

Improving Market Strategy in E-Commerce Platform in Jakarta (Case Study of Steggo Frozen Meat Distributor)

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ABSTRACT: In 2022, Indonesia anticipates a surge in e-commerce users, forecasted to hit 178.94 million from 158.65 million, indicating sustained growth. Projections foresee a rise to 196.47 million users by 2023, persisting for four years. STEGGO aims to leverage this trend, employing internal STP and Marketing Mix (4Ps) and external PESTEL, Competitor, and Customer Analyses. SEM-PLS will decipher insights from surveys, linking the marketing mix to customer attitude and purchase intention. Surprisingly, promotional efforts exhibit a negative correlation to customer attitude for STEGGO products. The analysis aims to guide STEGGO to target the right niche within the frozen meat distributor competition. Notably, product, price, and place significantly influence customer attitude, impacting purchase intentions by shaping customer acceptance for product re-purchase.

KEYWORDS: Marketing Mix (4P); PESTEL; STP; SEM-PLS

INTRODUCTION

The year 2022 is poised to witness a significant surge in the populace engaging with online markets and e-commerce platforms in Indonesia, with an expected reach of 178.94 million users, signifying a 12.79% augmentation from the preceding year's 158.65 million user base. This sustained positive trajectory implies a consistent evolution in the utilization of e-commerce platforms within the Indonesian context, with estimations forecasting a subsequent elevation to 196.47 million users by the culmination of 2023. Projections persistently indicate a persistent incline in e-commerce users for the forthcoming four years, with statistical analysis from Statista further suggesting an expansion to approximately 244.67 million e-commerce users by 2027 within the country (Statista Market Insight, 2023).

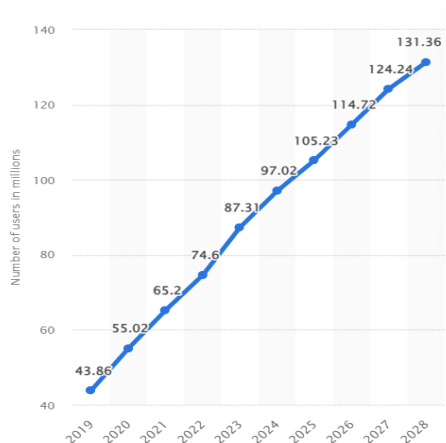


Figure 1. Statiska Indonesia E-Commerce User

LITERATURE REVIEW

Marketing Mix

The intensification of global competition necessitates continual adaptation by organizations to evolving circumstances. To address this challenge, firms must expand their involvement in the marketing continuum to augment overall sales. Alterations to marketing mix components, namely product, price, place, and promotion, afford companies the capacity to influence the behaviors



of their intended consumer base (Farid et al, 2023). Organizations actively engage in orchestrating a range of controllable elements, known as the Marketing Mix, to fulfill their primary objectives and generate optimal customer satisfaction. This framework is traditionally structured around the four pillars of the 4Ps: product, price, distribution (place), and promotional strategies. Through intentional manipulation of these key levers, organizations can engender deeper customer engagement and enhance satisfaction levels (Raewf & Thabit, 2015).

Customer Attitude

An individual's attitude, a cultivated inclination, holds sway over their response to environmental stimuli, either favorably or unfavorably. This predisposition is molded by various factors like motivation, emotions, perception, and cognitive mechanisms. Remarkably, attitude assumes a pivotal role in sculpting an individual's way of life (Mothersbaugh & Hawkins, 2016). Attitude encapsulates an individual's behavioral and outcome beliefs regarding personal consequences, shaped by declarative memory, semantic memory, and the cumulative acquisition of personal experiences and knowledge. Customer attitudes represent an amalgamation of a customer's beliefs, emotions, and behavioral inclinations towards a marketed entity (Jha et al., 2023).

Purchase Intention

Purchase intention constitutes a pivotal concept aiding businesses in comprehending customer preferences more profoundly. It denotes the probability of a customer acquiring a designated product or service and is assessable through consumption frequency. Elevated purchase intention signifies a heightened likelihood of a customer selecting a specific product amidst alternatives, thereby facilitating businesses in refining their marketing strategies to align with such inclinations (Kung et al, 2021). The theory of planned behavior affirms that purchase intention serves as a reliable predictor of subsequent purchase intentions (Jaharuddin & Wahab, 2014).

HYPOTHESES DEVELOPMENT

a. Product to Customer Attitude

A product embodies any item generated and offered by a company to fulfill customer needs. These products epitomize the company's identity and wield considerable influence over customer perceptions of the brand. The strategic design, segmentation targeting, and marketing approaches adopted by brands significantly shape customer attitudes and their propensity to procure products affiliated with the brand. Past studies have underscored the role of pricing strategies in shaping customer attitudes toward a brand (Amalia & Megayani, 2020). Based from the discussion above, H1: Product has a significant positive relationship on Customer Attitude.

b. Price to Customer Attitude

The remuneration rendered for a product or service denotes its price, symbolizing the value accrued by customers through diverse benefits. Strategic marketing endeavors hold paramount significance in determining the optimal pricing strategies within an organization, serving as the linchpin in the establishment and acquisition of customer value (Amalia & Megayani, 2020). Observed a notable and affirmative correlation between price and customer attitudes, corroborating prior research findings (Kartawinata et al, 2020). Based from the discussion above, H2: Price has a significant positive relationship on Customer Attitude.

c. Place to Customer Attitude

Components encompassing accessibility, feasibility, and comfort within the "place" aspect exert a considerable impact on customer attitudes (Mudassir et al, 2022). The term "place" denotes the specific site where customers procure a company's products. This location serves as the pivotal nexus for product delivery to clientele. When a customer engages with a seller at this location, it culminates in a transaction facilitating the delivery of the desired value inherent in the company's product offerings (Limpo, Rahim, & Hamzah, 2018). Based from the discussion above, H3: Place has a significant positive relationship on Customer Attitude.

d. Promotion to Customer Attitude

Octari and Zen (2018) assert that a fundamental responsibility in advertising involves the creation and sustenance of cohesive promotional initiatives, coupled with the judicious selection of optimal tactics. Promotion encompasses the act of engaging potential customers by comprehending their desires and motivations, thereby



stimulating their inclination towards making a purchase. This umbrella term encapsulates various promotional endeavors such as advertising, promotional events, personal selling, and other related activities. As posited by Amalia and Megayani (2020), promotional undertakings encompass the interactive communication between buyers and sellers aimed at endorsing products and services. This strategic communication is tailored to mold attitudes and behaviors, thereby fostering marketing transactions. Promotion stands as a pivotal element in cultivating a brand's public recognition. By discerningly selecting a promotional approach aligned with the customer journey map, enterprises can instigate awareness among potential customers, stimulating their contemplation towards making a purchase. The information conveyed through promotional efforts holds the potential to sculpt customers' perceptions of a brand. Empirical studies have demonstrated that the methodologies employed in executing promotional activities can significantly influence customer attitudes towards the brand. Based from the discussion above, H4: Promotion has a significant positive relationship on Customer Attitude.

e. Customer Attitude to Purchase Intention

Customer attitudes encompass an array of convictions, emotions, and behavioral tendencies directed towards a marketed entity, gauging their degree of interest and readiness to adopt a particular viewpoint. The probability of acquiring a product is construed as its purchase likelihood (Bianchi et al., 2019). Likewise, scholarly investigations indicate that positive inclinations towards online shopping correlate with heightened instances of transactions conducted via online retail platforms (Peña-García et al., 2020). Based from the discussion above, H5: Customer Attitude has a significant positive relationship on Purchase Intention.

The conceptual framework can be derived from previous literature and showed in Figure 2 below.

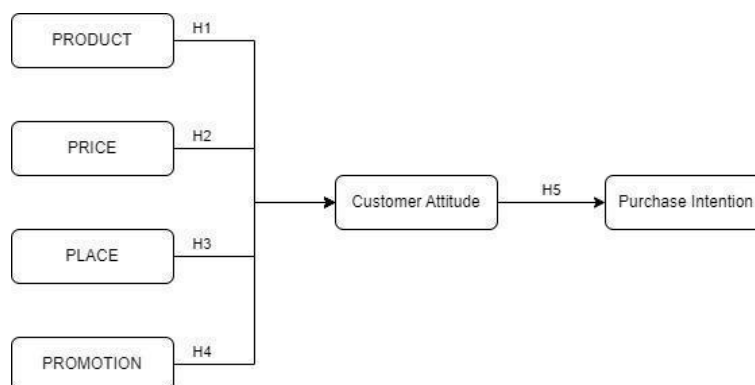


Figure 2. Conceptual Framework

METHOD

The distribution of the online survey was created using a quantitative approach, which is a collection process. Upon the culmination of data collection, Malhotra (2017) stipulated that a minimum sample size of 200 respondents is requisite for problem-solving research endeavors. In this study, the respondents that was targeted were the person in the productive age who live in Jakarta and Outer Jakarta and where they usually shop. Data processing was carried out by implementing SEM-PLS technique to gather the data.

Employing Structural Equation Modeling (SEM) stands as a potent methodology for discerning vital constituents, scrutinizing intricate theoretical interconnections, and appraising the robustness of associations among diverse elements. Researchers can utilize these approaches to scrutinize the collective influence of predictor variables on an outcome parameter, employing a meticulously structured model encompassing numerous factors and constructs (Sukhov et al., 2023). The utilization of SEM-PLS has garnered considerable attention in scrutinizing intricate marketing frameworks. A primary advantage lies in its ability to assess sophisticated models even with limited sample sizes, rendering it a valuable asset for researchers in the business marketing domain. This proves particularly advantageous amid constraints such as time limitations and a restricted pool of potential participants, often hindering broader-scale corporate marketing investigations (Guenther et al., 2023).



DATA AND ANALYSIS

a. Average Variance Extracted (AVE)

The subsequent phase involves calculating the Average Variance Extracted (AVE) for the variables within the revised measurement model. Convergent validity necessitates that the AVE values for the items surpass a threshold of 0.5, as per the criteria outlined by Hair et al. (1998).

Table 1. Average Variance Extracted (AVE) Value from the Model

Average Variance Extracted (AVE)	
Product	0.797
Price	0.692
Place	0.823
Promotion	0.664
Customer Attitude	0.740
Purchase Intention	0.698

The Average Variable Extracted (AVE) fro each variables indicates that the value was greater than 0,5 and the five variables examined in the analysis were valid, according to the result that validity performed in the variables are assess using SEM-PLS.

b. Reliability Test

The assessment of the model's reliability adheres to the prescribed benchmarks. Cronbach's alpha coefficients falling within the range of 0.42 to 0.60 are categorized as moderately reliable, those between 0.61 and 0.80 are regarded as reliable, and values spanning from 0.81 to 1.0 signify high reliability, as stipulated by Dahlan (2014). Cronbach's Alpha was employed to assess the survey's reliability. A value exceeding 0.5 signifies the reliability of the data collected through the survey.

Table 2. Reliability Test

Cronbach's Alpha	
Product	0.872
Price	0.852
Place	0.892
Promotion	0.831
Customer Attitude	0.883
Purchase Intention	0.855



Based on the analysis of the reliability test result, it can be concluded that the variables were tested using SEM-PLS, the Cronbach’s Alpha value were eac greater than 0.5, indicating that the five variables that were examined are reliable.

Structure Model Analysis

As per the assessment of the measurement model, all variables fulfilled the prescribed criteria for both validity and reliability. Subsequently, the investigation progressed to the structural model analysis, focusing on path coefficients and their associated p-values. To determine the significance levels among variables, the study conducted basic bootstrapping utilizing 201 subsamples, implementing a two-tailed test at a 95% confidence level.

The utilization of SEM-PLS analysis aims to assess the hypotheses and discern the variables that exhibit influence from the marketing mix to customer attitude and subsequently from customer attitude to purchase intention. Prior to conducting the analysis, hypotheses have been formulated encompassing each variable to be examined in the study.

H1: Product of the marketing mix as a significant positive relationship on Customer Attitude of STEGGO frozen meat distributors.

H2: Price of marketing mix has a significant positive relationship on Customer Attitude of STEGGO frozen meat distributors.

H3: Place of marketing mixhas a significant positive relationship on Customer Attitude of STEGGO frozen meat distributors.

H4: Promotion of marketing mix has a significant positive relationship on Customer Attitude of STEGGO frozen meat distributors.

H5: Customer Attitude has a significant positive relationship on Purchase Intention of STEGGO frozen meat distributors.

The alternate hypothesis posits that within the frozen meat distributors, each element within the marketing mix holds a significant yet positive impact on customer attitude and customer attitude to purchase intention. The outcomes of the hypothesis testing conducted through SEM PLS are presented in Table 3.

Table 3. Result of the Relationship Between Variables

	Original Sample (O)	P Values
Product → Customer Attitude	0.138	0.000
Price → Customer Attitude	0.417	0.000
Place → Customer Attitude	0.325	0.000
Promotion → Customer Attitude	0.110	0.081
Customer Attitude → Purchase Intention	0.786	0.000

The hypothesis testing outcomes indicate that three out of four marketing mix variables exhibit a noteworthy positive influence, whereas one variable displays a negative impact and lacks influence on purchase intention. Specifically, the promotion variable demonstrates a negative effect and insignificance regarding its impact on purchase intention. Conversely, product, price, and place showcase a substantial positive impact on customer attitude, which in turn significantly influences purchase intention. The established criteria for accepted P-Values in this research, with an error threshold set at 5%, highlight that H4 is rejected due to its P-Value surpassing the



specified error value of 0.081. Consequently, the promotion variable fails to meet the criteria outlined in the hypothesis analysis.

DISCUSSION

a. Product to Customer Attitude

The research found a positive and statistically significant relationship between product and customer attitude. This means that better products are directly linked to more favorable customer attitudes. The strength of this relationship is indicated by the original sample value (O) of 0.138 and the very low p-value of 0.000. This suggests that the product variables play a significant role in influencing customer attitude in a positive way.

Customers supporting this condition purchase STEGGO products for diverse occasions like birthday parties, office events, music gatherings, and other held events. Quality stands as a pivotal determinant in the purchasing process, significantly impacting the decision to buy the product. Consequently, product purchases contribute to an upsurge in STEGGO's sales figures and bolster the purchasing authority within the frozen food distribution.

b. Price to Customer Attitude

The analysis indicates a positive and significant relationship between price and customer attitude, as evidenced by the Original Sample (O) value of 0.417 and a P Value of 0.000, signifying statistical significance. This suggests that the price variable contributes a value of 0.417 towards enhancing customer attitude.

This trend is supported by the importance customers place on product pricing. In a competitive market landscape, setting competitive prices is crucial to attract customer attention and comparisons among various available options. Offering affordable prices tends to sway customer decisions towards purchasing desired products.

c. Place to Customer Attitude

The findings reveal a positive and significant relationship between place and customer attitude, as demonstrated by the Original Sample (O) value of 0.325 and a P Value of 0.000, indicating statistical significance. This indicates that the place variable contributes a value of 0.325 towards enhancing customer attitude.

This trend is supported by the importance of the location where customers can access or purchase the product. It is emphasized that ensuring easy access for customers involves situating the company in areas frequented by shoppers. Thus, the location becomes a crucial factor for customers to conveniently reach the products.

d. Promotion to Customer Attitude

The analysis of the relationship between the place variable and purchase intention indicates a non-significant negative relationship. Consequently, this variable does not significantly impact the purchase intention variable, as evident from the Original Sample (O) value of -0.110 and a P Value of 0.081. Although the original sample value denotes a negative contribution of 0.010 to customer attitude, it lacks statistical significance. This suggests that the promotion variable might decrease the customer attitude value when other factors remain constant. However, as this variable lacks statistical significance, changes in the place variable do not influence customer attitude. Therefore, it can be concluded that the place variable does not affect customer attitude.

e. Customer Attitude to Purchase Intention

The findings reveal a positive and significant relationship between customer attitude and purchase intention, based from the data, the Original Sample (O) value of 0.786 and a P Value of 0.000, indicating statistical significance. This indicates that customer attitude contributes a value of 0.786 towards enhancing the value of purchase intention.

This trend is supported by the importance of behavior of each customer have from buying the STEGGO products that can affecting a purchasing intention in the upcoming plan because of the quality product that STEGGO offers was beyond the customers imagine, that way customer felt satisfied and willing to pay more from STEGGO.



CONCLUSION, LIMITATIONS, AND SUGGESTIONS

A. Conclusion

The internal analysis conducted within STEGGO has led to the identification of a novel marketing strategy for the frozen food distribution channels. This strategy entails effectively employing STP analysis to guide business initiatives aimed at gaining acceptance within a specific niche market. Within the target market of frozen food distribution, the company aims to appeal to customers across diverse social classes who perceive STEGGO's products as essential for various events and gatherings. Through external customer analysis, insights regarding the target demographic's age, preferred purchasing locations, and motivations for buying frozen meat were gleaned, empowering STEGGO to retain its target market by aligning purchasing intentions with customer attitudes. STEGGO leverages multiple marketing channels, such as Instagram Story, Facebook ads, Shopee, Tokopedia, and TikTok, to effectively promote their products and bolster the success of their marketing strategy. While the external analysis undertaken uncovers diverse factors contributing to opportunities for STEGGO. These include examining customer behavior during product purchases, understanding the social contexts of using frozen meat in different events and gatherings, and analyzing competitor products and pricing strategies within the market landscape. Despite facing competition in similar market segments, STEGGO maintains its position due to its distinct product quality, which sets it apart from competitors. Notably, while some competitors employ higher pricing strategies to capture customer attention, STEGGO's quality remains a defining factor in its success.

B. Limitations and Suggestions

This study presents a valuable roadmap for business proprietors aiming to pinpoint the ideal niche market. To substantiate these findings, insights from those who have effectively utilized this approach in targeting specific markets were incorporated. The proposal serves as a guide for business owners to establish confidence in aligning their targets according to their business objectives. To ensure a comprehensive understanding from varied perspectives, seeking input from field experts is recommended to augment the outcomes and provide comprehensive insights, particularly beneficial for STEGGO in Jakarta.

While this research employs the marketing mix 4Ps as a foundational framework to ascertain the right target market through customer analysis, the progression in marketing mix variables has evolved towards incorporating the 7Ps framework. Future research endeavors might focus on augmenting brand awareness by prioritizing product quality for customers. Additionally, acknowledging the impact of the marketing mix on customer attitude and purchase intention is essential. Understanding the buying decision process profoundly influences consumer behavior and warrants consideration in subsequent research.

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