INNOVATION AND PROMOTION ACTIVITIES IN THE INTERNET TO INCREASE SALES VOLUME OF MUSIC PRODUCT USING AUGMENTED REALITY TECHNOLOGY

ABSTRACT:

The development of technology and science has shifted consumer behaviour towards music enjoyment. Music product innovation needs to be done so that consumers are interested in buying music legally. One form of generating creative musical products is utilizing Augmented Reality (AR) by embedding it in a compact disc (CD). The advantages of an innovative music product and promotion conducted via the Internet were expected to revive the music industry in Indonesia. This study aimed to assess the effect of product innovation, advertising, sales promotion, and direct marketing on the consumer purchase intentions and buying decisions on legal music products. The population of this research is music loving consumers, using 150 respondents. Data were obtained through questionnaires, and analysed using critical path analysis. The results obtained in this study indicate the following: as far as the purchase intention of music products are concerned, the variables of product innovation, sales promotion and direct marketing influence it directly; as for the buying decisions of music products (in the variables of product innovation, sales promotion and direct marketing) the influence is direct and also indirect through purchase intention.

Keywords: Buying Decision, Purchase Intention, Product Innovation, Promotion Mix.
RESUMO:

O desenvolvimento da tecnologia e da ciência alterou os comportamentos do consumidor relativamente à forma como este disfruta da música. É necessário proceder a uma inovação nos produtos musicais de forma a fazer com que os consumidores se interessem por comprar música legalmente. Uma forma de gerar produtos musicais criativos é através da Realidade Aumentada (RA) integrada num CD. É expetável que as vantagens de um produto musical inovador e da promoção através da internet possam reviver a indústria musical na Indonésia. Este estudo teve como objetivo avaliar o efeito da inovação de produtos, da publicidade, da promoção de vendas e do marketing direto nas intenções e decisões de compra de produtos musicais legais. A população desta pesquisa são consumidores regulares de música, com 150 inquiridos. Os dados foram obtidos através de questionários e analisados através da análise crítica das orientações. Os resultados obtidos neste estudo indicam o seguinte: no que respeita à intenção de compra de produtos musicais, as variáveis de inovação de produtos, da promoção de vendas e do marketing direto têm uma influência direta sobre a mesma; relativamente às decisões de compra de produtos musicais (nas variáveis de inovação de produtos, da promoção de vendas e do marketing direto), a influência é não só direta mas igualmente indireta através da intenção de compra.

Palavras Chave: Decisão de Compra, Intenção de Compra, Inovação de Produtos, Mix de Promoção.

RESUMEN:

El desarrollo de la ciencia y la tecnología ha modificado los comportamientos del consumidor sobre cómo esto disfrutar de la música. Es necesario hacer una innovación en los productos musicales con el fin de hacer que los consumidores interesados en comprar música legalmente. Una forma de generar productos creativos musicales es a través de realidad aumentada (AR) integrada en un CD. Es expectable que las ventajas de un producto musical innovador y promoción a través de internet pueden revivir la industria musical en Indonesia. Este estudio pretende evaluar el efecto de la innovación de productos, publicidad, promoción de ventas y marketing en las intenciones y decisiones de compra de música legal productos directo. La población de esta investigación es consumidores regulares de la música, los encuestados con 150 inquiridos. Los datos fueron recogidos a través de cuestionarios y analizan a través de una análisis crítica de las directrices. Los resultados obtenidos en este estudio indican lo siguiente: en cuanto a la intención de compra de productos musicales, la innovación de productos, promoción de ventas y marketing directo tienen una influencia directa en el mismo; las decisiones de compra de productos musicales (en las variables de innovación de productos, promoción de ventas y marketing directo), la influencia no es
solamente directamente sino también indirectamente a través de la intención de compra.

Palabras clave: decisión de compra, intención, innovación de productos promocional Mix de compra.

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1. INTRODUCTION

As technology advances, the glory of the music in Indonesia is getting dimmer. Data from the recording industry association in Indonesia “Asosiasi Industri Rekaman Indonesia (ASIRI)” states that in 1996 sales reached 77.5 million copies, but in 2011 only reached 15 million copies. Downloading music illegally from the Internet is around 70 million per month, with a loss of IDR 12 trillion. Internet also contribute to empower consumer to obtain the music which is consumer needed.

Rampant piracy and illegal music downloads, need innovation music product legally and promotions to attract customers. AR technology can be used for product innovation in the music video clip of the song enjoyed by redirecting barcode found on the CD towards the webcam and enter the pin code on the links that have been included on the CD.

Based on the explanation above, this study aims to determine whether there is any direct effects of product innovation, advertising, sales promotion and direct marketing to purchase intention and buying decision.

2. STATE OF THE ART

AR technology is a technology that combines visual objects or virtual world into the real world view in real time (Dorfmüller and Schmalstieg, 2001). AR technology using camera as the ‘eyes’ to take a pictures of marker, processing, and then generates a virtual interactions on head mounted display (HMD).

Music CD is an optical disc used to store digital data. It was originally developed to store and play back sound music recording only. Craven (1996), and Jaworski and Kohli (1993) states the company must be able to anticipate the product life cycle in order to maintain product excellence. Cooper (1992), and Day (1994) using market knowledge competencies to enhance the excellence of new product.

Advertising is a form of communication for marketing and used to encourage or persuade an audience to continue or take some new action. The utilization of internet media is expected to reach a broader market. According to Sethi (2001), as well as Kopalle and Lahman (1995) with intensive promotion, reach, and full of charm, it is expected that the new product is being success, to improve marketing
performance. Advertising is one of consumer consideration before making a purchase decision (Ramos and Franco, 2005).

Sales promotion is the process of persuading a potential customer to buy the product. Sales promotion give direct stimulus aimed at consumers to make purchases (Peter and Olson, 2000), by giving a bonus or by products merger (bundling). Sales promotion is considered by consumers as the most important marketing activities, can affect the buying decision structures (Siregar, 2007).

Direct marketing is a channel-agnostic form of promotion that allows company to communicate straight to the consumer, with promotion techniques. Direct marketing activities via internet can be done by email or through social networking. Sales promotional made to attract customers to make purchasing for increasing sales (Siregar, 2007; Barnes and Scornavacca, 2004).

Purchase intention is a purchase probability associated with an intention category at the percentage of individuals that will actually buy product (Withlark, Geuts and Swenson, 1993). Interest is the stage of a person’s tendency to act before a buying decision is really implemented (Mittal, 1999; Kinnear and Taylor 1995). Buying interest caused by the attraction of the product being offered is a reflection of the consumer to purchase a product plan (Morel and Kwakye, 2012; Yoo and Lee, 2012; Assael, 2001).

Purchase decision is the stage a buyer passes through in making choices about which product or services to buy. Ajzen (1991) state consumer attitudes, norms, and behavior control toward the purchase of the product to be an accurate predictor for the behavior, if exercised through a variable purchase intention. Consumers in the purchase decision is influenced by characteristics other than the consumer, the company can be influenced by stimuli that include product, price, place and promotion (Kotler, 2000).

3. THE SPIRITUALLY TRANSFORMED ORGANIZATION

Research instrument in the form of a questionnaire, which is a modification of Morel and Kwakye (2012), Sampitri (2011), Sethi (2001), Mittal (1999), Koppale and Lehman (1995). The research model used is a modification of Morel and research Kwakye (2012), and Kotler (2000) as presented in Figure 1.
Figure 1. Research Model

The figure shows consumer behavioral models to determine the effects variables of music product innovation, advertising, sales promotion, and direct marketing to purchase intention of music product directly, and also to determine the effects variables of music product innovation, advertising, sales promotion, and direct marketing to buying decision direct and indirectly through purchase intention.

4. METHODOLOGY

The population in this study is music lovers in Greater Jakarta, Indonesia. Samples were assigned 150 respondents. The method of analysis used in this study is the analysis of the path, which is a statistical method to determine the causal relationship between two or more variables. This method is used to determine the coefficient of the path, where the coefficients show the effect of the variables directly and indirectly.
5. RESULTS

The test results demonstrate the validity of all items on the questionnaire had valid questions. Reliability test results have a good level of reliability and the results of the questionnaire can be trusted. Test of normality for all variables show that all variables used are normally distributed. The test results of influence for each variable as presented in Table 1.

<table>
<thead>
<tr>
<th>Model</th>
<th>Path Coefficient</th>
<th>t</th>
<th>p</th>
<th>F</th>
<th>R²</th>
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<tbody>
<tr>
<td></td>
<td>Sub Struktural 1 (X1 X2 X3 X4 ke X5)</td>
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<tr>
<td>X1 (p X5X1)</td>
<td>0.156</td>
<td>2.013</td>
<td>0.046</td>
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<tr>
<td>X2 (p X5X2)</td>
<td>0.343</td>
<td>4.731</td>
<td>0.000</td>
<td>16.336</td>
<td>0.311</td>
</tr>
<tr>
<td>X3 (p X5X3)</td>
<td>0.165</td>
<td>2.153</td>
<td>0.033</td>
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<tr>
<td>X4 (p X5X4)</td>
<td>0.217</td>
<td>3.020</td>
<td>0.003</td>
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<td></td>
<td>Sub Struktural 2 (X1 X2 X3 X4 X5ke Y)</td>
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<tr>
<td>X1 (p Y X1)</td>
<td>0.143</td>
<td>1.848</td>
<td>0.067</td>
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<tr>
<td>X2 (p Y X2)</td>
<td>0.196</td>
<td>2.557</td>
<td>0.012</td>
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<tr>
<td>X3 (p Y X3)</td>
<td>0.203</td>
<td>2.644</td>
<td>0.009</td>
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<tr>
<td>X4 (p Y X4)</td>
<td>0.255</td>
<td>3.494</td>
<td>0.001</td>
<td></td>
<td></td>
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<tr>
<td>X5 (p Y X5)</td>
<td>0.273</td>
<td>3.340</td>
<td>0.001</td>
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</tbody>
</table>

The test results of partial structural sub 1 for variable music product innovation, advertising, sales promotion and direct marketing affect purchase intention of music products if the value of t test is greater than t table value 1.976, and significance value is less than the predetermined α used 0.05. However, the partial test results of structural sub 2 for variable music product innovation, has no effect on music product purchasing decisions. The results of tests conducted simultaneously for all variables showed values greater than F table 2.433, which means that all variables affect the buying decision.

Value of R Square for sub-structural 1 shows the numbers 0.311, meaning that contributed of variables music product innovation, advertising, sales promotion, and direct marketing to purchase intention is 31.1%. R Square values for the variables music product innovation, advertising, sales promotion, direct marketing, and purchase intention to purchasing decisions of music product contributed 33.5%, and the rest is influenced by other variables that are not included in the model.
6. DISCUSSION

The test results showed partial product innovation variable does not affect the consumer buying decision on music products, it might be because of product innovation for music products by using AR technology is not yet sufficiently known to the public, therefore company need for effective promotional activities. Simultaneously, product innovation influence purchasing decisions, it means that if product innovation is doing together with other variables can give contribution to effects consumer to buy a music product legally.

The results are consistent with research conducted by Craven (1996) in anticipation of the product life cycle (product life cycle) in order to maintain product excellence, which can have significant impacts on the performance of new products. Product excellence can be enhanced by understanding the market knowledge competence (Cooper, 1992, Day, 1994), to produce high quality products to transform the market needs to be market competitive strategy (Jaworski and Kohli, 1993).

Advertising variables have an influence on buying interest and music product purchasing decisions, meaning that advertising is done by utilizing the internet media can influence consumer behavior to buy music product legally, and it can help company to reduce the piracy and music download illegally.

The results are consistent with research conducted by Ramos and Franco (2005) which stated that advertising is one of the tools of promotion mix which consideration by consumer before making a purchase of products. The result also support to Sethi (2001), Kopalle and Lahman (1995) which stated that by doing an intensive promotion, is expected that the new product will be success, to improve marketing performance

Sales promotion variables have an influence on buying interest and music product purchasing decisions, meaning that by offering bonuses and bundling activities can increase the volume of music product. Company can offering many attractive things to legal music product to attract consumer for buying their product, and it can increase the number of sales music product.

The results are consistent with research conducted by Siregar (2007), which considers consumer sales promotion as an important marketing activities, can affect the structure of the purchasing decision. The result also support research from Peter and Olson (2000), which stated that sales promotions can give direct stimulus aimed at consumers to make purchases of product.
Direct marketing variables affect to purchase intention and purchasing decisions of music product, the direct marketing activities are conducted by leveraging the internet via email or social media, can influence the behavior of consumers to buy music legally. The increasing of internet participants can give the continuity direct marketing of legal music product to increase the sales.

The results are consistent with research by Siregar (2007), Barnes and Scornavacca (2004), namely promotion product sales can be conducted with the consumer directly to arouse the interest of consumers to buy the product so as to increase sales. Direct marketing can be the most effective activity of promotion, because direct marketing can obtain the feedback directly from the consumer.

The test results showed purchase intention variable incidence of consumer purchase intention may influence the music product purchasing decisions. Purchase intention can be incidence by the attractive of product innovation, or from a good promotion of product by the company.

The results are consistent with research conducted by Morel and Kwakye (2012), Yoo and Lee (2012), Assael (2001), which states the appeal is a reflection of the products offered to consumers plan to purchase a product. Innovations in musical products with the use of AR technology, as well as various promotional activities through the medium of the Internet is expected to attract consumers to buy, also to contribute in increasing the sales volume of music legally.

The world has changed, and the physical recording music product is almost over. This is happen as far as internet can be access by people. Manufacturers which are producing music products should be thinking for the development of the music product innovation to attract the consumers. The development of technology and the Internet can be used by manufacturers by using AR technology for product innovation, and utilizing the Internet as a medium for the promotion, which is expected to reduce the level of piracy and illegal music sales.

7. CONCLUSIONS

The results of this study showed that variable product innovation, advertising, sales promotion, and direct marketing partially and simultaneously had an effect to purchase intention, and all variables
have significant effects on purchase intention by 31.1%. The result also showed that only variable of product innovation which had no effect partially on purchase decision. Simultaneously variable product innovation, advertising, sales promotion, and direct marketing influence the music product purchasing decisions directly and through purchase intention, and give contributed by 33.5%, while the rest is influenced by other variables not included in the model.

Utilization of AR technology is still new in the music products for consumers, because it required an intensive campaign in introducing the music, by showing the advantages of innovation music products. The results of this study are expected to provide an overview to the music industry to keep innovating for the music product to attract music fans to legally consume music, and the music industry is expected to reach triumphant return, so as to eliminate piracy and illegal downloading of music.

REFERENCES


