

CHAPTER I

INTRODUCTION

1.1 Background of Study

The development of community needs and lifestyle today, especially in big cities, has increased consumption behavior. The advancement of consumers nowadays is increasingly giving priority to buying products sold by modern stores such as mini markets, department stores, supermarkets, and supermarkets.

Changes in consumer behavior in shopping are also followed by developments in people's purchasing power. This has also led to the potential for the development of a minimarket business that is engaged in retail. The development of minimarkets is currently also very good with the various concepts offered by entrepreneurs.

With the current growth of the minimarket business, there is increasingly intense competition among minimarkets. The products offered by minimarkets must have a different concept from other competitors to get the attention of consumers. In addition to products, the services provided will also be a consideration for consumers in making purchases. At this time, consumer behavior prioritizes convenience in buying the products they want. The current development of consumption has also made minimarkets one of the most promising profitable businesses. This also causes entrepreneurs to be more incessant in opening branches in all regions to be able to reach all locations from customers.

Customer satisfaction is one of the things that retail minimarket businesses pay attention to. With customer satisfaction achieved, customers will repurchase the products being sold and refer the products to friends or other relatives. Besides, customer satisfaction will also be an advantage for long-term business development because the products being sold will be easy to market.

In achieving customer satisfaction, one step is taken by providing promotions. Promotion as a form of price discounts and the provision of free products and payment relief to consumers. Promotion is often in marketing and is done to attract the interest and attention of customers. Promotional activities are very good because, in addition to being carried out to sell products quickly, they can also help in increasing customer buying interest.

The current study's examination of the retail marketing mix, consumer loyalty, and customer retention can be extended to other grocery and service markets to add to the organization's growth. Finally, the study's findings stated that the proper implementation of the appropriate retail marketing mix elements may assist the retail industry in attracting new customers and retaining existing ones, resulting in increased sales, market share, and income. (Htwe, 2020)

A method is required to accomplish this task. When technology improves and economic growth accelerates, one strategy for increasing revenue is to conduct promotions. Each business is free to select the marketing strategy that is most appropriate for the product being promoted, with the scale of the promotion determined by the promotion budget, the scope of the promotion, the nature of the

competition, and the types of products being promoted. (Prianggoro and Sitio, 2019)

The promotion has a significant positive effect on customer loyalty through customer satisfaction. More attractive the promotion provided will increase customer satisfaction and ultimately the better customer loyalty. (Janaah et al, 2019)

K3 Mart is a retail minimarket that was founded in 2014, which was founded by Mr. Richard Stanley. By supporting UMKM products in Medan City, K3 Mart offers a different concept from other retail minimarkets. Also, K3 Mart is equipped with the concept of to go and dine in. Equipped with benches and tables, making K3 Mart the choice of millennials to spend time with their friends while enjoying food and drinks that are priced at affordable prices. K3 Mart also supports businesses that are run individually or in groups through a row of storefronts placed at each outlet. Currently, the K3 Mart branches are located on Jalan Sumatera, Jalan Multatuli, Jalan Ayahanda, Jalan Adam Malik, Jalan Setia Budi, Lippo Plaza Medan, and Medan Focal Point.

At this time K3 Mart as a retail minimarket has several competitors with the same concept as in the following table.

Table 1.1

Competitors of K3 Mart

No	Competitor
1	S24 Mart
2	YES 248

Source: Prepared by writer (2021)

The table shows several competitors from K3 Mart with business concepts that are similar and the same as K3 Mart both in terms of products and food sold, supermarket designs and the availability of places for consumers to sit in the store such as S24 Mart and YES 248.

In running a minimarket retail business, assessment of customer satisfaction is the main thing. In getting customer satisfaction, it is necessary to pay attention to various things by an entrepreneur. With the ability to get customer satisfaction, it will make customers loyal to visit and shop. In the phenomenon faced by K3 Mart today, there are still complaints from visiting customers. The following data is taken from the Multatuli Branch K3 Mart.

Table 1.1
Amount of Complaints at K3 Mart Multatuli

Year	Amount of Complaints	Reason for Complaints
2015	36	1. The product price is quite expensive compared to other similar minimarkets 2. The promotion that is rarely done on products being sold 3. Less friendly employees 4. Employees who rarely offer promotional products to customers
2016	26	
2017	29	
2018	32	
2019	35	

Source: K3 Mart Multatuli, 2015-2019

From the complaint data submitted by customers, it shows an increase, although not in a significant amount. Some of the things that customers complained about product price are quite expensive, promotion is rarely done, employees less friendly, rarely offer promotional products. In this case, the complaints that occur are more dominant because of the marketing strategy implemented. In terms of marketing strategy elements, namely price, product, promotion, and service, this needs to be increased again by the K3 Mart. With the support of more competitive product prices, also supported by promotions and

services provided will certainly help in improving performance and reducing complaints submitted by customers.

The following is a display of the Multatuli branch of the K3 Mart store in the following pictures.



Figure 1.1 Store Display of K3 Multatuli Branch

Source: K3 Mart Multatuli, (2021)

On the main problem in this study, complaints that occur by consumers are dominated by problems regarding promotions that are rarely carried out by K3 Mart, besides that the prices of products sold are also higher than competing minimarkets, causing complaints from consumers that decrease consumer satisfaction.

Based on this review, the writer decides to conduct research entitled “**The Effect of Promotion towards Customer Satisfaction at K3 Mart Multatuli Branch Medan**”

1.2 Problem Limitation

The writer of this study will collect data through direct interviews with the owner and employee from K3 Mart Multatuli Branch. The object of research is customers of K3 Mart Multatuli. Problems in the research background are limited regarding promotion is rarely done at K3 Mart. Promotions that are rarely carried out make consumers feel less satisfied with the products sold by K3 Mart.

However, due to the limitation of time, budget, and data access. In this research, the writer will focus only on promotion and its effect on customer satisfaction. Problem limitations are promotion as the independent variable (x) and customer satisfaction as the dependent variable (y).

Indicators of promotion as the independent variables advertising, sales promotion, public relation and publicity, personal selling and direct marketing (Suparman, 2018) and indicators of customer satisfaction as the dependent variables include repurchase, creates word of mouth, creates a brand image, creates purchase decisions. (Sari and Setiyowati, 2017).

1.3 Problem Formulation

Based on the background of the study, the question to be answered in this research are as follows:

1. Does promotion have influence at K3 Mart Multatuli Branch Medan?
2. Does customer satisfaction have influence at K3 Mart Multatuli Branch Medan?
3. Does promotion have influence towards customer satisfaction at K3 Mart Multatuli Branch Medan?

1.4 Objective of The Research

The purposes of doing this research are as follows:

1. To explain about the promotion at K3 Mart Multatuli Branch Medan
2. To explain about the customer satisfaction at K3 Mart Multatuli Branch Medan
3. To analyze whether promotion have influence towards customer satisfaction at K3 Mart Multatuli Branch Medan

1.5 Benefit of the Research

The benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is as follow:

1. Enrich the knowledge of the writer by doing the research also increase the experience of the writer is doing research.
2. Reading material for all students at Universitas Pelita Harapan, Medan

1.5.2 Practical Benefit

1. To the company, to get information about whether the survey that has been made will be useful to improve the company's productivity.
2. To other people, future researchers, readers: to be a guide in leading the reader to do other research that is compatible with this research.
3. Also, to gain insight into what is need to update the relevant data provided from this research, so the reader will get a picture of how to improve the quality of their data.

