

MARKETING MIX ANALYSIS ON PT ANUGERAH GALA PERSADA

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ABSTRACT

The purpose of this paper is to analyze the marketing mix of PT Anugerah Gala Persada, a distribution company based in Surabaya. The company is a start-up company thus facing many challenges during its early stage of doing business. The paper uses samples from customers and managers from respective store the company places its product to and a salesman from the company and analyzes it with purposive sampling. The study finds that among the factors in marketing mix (Product, Price, Promotion, and Place) the company is struggling in Promotion as significant promotion activities have not been done. It is resulting in stagnancy of sales during the first trimester of 2016. It is suggested that further researches be done with deeper concentration on a factor of marketing mix.

Keywords: Qualitative, marketing, marketing mix, distribution company, promotion

INTRODUCTION

Indonesia has been considered to be ranked fourth among other countries in term of number of the citizen. The great number of citizen is also supported by the steady growth of its Gross Domestic Products (GDP) and the political stability after presidential election in 2014. Thus, the facts make Indonesia a target market for many businesses.

Table 1. Indonesia's GDP Yearly

	2012	2013	2014
GDP (in billion USD)	917.9	910.5	888.5
GDP (yearly percentage change)	6.0	5.6	5.0
GDP per capita (in USD)	3,701	3,624	3,492

The number signifies that there were declines in the last two years, but the growth still remained strong in 5% level.

PT Anugerah Gala Persada is engaging in distribution of packaged fried onion in Surabaya. Therefore, the business is included in retailing. Retailing is a set of business activities that add values to goods and services sold to customers for personal needs, families, groups, or end users (Levy and Weitz, 2009). Retailing is an important part in process of distributing the goods and also the last part of it. Retail can be divided into traditional retail and modern retail. The main differing factor is the location of the store. Traditional retails normally disregard the importance of choosing the location for the business while modern retails tend to carefully choose the location for the business. The traditional retails also normally having a rigid way of payment and limited capability to improve in the future whereas modern stores have more capability to improve and more flexible way of payment. The modern stores also provide many supplemental services to its customers, such as wide parking area, more selection of merchandise, and Automatic Teller Machines (ATM).

This paper mainly discusses about the marketing mix of PT Anugerah Gala Persada. How the company is trying to apply marketing mix theories into practice in its business. The company is a start-up with main business in distributing consumer goods, primarily the fried onion in package. The company conducts its business by having consignment agreements with various modern stores in Surabaya, for example Bilka, Kitto and Lotte Mart. The agreements are deemed advantageous for both parties as the stores can sell the products without any mean to produce the goods and as for the company the goods produced are displayed within the stores and effectively acting as a distribution channel. The company does not choose traditional stores as they prove to have limited capability. The company also sells the product to catering services in Surabaya, but in smaller amount. Thus the research is limited to studying the modern stores only.

Table 2. Price Comparison Dua Rajawali Against Competitors

	Dua Rajawali	San	Koki
Bawang Goreng Merah 50 Gram	9.600	9.500	-
Bawang Goreng Merah 100 Gram	17.500	-	-
Bawang Goreng Putih 50 Gram	8.400	9.500	-
Bawang Goreng Putih 100 Gram	17.500	-	-
Bawang Goreng Merah 175 Gram	-	-	45.000

LITERATURE REVIEW

It is known that each factor in marketing mix correlate to each other. A study conducted by Meghna Jain and Fang Han (Jain and Han, 2012) about a personal protective equipment company in Oslo, Norway found out that if a product had good quality with good packaging might invite customers to purchase the product and if there was certain uniqueness about product's brand it might be well remembered by the customers. Choosing a distribution channel also an important factor for the business whether choosing an online channel or through distributors. The company used cost plus scheme for its pricing strategy. Lastly, the company chose to attend an exhibit as a means to promote the product.

Another study conducted in Mexico about the influence of marketing mix in Mexican consumers purchasing organic foods found out that the Product and Place factors highly influenced Mexican to purchase organic foods (Salgado-Beltran et al, 2012). There was an increase in awareness of purchasing organic foods in Mexico as the production did not use any chemical substances and could be recycled. The study showed that the product, the organic foods, highly influenced Mexican to purchase the product.

Study conducted by Alexandra Palade about marketing mix on cosmetics products showed that Product was the most influencing factor in Romanian purchasing Avon, a cosmetic brand. The study was conducted in Romanian branch of Avon with population of 35 to 45 years old women, had high education level, was interested to cosmetics, and had middle high income. The study concluded that the main reason Avon succeeded in competing against its competitors was continuously upgrading the quality of products and maintaining the price (Palade, 2012)

The studies conducted above mentioned the importance of marketing mix for a company. In addition, to make a marketing mix effective each variable needs to be well maintained and be improved and adjusted from time to time in order to comply with the ever changing business environment.

The product in marketing mix refers to goods or services offered to consumers. According to Kotler (Kotler, 2009) product is something to offer to the market to gain attention, buying, using

or consume to fulfill the desires or needs. In product there are certain characteristics; they are product attributes, which according to Tjiptono (Tjiptono, 2007) are elements of product which are viewed as important by the consumers and act as a base for which the consumers make purchasing decision. Included in products attributes are product quality, product features, and product designs.

A product must have a brand name. Its main functions are to give an identity to differentiate itself from competitors' products which may have similarity. Other than that a brand may build loyalty to consumers. A good product with strong brands may impress consumers and also tell their associates about the products and thus have potency to increasing sales. A product must also have packaging. A good packaging may interest potential consumers to purchase the product besides having its main function to protect the products from outside factors that may ruin it.

Another variable of marketing mix is regarding the price. According to Kotler and Keller (Kotler & Keller, 2009) price is a variable in marketing mix which generates income. There are three bases in setting the price: income oriented, capacity oriented, and demand oriented. Setting the selling price of the product must be done after goal setting revenue of the company.

Next variable of marketing mix is about place. It is about choosing the best possible distribution channels available to be easily reached by consumers. A distribution channel is a chain organization used to distribute the products and transfer its ownership from producers to consumers (Laksana, 2008).

The last variable of marketing mix is promotion. Promotion refers to a communication from seller to buyer from accurate information which changes behavior of buyer who previously do not know to know until become lasting buyer of the product (Laksana, 2008). There are five main promotional medium: advertising, sales promotion, public relations, personal selling and direct marketing.

RESEARCH METHODS

This study was using qualitative method, with population were the people related to the business. They were the store managers, the customers who purchased the product in respective stores and a salesman who was responsible in managing the business to these stores. The findings were done by doing in-depth interviews to that population and were conducted during March to April 2016 in Surabaya.

First of all, the reason as to choose the participant because they are directly related to the business the company has. From the perspective of consumers the company can try to extract information on how they view the products; whether the packaging, the taste or the branding can be accumulated through them. From that information the company can better augment the product to meet those demands.

Second, from the perspective of store managers the company can extract information on how effective product selling is as well as the competitors which may put their products into the same store. The managers provide feedbacks on what may be lacking from the company in engaging into competition. Moreover, the managers have experiences and knowledges in their respective stores they working at.

Finally from the salesman point of view the company can compare as to whether the current strategy has been implemented thoroughly and hit the target. The salesman of the company is responsible in achieving number of sales targeted by the company.

The process of extracting information is mainly done by doing in-depth interview with abovementioned population. The researcher has prepared a list of questions beforehand that may lead to answering problems in this research. The list of questions serves as guidelines for

researcher to interview the population and to avoid interview becomes out of topic. After having interviewed the population, their answers are categorized according to each variable of marketing mix. After the categorization, marketing mix theory will be applied to the answers to find the conclusions on how the current strategy works out. After finding the conclusions, the research results also give conclusion of the study and hints for further research in the future.

Table 3. Marketing Mix Research Subjects

Product	- Product Attributes
	- Packaging
	- Branding
Price	- Price Perception
Place	- Modern market
Promotion	- Personal selling
	- Direct Marketing

FINDINGS

There are several managerial implications after this research. First of all, if before the research the share of voice is done only in Lotte Mart, the share of voice will be done in other stores after the research. The researcher finds that the share of voice in Lotte Mart resulting in new consumers aware of the product and purchasing the product. There is another concern; however, about the packaging that the consumers think it is too simple. The packaging has fulfilled its basic usage, which is to wrap and protect the product from outside substances, but it is not eye-catching enough. Therefore the idea of remodeling the packaging will be passed on to the management to think it over. The other drawback is regarding the size of the packaging. Some consumers desire to have larger size of package as they need the fried onion in larger amount for their needs but the current available sizes provided by the company are still limited to small amounts. Therefore, this concern will be passed to the management as well.

In the price aspect there is a managerial implication after the research. In the beginning, the company had never given any pricing strategy. Internally, the company uses mark-up pricing strategy for its selling price of the product. Every cost incurred to produce and distribute the products added with margin profit. There is a concern regarding the price if there was a buyer who wants to purchase the product in a great amount no there was no discount given. This may limit sales in the future thus the idea of giving discount should there is a great amount of sales will be passed on to the management. Therefore the managerial implication before the research there was no discount given to a great amount of sales after the research there will be a discount price for the great amount of sales.

The next aspect is place. Originally, the company aimed to use selective distribution as the primary strategy in distributing the products. The reason using selective distribution is because the company is still in its early stages of doing business thus selectively choosing the distribution channel is an important thing to do. Some modern stores in Surabaya have been the company partners in distributing the product. Choosing the right and strategically located modern store is a significant thing to do as well. As for now the company has got several modern stores in east part of Surabaya before the research. After the research the company will aim to modern stores in west Surabaya. There are still many modern stores in west Surabaya. The other thing to concern is to add online distribution channel. The usage of internet has driven the business to be more creative and to offer more simplicity in doing business. Thus the idea of adding online distribution channel will be passed on to the management. Hence the managerial

implication of place is before the research the distribution only occupies the modern stores in east Surabaya after the research the distribution area will be expanded to west Surabaya. In addition, before the research there was no online distribution channel and after the research the online distribution channel will be added.

The last aspect is about the promotion. The study showed result that this aspect is lacking off of the company. There was no significant promotional activity done by the company. The company solely relies to its modern store partners to do it. There is, however, a share of voice promotional activity in Lotte Mart. Therefore, the managerial implication of promotion aspect is to add the share of voice in other stores Bilka and Kitto, respectively. Another thing to tackle is the method of promotion in stores. Primarily, the company is only doing direct selling. According to the store managers that is still lacking as the possibility of gaining new consumers is small. They suggest having placed a sales promotion girl (SPG) to give testers to consumers. This way new consumer may taste how good the product is and hopefully it will make them buy the product. The last thing to concern is by using social media as promotion. The usage of social media as a mean of promotion has increased tremendously and it is not that hard to do so. Therefore the managerial implications in promotion aspect are before research the share of voice is only available in Lotte Mart, after the research Bilka and Kitto will receive the same share of voice. Another managerial implication is regarding the way of selling. Previously before the research only direct selling has been done, after the research the company will place SPG to assist in giving a tester for the consumers in the stores as suggested by the store managers. The placement of SPG is intended to boost the sales. The last managerial implication of promotion is using social media as promotion mean. Before the research, there was no social media as company's mean of promoting the product. Hence after the research, the company will use social media as promotion media.

CONCLUSIONS

This study concluded that the company was lacking in Promotion and Price variables of marketing mix. As the theories suggested in order for the marketing mix to be an effective business tools all variables must be given attention and be improved thoroughly. The promotional activities must be added to the other stores to build awareness of the product and the price should be given a discount if there is a buyer who purchases the product in great amount.

Suggestions for further studies include deeper research in each variables of marketing mix and more specific variables to be studied. Each variable in marketing mix contains knowledge that may contribute to the betterment marketing of a company. Each of them also contains specific area of marketing that may improve overall performance of the company.

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