 2023

DINASTI RESEARCH
JAFM
JOURNAL OF ACCOUNTING AND FINANCE MANAGEMENT
E-ISSN: 2721-3013, P-ISSN: 2721-3005
https://dinastires.org/JAFM
editor@dinastires.org
0811 7401 455

Attractive Regional Investment Model for Investors

Winna Roswinna[1*], Maria Lusiana Yulianti[2], Anne Lasminingrat[3], Deden Komar Priatna[4]
[1),2),3),4)] Winaya Mukti University, Bandung, Indonesia, email: winnaroswina71@gmail.com

*Corresponding Author: Winna Roswinna

Abstract: The primary objective of this research is to analyze the potential of the region's limited natural resources, man-made natural resources, and human resources for marketing purposes. By doing so, the regional government can boost the local economy, reduce reliance on financial aid from the central government, and gradually become self-sufficient. This requires a creative approach to fund allocation, whether from the General Allocation Fund (DAU) or Regional Own Revenue (PAD), in an appropriate and fair manner. The local government must also focus on marketing the region's unique products and creating a competitive advantage to attract investors. The ability to attract Special Allocation Funds from the central government is also crucial for the successful implementation of development programs, both social and economic. Effective marketing of regional potentials can generate profits and benefits for the sustainable welfare of the people in the region. The study revealed that investors consider the physical infrastructure and human resources available in the region when making investment decisions.

Keywords: Regional Potential, Investor's Decision, Investment

INTRODUCTION

To develop regional economies and make the most of their potential, local governments must prioritize good governance. This means avoiding unnecessary expenses resulting from inefficient investments made by officials who don't understand the value of maximizing their region's potential. Instead, Regional Governments should analyze opportunities and take strategic marketing steps to promote their products and attract investors. By using a strategic marketing mix, they can increase consumer and investor interest in their region's development programs and priorities, ultimately leading to optimal results. The challenge of socially-charged regional development lies in its limited budget, which cannot generate sufficient revenue for sustainable growth. Therefore, a thorough analysis of the marketing mix of regional potential is crucial in identifying priority areas for investment. This approach helps investors navigate the direction and goals of the region while also providing promising investment opportunities. By marketing the potential of a region, the regional government can create a comprehensive and sustainable development program, engaging third-party partners in joint operational and venture cooperation. Such an approach can yield short, medium, and long-term benefits for all involved.

The function of marketing is crucial to achieving corporate objectives and encompasses both internal and external activities. Kotler & Armstrong (2001:6) describe marketing as a social and managerial process that involves individuals and groups striving to satisfy their needs and wants through innovative products, value offerings, and exchanges. Ultimately, the fundamental goal of marketing is to cater to the consumer's requirements and fulfill their needs.

To remain viable, companies and governments must leverage their regional strengths to gain a Competitive Advantage over rivals. Achieving excellence in service marketing mix programs is one effective way to distinguish themselves. Meanwhile, regional governments must prioritize community interests and trust when promoting regional strengths such as tourism, industry, and education. By implementing marketing mix programs that showcase these assets, they can attract investors and support economic growth.

The marketing mix for regional potential shares similarities with service marketing mix, as both require marketers to identify and analyze their target market. When creating a regional potential marketing mix, local governments must ensure that their strategies align with their target market, such as investors. Traditional 4P (Product, Price, Place, Promotion) strategies may not suffice, as regional potential characteristics embody service features that include intangibility, inseparability, variability, and perishability.

"The service marketing mix" comprises seven controllable elements: product (service), price, place, promotion, participants, physical evidence, and process. This marketing tool gives organizations engaged in services a competitive edge by shaping their strategy to meet consumers' expectations and achieve high service and customer value. Competitive position within their target market is ultimately determined by how well these elements are managed. This valuable insight was shared by Haksever, Render, Russell, and Murdick in their 2000 publication (pp. 131-132).

Describing the seven components of the service marketing mix mentioned earlier, we can break them down as follows: A product refers to a tangible item, a service, or a blend of both that is provided to the intended audience. It is the primary component of the marketing mix, and comprehending it is vital for the creation of the subsequent marketing mix that is tailored to suit the product type. The expenditure required for purchasing a company's products is referred to as the price or cost. While determining this value, it's crucial to consider factors like demand, production expenses, competitors' pricing, market conditions, and the target audience.

Effective place management involves the well-planned and executed distribution of products through strategic service locations. This ensures that the right products are available at the right place and time, and in appropriate quantities to meet the needs and preferences of consumers. In the case of manufacturing, a distribution channel such as zero, two-level, or multilevel channels is used. While for service-oriented businesses, the key decision lies in determining the service location that best serves the intended customer. This involves weighing factors such as delivery mode and physical location.

Promotion is a comprehensive strategy that involves advertising, personal selling, sales promotion, and publicity. The goal is to educate potential customers about the product and incentivize them to make a purchase.

Individuals who are directly engaged in the day-to-day operations of a company are key factors that contribute significantly to an organization's success. In a service-based company, the people element serves a vital role not only in production or operations but also in establishing direct communication with customers. The conduct of these personnel is essential in determining the quality of services rendered and the overall reputation of the service company.

The impact of Physical Evidence on consumer behavior cannot be overstated. It encompasses everything from the physical environment, including the building structure, furniture, equipment, fixtures, logos, and colors, to the tangible items associated with the services offered, such as tickets, covers, and labels. Additionally, the atmospheric elements of the company, such as visuals, aromas, sounds, and layout all play a vital role in enhancing the consumer's purchasing decision.

In the realm of business, 'process' refers to a company's endeavors in fulfilling its activities to cater to the wants and needs of its consumers. Within service providers, the collaboration between marketing and operations plays a crucial role in this facet. This is particularly important for meeting the demands of customers and providing prompt and accurate service.

According to Kotler and Armstrong's research (2001; 171), a buyer's decision-making process, which encompasses product choice, dealer choice, brand choice, purchase timing, and purchase amount, can be influenced by marketing mix stimuli and environmental factors, including other stimuli. The characteristics of the buyer and the buying decision process also play a significant role in shaping the ultimate decision.

In order for consumers to make decisions regarding a product or service, they must first recognize their need for it, conduct a search, and evaluate alternatives. According to Kanuk and Schiffman (2000; 443), this decision-making process is influenced by internal factors such as motivation, perception, learning, personality, and attitudes, as well as external factors including marketing efforts from the firm and the sociocultural environment. Post-purchase behavior follows, which includes both the purchase itself and an evaluation of the experience. The service marketing mix is a key factor in all stages of this process, from prepurchase to postpurchase decisions. Figure 1 illustrates the relationship between the service marketing mix and consumer selection decisions, which is influenced by a range of other external and internal factors.

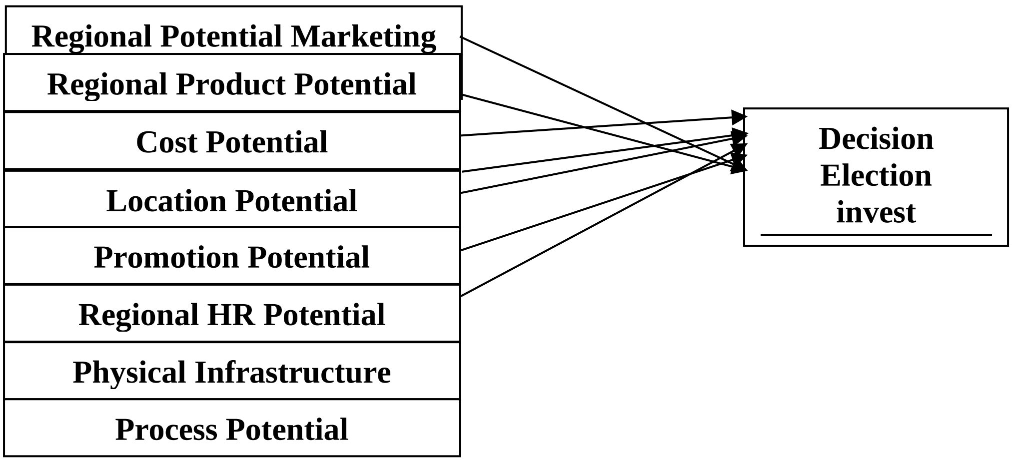

Figure 1. Paradigm of Linkages Between Regional Potential Marketing Mix and Investor Decisions to Invest

Investor decisions are influenced by several key elements of the Marketing Mix for regional potential. These elements, including product potential, cost potential, location potential, promotion potential, human resource potential, physical infrastructure potential, and process potential, work together to impact investment decisions.

RESEARCH METHODS

This research serves to verify and describe the study's objectives, relying on both descriptive and verification methods. Descriptive research seeks to discover the characteristics of variables, specifically the regional marketing mix, while verification research tests hypotheses through field data. The investigation utilizes both descriptive and explanatory surveys to test the causal relationship between independent and dependent variables. Investors in Indonesia act as the unit of analysis, with a cross-sectional time horizon to collect empirical data from a sample of the population. Ultimately, the research aims to understand how regional marketing mix influences investment decisions.

RESULTS AND DISCUSSION

The processing results indicate that the regional marketing mix is a crucial factor influencing investor decisions, as per Haksever, Render, Russel, and Murdick's seven-element service marketing mix. These elements, namely product (service), price, place, promotion, participants, physical evidence, and process, are all within an organization's control and can be manipulated to gain a competitive edge and increase customer interest. Service-based organizations use this marketing mix to drive customer satisfaction, ultimately determining their competitive position and company image in the target market.

A study on the various components of the regional marketing mix revealed that physical infrastructure has the most significant impact on Investor Decisions, with a score of 0.730. Following closely is the element of human resources, with a score of 0.347. Thus, the study suggests that enhancing physical infrastructure and HR capabilities in the region is crucial to attracting more investments.

According to Kotler and Armstrong (2001: 48), personnel directly involved in company activities are vital to organizations. For service companies, the human element not only contributes to operations and production, but also directly interacts with customers. As providers of services, people shape them and deliver them to consumers. The conduct of these individuals is paramount to the quality of services and the image of the company.

The statistical analysis conducted indicates that the two main factors contributing to investor decisions are human resources and physical/regional infrastructure. As per Lovelock & Wright (2002; 105), "the links in the service-profit chain" highlight the correlation between the quality of local government internal services and investor interest. Employee satisfaction, loyalty, productivity, and capabilities coupled with integrated infrastructure consistently attract investors. This emphasizes the importance of Regional Government in being mindful of the abilities of their staff and administrative officers, with regards to their skills and efficiency in serving investors.

Investors are heavily swayed by the presence of physical evidence and infrastructure before deciding to invest. Physical evidence encompasses the tangible elements that surround the service, such as the building, road infrastructure, equipment, and branding materials like logos and colors. Additionally, items like tickets, covers, and labels also fall under this category. Local government offices also play a crucial role in creating a supportive atmosphere using factors like visual appeal, scent, and layout. In marketing services, managing physical evidence is a potent strategy that involves manifesting intangible core values using tangible elements (Kotler, 2000; 92).

CONCLUSION

In Indonesia, regional districts and cities boast untapped potential, such as unique natural resources, cost-effective opportunities for growth, and ample human resources. However, these benefits are yet to be fully realized due to limited infrastructure, communication shortcomings, and bureaucratic red tape hindering the investment process. When considering an investment opportunity, investors prioritize two key factors: whether the region's infrastructure is sufficient and whether the local workforce is dependable and capable of maintaining security.

REFERENCES

Al-Rasjid, Harun, 1998, Path Analysis as a Statistical Means in Causal Analysis, LP3-UNPAD, Bandung.

Berry, Leonard L. and A. Parasuraman, 1991, Marketing Services, Macmillan Inc., Englinton Avenue East, New York.

Carpenter, Gregory S, Rashi Glazer, and Kent Nakamoto, 1997, Readings on Market Driving Strategies: Toward a New Theory of Competitive Advantage, Addison Wesley Longman, Inc, USA.

Chisnall, Peter M., 1995, Strategic Business Marketing, 3rd Edition, University Press, Cambridge.

Consuelo Sevilla, G, 1998, An Introduction to Research Methods, Rax Printing Company, New York.

Haksever, Cengiz, Berry Render, Roberta S Russel, and Robert G Murdick 2000, Service Management and Operation, Second Edition, Prentice Hall International, USA.

Hawkin, Del I, Roger J. Best, and Kenneth A. Coney, 2000, Consumer Behavior, Building Marketing Strategy, Eighth Edition, McGraw-Hill, United State.

Heskett, James, L and W. Earl Sasser,JR, and Leornad A. Schlesinger, 1997, The Service Profit Chan, The Free Press, New York.

Horovitz, Jacques, 2000, Seven Secrets of Service Strategy, Prentice Hall, Hrlow, England.

Howard, John A, 1994, Buyer Behavior in Marketing Strategy, Second Edition, Prentice Hall International Editions, USA.

Kanuk, Lilian, and John Schiffman, 2000, Consumer Behavior, Eighth Edition, McGraw-Hill, United State.

Kotler, Philip, 2000, Marketing Management: Analysis, Planning, Implementation, and Control, Millennium Edition, Prentice Hall International, Inc. A Division of Simon & Scuster, Englewood Cliffs, Nj07632.

______, 2001, A Framework for Marketing, Prentice Hall International, Inc. Upper Saddle River, New Jersey, 07458.

Kotler, Philip and Armstrong, 2001, Principles of Marketing, Prentice Hall International, Inc. A Division of Simon & Scuster, Englewood Cliffs, Nj07632.

Lohr, Sharon, L, 1999, Sampling: Design anad Analysis, Duxbury Press, USA.

Lovelock, Christopher, H and Lauren. K. Wright, 1999, Service Marketing and Management, Prentice Hall International, Inc. New Jersey.

______, 2002, Service Marketing and Management, Prentice Hall International, Inc. New Jersey.

Low, Jimmy, 1994, Towards 2000, Impact Strategy: The Dynamics of Organizational Renewal, Trans Pacific Publishing House, USA.

Malhotra, Narest, K, 1999, Marketing Research, An Applied Orientation, International Edition, Prentice Hall, USA.

Morrison, Alastair, M, 1996, Hospitality and Travel Marketing, Second Edition, Delmar Publisher, Washington.

P3B-Unpad, Tim, 2001 Customer Profile SLI 008 PT. Satellite Palapa Indonesia, P3B-UNPAD.

Now, Uma, 2000, Research Method for Business, International Edition, Prentice Hall, USA.

Urban, Glen, L and Steven H. Star, Advanced Marketing Strategy: Phenomena, Analysis, Decision, Prentice Hall, Englewood, New Jersey 07632, 1991.

Walker, Orville C, Harper W Boyd, and Jean Claude Larreche, 1999, Marketing Strategy: Planning and Implementation, Third Edition, Irwin McGraw-Hill, Boston.

Central Bureau of Statistics, 2001, Indonesia in Figures, BPS, Jakarta.

_____, 2001, Populatin Census 1980, 1990, 19954, and 2000, BPS, Jakarta.

_______, 2001, Quarterly Economic Statistics 2001, BPS, Jakarta.
Data On-line, 2003, Regional Potential in Indonesia.
Bennet, Anthony R, 1997, The five Vs – a buyer's perspective of the marketing *Mix*, Journal of Marketing Intelligence and Planning, MCB University Press, 151-156, London.
Burnett, Melissa S. and Dale A. Lunsford, 1994, Conceptualizing Guilt in the Consumer Decision-making Process,Journal of Consumer Marketing, Vol. 11. No.3, pp 33-43, MCB University Press, London.
Foxall, Gordon R and John G Pallister, 1998,*Measuring purchase decision involvement for financial services: comparison of the Zaichkowsky and Mittal scales* , International Journal of Bank Marketing; Volume 16 No. 5, MCB University Press, London
Gargouri, Ezzedine and Alain d'Astous, 2001, Consumer evaluations of brand imitations, European Journal of Marketing, Vol 36 No. 1/2, p.p. 153-167, MCB University Press, London.
Gronroos, Christian, 2001, The perceived service quality concept – a mistake?, Journal of Managing Service Quality, Volume 11 No. 3, pp. 150-152, MCB University Press, London.
Groth, John, 1995, *Important factors in the sale and pricing of services*,Management Decisions; Volume 33 No. 7, MCB University Press, London.
Kuei, Chu-Hua, 1999, Internal Service Quality- An Empirical Assessment, International Journal of Quality & Reliability Management, Vol. 16 No. 8, pp. 783-791, London
Lee, Christina KCand Sharon E. Beatty, 2002,*Family structure and influence in family decision making*,Journal of Consumer Marketing; Volume 19 No. 1, MCB University Press, London.
Ravald, Annika and Christian Grönroos, 1996, The value concept and relationship marketing, European Journal of Marketing, Vol. 30 No.2, pp 19-30, MCB University Press, London.
Tanner, Jr., John F, 1998,*Users' role in the purchase: their influence, satisfaction and desire to participate in the next purchase* ,Journal of Business and Industrial Marketing; Volume 13 No. 6. MCB University Press, London