ANALYZING THE EFFECT OF MARKETING MIX, SERVICE QUALITY AND BRAND EQUITY ON CONSUMER BUYING DECISION IN INDOMARET MANADO

PENGARUH BAURAN PEMASARAN, KUALITAS LAYANAN DAN EKUITAS MEREK TERHADAP KEPUTUSAN PEMBELIAN KONSUMEN PADA INDOMARET DI MANADO

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Abstract: Nowadays retail industry has been growing quite fast supported by the consumer behavior that has begun to shift from traditional to modern retail market. APRINDO predicted that the growth would be around 10% by 2015. Indomaret franchise is the pioneer in Indonesia. The objective of this research is to identify the effect of marketing mix, service quality and brand equity on consumer buying decision. In this research, the population refers to the consumer of Indomaret Manado with cluster sampling technique and sample size as many as 100 respondents. This research used quantiative analysis by using questionnaires and used multiple regression analysis. Result showed that marketing mix, service quality and brand equity have significant effect on consumer buying decision simultaneously. Brand equity has significant partial effect on consumer buying decision while marketing mix and service quality do not have partial significant effect on consumer buying decision. Indomaret Manado should add product varieties especially for fresh product to improve marketing mix and increase employee’s ability to serve customers well to improve the service quality.

Keywords: marketing mix, service quality, brand equity, consumer buying decision


Kata kunci: bauran pemasaran, layanan, ekuitas merek, keputusan pembelian
INTRODUCTION

Research Background

As human being, our life cannot be separated from our daily needs. Especially those basic needs such as: food, beverages, and personal needs. Now in this modern era people are able to get the products in the existing retailers (Hypermarket, Supermarket and Minimarket). These days retailing industry has been growing quite fast. In Indonesia retail stores keep on having positive growth. Within the recent 10 years it has reached more than 765,000 stores. That growth is dominated by traditional retailers 750,000 stores or grown for around 42%, and modern retailers in the format of minimarket 16,000 stores, which has grown for 400%. Prospect of development of the retail business is considered improved seen from Indonesia’s economic growth reached an average of 6% per year in 2014 (Deni, 2014).

Asosiasi Pengusaha Ritel Indonesia (APRINDO) predicted the growth of retail business would be around 10% for 2015, which increased 2% from the previous year, where Indonesia is a potential market for retail business because Indonesia has a large number of populations and high total consumption. It is supported by the shopping behavior of Indonesian people that has begun to shift, from traditional to shop in modern retail market.

Indomaret Company was established in 1988. As the store developed, the company was interested to further explore and understand the consumers’ various needs and shopping behaviors. Indomaret franchise is the pioneer in Indonesia. Today Indomaret are growing very rapidly; with more than 9,096 outlets consisting of 40% franchised and 60% company-owned outlets. In 2015 Indomaret targeted to open around 1.600 outlets in the whole Indonesia or to grow for 15% as said by Marketing Manager of PT. Indomarco Prismatama. In North Sulawesi province, especially in Manado city, this retailing industry has reached people here, as well as minimarket business. Indomaret is one of the brands which seen the business opportunities to serve consumers. Since 2014, Indomaret has opened its outlet. The first outlet located in Malalayang and expected to have 50 outlets in that year, as said by Development Manager of Indomaret Manado.

Considering the fact that retailing industry keep on having positive growth, the consumers shopping behavior that began to switch from the traditional to the modern retail. Indomaret franchise which is the pioneer of retail in the form of minimarket in Indonesia and Indomaret has established the outlets in Manado, therefore this research is conducted to find the effect of marketing mix, service quality and brand equity on consumer buying decision in Indomaret Manado.

Research Objectives

The objectives of this research are to identify the significant effect of:
1. Marketing Mix, Service Quality and Brand Equity on Consumer Buying Decision in Indomaret Manado simultaneously.

THEORETICAL FRAMEWORK

Theories

Consumer Buying Decision

Menthula, (2013) in Andreti et al. (2013) stated that in some related studies, consumer-buying decision defines as the process when consumer purchases goods or services for their personal needs in. McDaniel, Lamb & Hair, (2011:191) defines five stages in consumer buying decision, which are: need or problem recognition, information gathering, evaluation of alternatives, purchasing decision and post – purchase evaluation. Consumer buying decision can be concluded as the whole process consumer get through in order to get the products and services needed to fulfill their daily needs.
Marketing Mix

Kotler and Amstrong (2012:75) define marketing mix as the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. Marketing mix referred too as the four pieces(4Ps), which are: product, place price and promotion (McDaniel, Lamb & Hair, 2011: 46). Marketing mix can be concluded as the strategy provided by the company to get the intended result from the target market.

Service Quality

In some earlier studies, service quality has been referred as the extent to which a service meets customers’ needs or expectations (Akbar and Parvez, 2009). Lovelock and Wirtz (2011:406) define Service Quality as consistently meeting or exceeding customer expectations. Lovelock and Wirtz (2011:406 - 407) identified five dimensions of service quality by Parasuraman, Zeithaml and Berry that are accomplished by indirect (or objective) comparisons between pre-purchases expectations and the post – purchase perceptions of company performance, those five dimensions are: Reliability, Responsiveness, Assurance, Empathy and Tangibles that link specific service characteristics to consumers’ expectations. It can be concluded that service quality can be achieved when the service of the company could satisfy the needs of the customer.

Brand Equity

Brand Equity refers to the marketing effects accrued to product with its brand to product with its brand name compared with those that will be accrued if the product did not have the brand name. Brand Equity refers to the incremental utility or value added to a product from its brand name (Nigam and Kaushik, 2011). Nigam and Kaushik, (2011) cites Aaker (1991) concluded that brand equity could be evaluated through brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. Brand equity can be concluded as the value added of a product from having its brand name or the benefit of the product from having its brand name.

Previous Research

Andreti et al (2013), from this research shown that most of customer (young – adult) in Bekasi come to convenience store because of price, promotion and service quality provided. Satit et al (2012), the research shown that marketing mix has a major impact on consumer decision making over travel agents. Nigam and Kaushik (2011), the analysis explained that brand equity has significance influence on the purchasing decision of the cars. Fouladivanda et al (2013), the analysis shown that brand equity has significance effect on consumer buying behavior in terms of Fast Moving Consumer Goods (FMCG) in Iran.

Conceptual Framework

![Conceptual Framework Diagram]

**Figure 1. The Conceptual Framework**

*Source: Data Processed, 2015*
Research Hypothesis

1. \( H_1 \): Marketing Mix, Service Quality and Brand Equity have simultaneous effect on Consumer Buying Decision in Indomaret Manado
2. \( H_2 \): Marketing Mix has partial effect on Consumer Buying Decision in Indomaret Manado.
3. \( H_3 \): Service Quality has partial effect on Consumer Buying Decision in Indomaret Manado.
4. \( H_4 \): Brand Equity has partial effect on Consumer Buying Decision in Indomaret Manado.

RESEARCH METHOD

Type of Research
This research use causal research because it will determine and investigate the effect of marketing mix, service quality, and brand equity on consumer buying decision.

Place and Time of Research
This study was conducted in Manado between April – May 2015

Population and Sample
Sekaran and Bougie (2009:262) defines population as the entire Group of people, events of things of interest that the researcher wishes to investigate. The population that is mainly observed in this current research is all costumers of Indomaret Manado. Sample is a part of the population Sekaran and Bougie (2009:276). The sampling design is cluster sampling. Cluster samples are samples gathered in groups or chunks of elements that ideally are natural aggregates of elements in the population, Sekaran and Bougie (2009:274). The total sample was 100 respondents, which are the costumers of Indomaret Manado that has been picked based on the cluster area.

Data Collection Method
The source of data can be from primary and secondary sources. Primary data is data originated by the researcher specifically to address the research problem (Sekaran and Boogie, 2009:35). The researcher obtains primary data from results of survey and questionnaires. Questionnaires are distributed to the costumers of Indomaret Manado. The secondary data is collected from books, journals, and internet.

Operational Definition and Measurement of Research Variables
1. The terms Marketing Mix \( X_1 \) refers to the set of Indomaret Manado tactical marketing tools that are combined to produce the response it wants from its target market.
2. Service Quality \( X_2 \) has been referred as the extent to which a service of Indomaret Manado meets its customers’ needs or expectations.
3. Brand Equity \( X_3 \) refers to the incremental utility or value added generated from Indomaret Manado brand name.
4. Consumer Buying Decision \( Y \) defines as the process when consumer purchases goods in Indomaret Manado for their personal needs

Data Analysis Method

Validity and Reliability Test
Malhotra and Peterson, (2006:274) stated that the validity of a scale may be defined as the extent to which differences in observed scale score reflect true differences in what is being measured, rather than systematic or random error. According to Nasution and Usman,(2008) in The, (2011) validity test can be done by looking at the MSA (Measures of Sampling Adequacy). If the MSA value above 0.5 the test is valid. Reliability test is done by looking at the Cronbach Alpha value if reliability coefficient >0.6 the measurement being done is consistent or reliable (Nasution and Usman, 2008 in The, 2011).
Multiple Regression Analysis Model

Sekaran and Bougie, (2009:350) defined Multiple Regression as a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable. The formula for multiple regression is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

Where
- \( Y \) = Consumer Buying Decision
- \( \alpha \) = Intercept
- \( \beta \) = The regression coefficient of each variable
- \( X_1 \): Marketing Mix
- \( X_2 \): Service Quality
- \( X_3 \): Brand Equity
- \( e \) = error

RESULT AND DISCUSSION

Validity and Reliability

The value of Measures of Sampling Adequacy (MSA) of the indicators are all above the acceptance limit 0.5, therefore the research instrument is valid. The Reliability test is done by looking at the Alfa Cronbach value, in this research the value of Alfa Cronbach is 0.813, which is above the acceptance limit of 0.6, therefore the research instrument is reliable.

Classical Assumption Test

Multicollinearity Test

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.671</td>
</tr>
<tr>
<td>Marketing Mix</td>
<td>.573</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.617</td>
</tr>
<tr>
<td>Brand Equity</td>
<td></td>
</tr>
</tbody>
</table>

The tolerance value of marketing mix is 0.671, service quality 0.573 and brand equity 0.617 which are more than 0.2. The VIF value of marketing mix 1.491, service quality 1.744 and brand equity 1.621 which are less than 10 show that the model concluded to be free from multicollinearity.

Heteroscedasticity Test

Heteroscedasticity occurs of the dots form certain patterns. In this research the dots spreading above and below of zero point in ordinate. This is proved that there is no heteroscedasticity in this regression.

Normality Test

Normality test can be identifying by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. The dots are spreading near the diagonal line and follow the direction of the diagonal line. Therefore the normality test is completed.
Multiple Regression Analysis

Table 2. Multiple Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.711</td>
<td>.346</td>
<td>2.053</td>
</tr>
<tr>
<td></td>
<td>Marketing Mix</td>
<td>.135</td>
<td>.093</td>
<td>1.459</td>
</tr>
<tr>
<td></td>
<td>Service Quality</td>
<td>.137</td>
<td>.091</td>
<td>1.504</td>
</tr>
<tr>
<td></td>
<td>Brand Equity</td>
<td>.478</td>
<td>.081</td>
<td>5.929</td>
</tr>
</tbody>
</table>

a. Dependent variable: Y

Source: Data Processed, 2015

The equation as follows:

\[ Y = 0.711 + 0.135X_1 + 0.137X_2 + 0.478X_3 \]

The Explanation of the equation are:
1. Constant (α) 0.711 shows the relationship between Marketing Mix (X_1), Service Quality (X_2) and Brand Equity (X_3) factors to Consumer Buying Decision factor. This means that if all independent variables are equal to zero, Consumer Buying Decision factor is predicted to be 0.711.
2. If the others are constant, an increase of one point in Marketing Mix factor (X_1) will result in an average increase of at least 0.135 in Consumer Buying Decision factor (Y).
3. If the others are constant, an increase of one point in Service Quality factor (X_2) will result in an average increase of at least 0.137 in Consumer Buying Decision factor (Y).
4. If the others are constant, an increase of one point in Brand Equity factor (X_3) will result in an average increase of at least 0.478 in Consumer Buying Decision factor (Y).

Table 3. Result of R and R^2

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.712</td>
<td>.506</td>
<td>.491</td>
<td>.27261</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Brand Equity, Marketing Mix, Service Quality

Source: Data Processed, 2015

The coefficient of correlation (R) is 0.712 meaning that level of relationship between independent and dependent variable is strong positive association, R^2 = 0.506 = 50.6% that means Consumer Buying Decision is able to be explained by Marketing Mix, Service Quality and Brand Equity. The rest 49.4% are caused by the other factors.

Hypothesis Testing

Table 4. F – Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>7.315</td>
<td>3</td>
<td>2.438</td>
<td>32.812</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>7.134</td>
<td>96</td>
<td>.074</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>14.450</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Consumer Buying Decision

b. Predictors: (Constant), Brand Equity, Marketing Mix, Service Quality

Source: Data Processed, 2015
The ANOVA F-test results on Table 4 Test F_stat value is 32.812 with a significance level of 0.000. In this study if F_stat > F_table (F_stat is greater than F_table). So, since 32.812 > 3.09 then H_0 is rejected. It means that the Independent variable of marketing mix, service quality and brand equity have simultaneous effect on dependent variable of consumer buying decision.

Table 5. T – Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.711</td>
<td>.346</td>
<td>2.053</td>
<td>.043</td>
</tr>
<tr>
<td>Marketing Mix</td>
<td>.135</td>
<td>.093</td>
<td>.128</td>
<td>1.459</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.137</td>
<td>.091</td>
<td>.142</td>
<td>1.504</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>.478</td>
<td>.081</td>
<td>.541</td>
<td>5.929</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Consumer Buying Decision

Source: Data Processed, 2015

On The Table 5 show, t_stat value of marketing mix variable is equal to 1.459 with a significance level of 0.148 while in the table is 1.661. The result shows that t_stat < t_table or 1.459 <1.661, so H_0 is accepted. It means marketing mix does not have partial effect on consumer buying decision. t_stat value of service quality variable is equal to 1.504 with a significance level of 0.136 while in the table is 1.661. The result shows that t_stat < t_table or 1.504 <1.661, so H_0 is accepted. It means service quality does not have partial effect on consumer buying decision. t_stat value brand equity variable is equal to 5.929 with a significance level of 0.000 while in the table is 1.661. The result shows that t_stat < t_table or 5.929 >1.661, so H_0 is rejected. It means brand equity has partial effect on consumer buying decision.

Discussion

Marketing Mix and Consumer Buying Decision

Marketing Mix has no significant effect on Consumer Buying Decision. This finding has a different result with Andreiti et.al (2012) and Satit et al (2011), which found that Marketing Mix affects Consumer Buying Decision, but has similar result with Chairprademsak (2007) that there is no significant effect of Marketing Mix on Consumer Buying Decision. The possible reason of this result is that from the survey, researcher found that the consumer could not find some products they need especially for fresh products (vegetables, fruits, fish, and meats) and it makes them go to the other stores.

Service Quality and Consumer Buying Decision

Service Quality has no significant effect on Consumer Buying Decision. This finding has a different result with Andreiti et.al (2012), which found that Service Quality affects Consumer Buying Decision, but has similar result with Lutfia (2012),that Service Quality is not significantly influence consumer buying decision. The possible reason of the result is that from the observation in some of Indomaret outlets researcher found that there are couples of employees that could not serve the customer as well as the other employees.

Brand Equity and Consumer Buying Decision

Brand Equity has significant effect on Consumer Buying Decision. As the data shows that Indomaret still new and has been growing quite fast in Manado where they currently have more than 50 outlets spread in to many locations in Manado, how frequent consumers see the outlets or anything related to the brand. Also Indomaret brand is the local brand of Indonesia and has similar name with the country’s name that make this brand became familiar, easy to be recall and liked by the customers. The result of this study could strengthen the previous research Nigam and Kaushik (2011) and Foulundivanda et.al (2013). On the previous study said that strong brand equity allows the company to retain customers better. That result showing that brand equity has an effect on Consumer Buying Decision.
CONCLUSION AND RECOMMENDATION

Conclusion
The conclusion drawn for this research are as follow:
1. Marketing Mix, Service Quality and Brand Equity have significant effect on Consumer Buying Decision in Indomaret Manado.
2. Marketing Mix does not have significant effect on Consumer Buying Decision in Indomaret Manado.
3. Service Quality does not have significant effect on Consumer Buying Decision in Indomaret Manado.
4. Brand Equity has significant effect on Online Impulse Buying in Indomaret Manado.

Recommendation
Therefore, several recommendations given are:
1. To improve the level of Marketing Mix, the managers should: adding product varieties for example fish, vegetables, fruits and meat, offering more price discount and do more attractive promotion. By adding product varieties, keep the price standard, give more discount and do more attractive promotion can encourages more participation, visitors.
2. To improve the level of Service Quality, the employees should: be more sensitive to customers, when they ask for help, improve the ability to convey trust and confidence, and serve the customers well. The manager could also provide place for customers to rest like seats for some outlets that still did not have and keep the store clean and comfortable. That way the customer will feel comfort while shopping.
3. To maintain Brand Equity the managers should pay attention in developing customer loyalty and improving costumers’ interaction also engage in continuous innovation and integrate in new media for example through social media.

REFERENCES


