

## Sales Promotion of Hypermart in Bandung City, West Java, Indonesia

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— *Review of* —  
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### ABSTRACT

This study aims to become a pilot project on the execution of sales promotion in Hypermarts in Bandung City. It also focuses on which type of sales promotion is more favorable in the eye of Hypermart Bandung City's customers. The type of methodology used is descriptive that involves a total of 210 customers as respondents. The data collection techniques are literature study and field study. The field study employs observation, interview and questionnaire. In analyzing the data, the techniques used are frequency distribution and mode. The findings suggest that sales promotion is yet to be in line with what customers desire. This occurs because sales promotion is not yet being optimally executed by Hypermart. From the sales promotion aspect, there are numerous complaints concerning time period and promoted product quality. Sales promotion in each Hypermart is yet to be optimal. This is visible from how the customers respond by stating that they do not really know and considering the sales promotion mediocre. In terms of performance of the company's sales promotion, there should be a remanagement of coupon time period and coupon exchange, coordination between manager and executor in field in terms of pricing, and criteria for handing out prizes or what products should be given as prizes. The study only measure Hypermart's customer perception in Bandung city. It is recommended that future researchers conduct studies in big cities such as Jakarta and Surabaya such that Hypermart customers' condition would be revealed.

Keywords: Sales Promotion, Hypermart, Bandung, West Java, Indonesia, Descriptive, customers, Observation, Interview, Mode

### INTRODUCTION

Retail business management can be applied to grocer strategy. In the first step, it sets low prices with low facilities and services as well as prices that depend on customers. Second, prices are set on moderate level, the facilities start to improve, and values promoted will be in line with what the customers need. The third step is related to high prices with maximum facilities and services (Berman, 2004: 106).

Hypermart controls 88.5 percent of Indonesia's hypermarket income target. The composition is that Carrefour has 50 percent control of hypermarket income target, Hypermart has 22.1 percent, and Giant has 18.5 percent. The rest include macro businesses that are not long-lasting (Sapu Jagat, 2010).

Hypermarkets are established in big cities including Bandung city. The existence of big grocers, especially in Hypermart, affects producers, company, and government. Seen from the point of view of producer and company, the target is to increase marketing capacity of the distributor and other related parties. However, in terms of business competition, its existence affects small-scaled grocers negatively. Moreover, the other outcome is positively affecting Bandung's municipal government since it provides 17 million individuals (18 percent) into employment in retail sector, affecting the pace of economic growth, and increase the income by 86% compared to the nation-wide total. The municipal government

employs tax/ retribution instrument which result in regional income (PAD) in compensating the rapid growth of Hypermart (Ria Arifianti, 2010).

One of the Hypermart shops is Hypermart. Along the years, its existence in Bandung is stable. It could be seen from the following table:

**Table 1.1. Number of Hypermart in Bandung, 2015**

2010	2011	2012	2013	2014
3	3	3	3	3

**Source: Juanda and Ismail (2015, pp.216–217)**

The establishment of such modern market fosters a tougher competition in business world. This condition is due to several things. First, there is a shift in society's habit where they start to favour factory made products causing bigger cash flow in trading sector. Second, there is an increase of customer number who shops in modern shops especially those who live in urban area. Other factors relate to the shift in society's shopping trend where they tend to modern retail such as supermarket, department store, hypermarket, and minimarket. This is due to the pursue of comfort in shopping (M. Taufiq Amir. 2004 : 1-2).

Thus, there are many companies which spend huge proportion of its resources for promotion to increase number of costumers. One of the forms of promotion is sales promotion. It is done to increase the level of familiarity of the product, conducting market experiment, and expand market target. (Abratt. Russel, and Stephen Donald Goodey, 1990). Companies spare no expense in promoting their products in every display space in hypermart. This causes overbudgeting. Budget for promotion which usually takes up to 30% is elevated to 70%, (Aruman, 2007 : 20-21).

As a response, retailers do several efforts. First, the products are directly obtained from producers thus minimizing the cost of purchasing. Supplier also place interest from the huge retailers since these retailers could be trend center for other retailers. Second, the products are bought in massive number hence a special price-off. Third, they take lesser profit. Their sophistication in computerization also minimalizes unused stock so the capital is effectively put to use. Also, they also are very effective in making a good use of space; all products entering the shop will have to fulfill certain sales target and if they do not meet such expectation, they will have to be eliminated and be substituted by other products the sales cycle of which will be faster. If the products have already exceeded 6 months to 12 months, there will be 50 percent to 70 percent. For products with 3 to 6 month time period, they are offered with discount of 10 percent up to 20 percent (Afiff Maulana, 2010 : 42-43. Ria Arifianti, 2010).

The final state is cross-subsidy strategy in which particular products are sold cheaply up to the point where no profit is made from the sale so they become gimmick and are subsidized by profit from the sale of other products. The more variety of products a company has, the more flexible the price manipulation would be. Products under traffic builder category such as electronics and food are often used by retailer to persuade shopper to visit the outlet (Hengky Njoto Widjaja, 2008). Consequently, sales promotion varies. Forms of sales promotion for improving sales are discount, product sample, prize, and bundling. However, in doing so, these forms of promotion undergo development and modification. This is done for improving short-term sales volume for the company by creating display and interesting acitivity. Other long-term advantage is fostering one's behavior to try out new product or service to make a customer a long-term customers and foster relation with the company (Cummins and Mullin, 2004 : 17).

Sales promotion in modern retailing is liked by consumers. This is due to current costumers being sensitive to price, value, and quality of an offered product. They also favour low price. This motivates big discounts in Indonesia's modern retail especially Hypermart. Sales promotion is also aimed at costumers who favour promotional activity which gives direct benefits. They are used to looking for special prices in outlet and are only interested in making purchase if a free sample of product is available.

However, there are still complaints that costumers make if:

The price written on the discount label is not in line with the price at the cashier.

1. The discounted products are unavailable despite being listed in promotional catalogue.
2. The discounted products are in bad condition.
3. The discounted price is not in accordance. For example, when it is stated that there is a 20 percent discount from the original price, the price cut does not account to 20 percent or that the costumers have to buy one to get one. In reality, they still have to pay both the items.
4. The discounted products are unclear in terms of their time period of offer.
5. The price is rounded up despite the price stated on display thus the costumers feeling deceived. For example, the price of an item is discounted to Rp. 4990, yet the costumer still has to pay Rp. 5000 due to rounding up.

Consequently, Hypermart business owners strive for perfecting their marketing strategy. A study scrutinizing the elements of sales promotion at Bandung city's Hypermarts is necessary to be conducted.

#### **Statement of problem**

1. How is the implementation of sales promotion in Hypermarts in Bandung city?
2. Which sales promotion is favorable in Hypermart?

#### **Objectives of study**

To scrutinize and analyze:

1. How the implementation of sales promotion in Hypermart in Bandung city is.
2. Which sales promotion is favorable in Hypermart.

#### **Significance of Study**

1. To provide description on the existing sales promotion implementation at Bandung City's Hypermart.
2. To provide suggestions or references on costumers' responses to sales promotion in Bandung City's Hypermart.

## **II. LITERATURE REVIEW**

### **Sales Promotion Concept**

Sales promotion persuades costumer or costumers to make purchase. After a company has built familiarity or reminded and persuade costumers, it will further its persuasion through discounts, demonstration, premium price, coupoues or vouchers, lottery and contest, frequent shopper program, fashion shows, birthday cake or greeting cards. These sales promotion will influence a costumer's behavior in making a decision (Lovelock and Writz, 2004 : 16). Moreover, it will nurture a differing perspective in making a costumer's decision (Lovelock and Writz, 2004 : 137).

Sales promotion concept as stated by Lee and Johnson (1999 : 331) is either an acitivity or material (or both) which acts as persuasion, addition of added value or incentive to purchase a product to the retailer, seller, or costumer. This statement underlines that an effective sales promotion will attract costumers. This stimulates producers, retailers, and costumers to make a purchase of a product and motivates the retailers to be more aggressive in selling such products.

Levy and Weitz (2004 : 15) explains that sales promotion adds added value and incentive for costumers to visit the shop or to make purchase within a period of time. It is related to discount, special events, demonstration in the shop, coupon, and contest.

Lovelock and Wirtz (2004 : 138) state that sales promotion is a communication attached to an incentive. This promotion is usually limited on a certain period of time, price, or particular costumers group. Ormally, the aim is to accelerate purchasing decision or motivate costumers to use certain services, in a bigger or more frequent volume.

### **Sales Promotion Instruments in Retailing Sector**

Sales promotion is an instrument to stimulate costumers to accelerate a purchase/ trading. Following the establishment of familliary, or reminding and persuading costumers, a retail company will further its persuasion through discounts, demonstration, HARGA PREMI, coupoues or VOUCHER FAMES, UNDIAN and contest, frequent shopper program, fashion shows, birthday cake or greeting cards. (M. Taufiq Amir, 2004:89-90).

Kotler and Armstrong (2006 : 442-445) state that sales promotion comprise various promotional instruments designed to stimulate market response earlier or stronger. What comprises costumers promotion instruments are sample, coupon, discount, prize, lottery et cetera; sales promotion: credit payment, free item, addition of items purchased, joint advertisement, sales competition amongst agen, promotion: bonus, competition to achieve the highest sale. These promotional instruments are used in almost all organizations, including manufacturing, distributor, trading association, and nonprofit institution. (Ria Arifianti, 2010 : 46-51).

According to Lovelock and Wirtz (2004 : 135), sales promotion for service firms may take such forms as samples, coupons, and other discounts, gift, and competition of prize. What is meant by sample here is the effort of a costumers to experience a product or service freely or cheaply. Coupons are certificates with particular written value which could be shown to the retailer to get a discount of a product if used in certain period of time. Special offer discount is in form of price cut for purchase within a particular time period. Gifts/ prize are products that are offered freely or cheaply as an incentive for costumers for purchasing a product. The last one is competition of prize. Essentially, sales promotion instruments are underlining the 5 (five) items. (Ria Arifianti, 2010 : 46-51).

In its execution, these promotional instruments could be rewarded to: First, to costumers in form of free offer, sample, product demo, coupon, cashback, prize, contest, and warranty. Second, for mediators is in forms of free items, discount, joint advertisement, advertising allowances, distribution contests, awards. Third, for retailers, it is in form of bonus, awards, contest, and reward for the best retailer (Lupiyanto and Hamdani, 2006 : 122). Since producers/ Supplier has a great interest on their product sales, many of them cooperate with retailers to collaboratively promote, starting from granting of prize, demo activities, management of product placing, and wrapping design. (Ria Arifianti, 2010 :46-51)

### **III. RESEARCH METHODOLOGY**

This research employ marketing management study approach. The method used is survey in which questionnaire is used as the primary data collection instrument. In this survey research, questionnaire is used to serve such function. The method used is descriptive. The descriptive nature of this research is aimed at describing or illustrating facts, and nature of sales promotion systematically, factually, and accurately.

The questionnaires are distributed to 210 respondents. 70 questionnaires are distributed to each of the three Hypermarts in Bandung City. Modus is used to reveal which Hypermart executes the most favorable sales promotion in the eye of the costumers.

#### **Data Collection Technique**

The procedure of data collection could be classified as follow:

### **Literature study**

To complete the primary data, it is essential that secondary data be available hence a literature study is done. The collection of these data is through studying text books and other publication considered relevant to what is being scrutinized and to the results of the study. The example is the establishment of retail sector in Bandung from Bandung in Numbers which is published by Bandung municipality, percentage of Hypermart establishment.

### **Observation**

Observation is conducted by the research through two means: first, a direct observation is done in the research sites (Hypermarkets) in order to witness the business situation and condition as compared to journal and article available; second, data is attained from both present notes and historical data notes.

### **Interview**

The interviews are two-way communication aimed at attaining data from a respondent. They are done by asking direct question which are previously prepared with Hypermart costumers. The result is then noted for data collection. Moreover, interviews with managers are conducted for attaining information about problems concerning the title and the number of costumers visiting the shop everyday.

### **Questionnaire**

The questionnaires comprised of questions directly given to costumers who shops at Hypermart thus becoming the respondents. The questionnaires used are close-ended.

## **IV. FINDINGS AND DISCUSSION**

Promotion is done using a number of media, such as billboards, posters, catalogue, folders, banners, slides, and in print, electronic media and internet. Firstly, hypermart often advertise in both local newspapers, such as *Pikiran Rakyat* in West Java, and national newspapers, such as *Kompas*. However, these promotion are often ignored by potential consumers on grounds that they do not subscribe the aforementioned newspapers.

Secondly, hypermart use leaflets or product catalogues to distribute to consumers, usually within the stores' premises and often placed in racks leading into store entrance. Thirdly, hypermart use internet to easy to consumers use. All of which are aimed for consumers so as to improve product sales.

### **How sales promotion is executed in Hypermarkets in Bandung city**

#### **Sales promotion**

Sales promotion is an act of introducing products in form of an incentive so the costumers are willing to make purchase. It is one of the forms of marketing communication aimed at persuading costumers to consume more. In its execution, it could be explained following the elaboration below.

#### **Sample**

Respondents' response on sample provision is placed on high position. This indicates that Hypermart provides samples in accordance with Lovelock's theory concerning samples being a mean for the costumer to experience a product freely or cheaply. Samples are usually given when a new product is launched or on regular days where the shop rarely provides any sample. Samples are usually attached to respective products, for example on shampoo, drink, or soap products.

#### **Coupon**

Responses from the respondents on shopping coupon are put under high category or less in accordance with what the customer desires. Product samples are given according to particular event. Customers think that Hypermart does not give any particular requirement to getting coupons. The notifications are sometimes only given to certain group of people namely those who only shops there.

According to interviews with Carrefour customers, they state that they have never known about any coupon. Hypermart's customers, similarly, think that the shopping coupon does not meet their expectation; they state that the requirements to get the coupons are too demanding and it is unsuitable with their financial situation. They state that the requirement for getting the coupons such as the minimum purchase does not suit their financial situation. The response from respondents reveals that coupon offer is put under high category. This is due to such act being sometimes done in accordance to what the customers expect. For example, only when a purchase reaches Rp. 1.000.000 will a customer get a coupon. Such clash of expectation and reality becomes too much of an indicator prone to resulting in complaints from the customers. They state that this is too high compared to their income since they mostly work as entrepreneur and civil servants or campus students and students in general.

The response from the respondents shows that coupon exchange is in high category with customers' expectation. This is due to the coupon not being distributed to the customers or the exchange requirement being unclear. Hypermart often gives coupon.

The response from respondents shows that it is under high category. Shopping coupon is from mass media such as newspaper. However, customers claim that if they do not subscribe to the newspaper, they will not get any information on discount. Referring to customers of Hypermart Metro, they, in average, know what the shop is doing from doing the shopping instead of from mass media such as newspaper.

### **Discount**

The research findings show that discount is under high category. For example, the price off is unclear since the time period is vague. They shop because the premise of having a discount, yet they still have to pay full price to the cashier. When they ask the salesclerk, the response will be that the discount period is no longer valid. Some complains why the discount signs are still on display when the time period is over. This makes them feel deceived by such inaccurate discount offer.

The findings reveals that discount in form of shopping coupon is under high category. On average, the respondents say that the offer is sometime in accordance, because for the discount to be used one has to purchase particular products. Hypermart often gives discount in the form of voucher.

Respondents' response on discounted product quality is under high position. Hypermart customers purchase discounted products which are not in good condition. However, Hypermart responds that customers could see the quality of products to be bought since the products are wrapped in transparent plastic.

Respondents' response on the accuracy of discount at the cashier with the price put on display is under high category. They feel it is sometimes accurate and other times inaccurate. Hypermart customers state that when they buy a discounted product, the price becomes different at the cashier. When it is confirmed to the employee, they say that what is shown in the cashier is the accurate one whereas the one put on display is inaccurate. This indicates a bad coordination between employee and the managements.

### **Rewards**

Respondents' response attained reveals that reward offer from Hypermart is under high category or occasionally accurate. This is due to Hypermart's costumers' failure in attaining clear information. For example, when a reward should be given to a costumer for the purchase of a particular product, absence of notification leads to the reward being not received. Costumers only realize it once they are no longer in the cashier counter.

### **Competition with prizes**

Respondents' respond attained reveals that it is under high category. This implies that offered price is considered too expensive. The costumers, regardless being costumers of Carrefour, Hypermart, and Giant, the price in these places are sometimes more expensive than prices in supermarkets such as Yogja or similar type of supermarkets.

### **Favorable Sales Promotion in Hypermart**

#### **Sample**

Referring to the mode calculation, it is revealed that 51,43% costumers favor sample implying their liking to such instrument. This is because they sometime find sample given to not fulfill their expectation. On the other hand, costumers favor product sample because their desire to try something new.

#### **Coupon**

From the mode calculation, it is shown that 42,5% costumers like the coupon (fairly like). This is because they sometime find coupons that are not in accordance with what they expect.

#### **Discount**

From the attained mode value, it can be seen that 43,33 percent of costumrs fairly like discount. This is because they sometime find the discount offered not fulfilling their expectation. For example, it is in terms of time period of validity, or mismatch between display and cashier. These result in disappointment amongst the costumers.

#### **Rewards**

The mode calcaultion show that 51,11 percent of costumer fairly like rewards. This is because they sometime find the reward not fulfilling their expectation. This occurs due to their feeling the prizes given are not preservable and the uncertain time period for coupon exchange.

### **Competition with prizes**

According to mode calculation, it is revealed that 51,11 respondents favor competition with pries (fairly like). This is because they sometimes find what is being given to be different from what they expect. Costumers sometimes compare it with similiary type of store or Hypermart's competitor in Bandung such as Yogja Supermarket or Lotte Mart.

Referring to the elaboration, it is fair to say that costumers fairly like sales promotion done by Hypermart. Their response are considered not extremely satisfied or responding to it as mediocre.

## **V. CONCLUSION AND SUGGESTION**

### **Conclusion**

1. Sales promotion has not been in line with what the customers desire. This is due to Hypermart's sales promotion being not optimally done. From this aspect, various complaints arises relating to time period and quality of product offered.

2. Sales promotion in each Hypermart is yet to be optimum. This is identifiable by costumers' responses which states that they does not know too much about it or that they think of it as mediocre.
- 3.

### Suggestion

1. In doing sales promotion, a company should reconsider the management of time period for distribution and exchange of coupon. The researcher realizes that the findings in this result are limited:
2. This study only measures Hypermart costumer in Bandung city. It is recommended that the future researcher do studies in other big cities such as Jakarta and Surabaya. Thus, Hypermart costumer condition could be seen.

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