

ANALYZING THE IMPACT OF STRATEGIC LOCATION TOWARDS A RESTAURANT'S PERFORMANCE: ROTI BAKAR 88 IN TANGERANG SELATAN AND JAKARTA AREA

UNDERGRADUATE THESIS PROPOSAL

JEREMY HARDIJANTO PUTRA 11201508018

Submitted to fulfill the requirement of the undergraduate degree program

Department of International Business Administration Faculty of Business & Social Sciences

> BSD City, Serpong, Tangerang, Indonesia April 2018





APPROVAL PAGE

UNDERGRADUATE THESIS PROPOSAL

JEREMY HARDIJANTO PUTRA

11201508018

Department of International Business Administration

Faculty of Business & Social Sciences

Acknowledged by;

BSD City, Serpong, Tangerang, Indonesia

April 2018

Thesis Advisor

Department of Management

I Made Artika

Dean

Faculty of Business & Social Sciences

Dr. Samuel Prasetya

TABLE OF CONTENTS

Table of Contents	3
Chapter I: Introduction	5
I.1. Background	5
I.2. Research Problems	6
I.3. Research Purposes	6
I.4. Research Structure	6
Chapter II: Literature Review	7
II.1. Marketing Mix	7
II.2. Sales and Location	8
II.3. Roti Bakar 88 Company Profile	8
II.4. Previous Studies and Differences in Research	9
II.5. Research Model	12
Chapter III: Research Methodology	13
III.1. Research Process	13
III.2. Type of Research	13
III.3. Population and Sample	13
III.4. Question Design	14
III.5. Pre-Test Descriptive Analysis	15
III.6. Pre-Test Reliability Analysis	15
IV.7. Pre-Test Validity Analysis	
Bibliography	

ABSTRACT

Never get satisfied of something and personal preference are parts of human natures. After decades of traditional way that the most important thing is the product itself, nowadays people more prefer to consume things in custom condition, it can be depended on physical environment, price, promotion, people, or location. Individuals are never satisfied and will tend to follow the trend, It is said that the trend will continue and every big company or small company anywhere will adjust and implement critical innovative components to their strategy for the goal of attaining a profit which will contribute to its growing success. Although Roti Bakar 88 is one of the famous and well known in Food Industry, it is still interesting to know the restaurant's sales depends on the location and also to know well what factors matters.

Keywords: Satisfied, Location, Trends, Food Industry

ABSTRAK

Tidak puas akan sesuatu dan kecenderungan akan suatu hal adalah sebuah hal yang sangat manusiawi. Setelah bertahun-tahun orang menggunakan cara yang tradisional untuk menikmati sebuah produk, di era yang lebih baru ini orang lebih cenderung untuk mengkonsumsi beberapa produk seperti contohnya makanan dengan berbagai cara/ faktor bukan lagi tergantung kualitas produk makanan itu sendiri lagi, melainkan bisa disebabkan oleh faktor-faktor seperti lingkungan, harga, promosi, orang-orang, dan lokasi. Manusia tidak akan pernah puas dan akan terus mengikuti tren yang ada, tren akan selalu ada dan pebisnispebisnis di luat lah yang akan terus menyesuaikan tren itu mulai dari organisasi yang kecil sampai ke organisasi yang besar, semuanya bertujuan untuk satu tujuan dari setiap bisnis yaitu menaikan penjualan yang akan menuntun ke kesuksesan dalam berbisnis yaitu laba. Walaupun Roti Bakar 88 adalah termasuk dari restoran yang cukup terkenal, akan masih menarik untuk mengetahui seberapa berbedanya penjualan dari perbedaan lokasi tersebut dan faktor apa saja yang berperan.

Kata kunci: Kepuasaan, Lokasi, Tren, Industri Makanan

CHAPTER I INTRODUCTION

I.1 BACKGROUND

Consumers make many buying decisions every day, and the buying decision is the focal point of marketer's effort. Marketing' stimuli basically consists of the four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, social, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of buyer responses (Kotler & Gary, 2014). To reach a good number of sales, every small or big organization should be able to have their own strategy, strategy is basically an action plan built to achieve a specific goal or set of goals within a definite time, while operating in an organizational framework. A good company should be able to manage the administration of an organization, whether it be a business, a not-for-profit organization, or government body. Management includes the activities of setting the strategy of an organization and coordinating the efforts of its employees or volunteers to accomplish its objectives. Nowadays the fundamental goal of every organization is to create strategies which exhibit the best administration and production in a most productive and efficient way to achieve objectives and points in an ideal and profitable way. That is conceivable with having a long haul mission to have the capacity to adjust their business in the quickly evolving world.

Sales is basically operations and activities involved in promoting and selling goods or services. With that being said, Selling is basically first and foremost a transaction between the seller and the prospective buyer or buyers (the target market) where money is exchanged for goods or services. So the best way to define selling is to focus on the sales skills that are necessary to make that transaction happen. Defining selling as the art of closing the deal encapsulates selling's essence. Sales and marketing are often related, the responsibilities of each group are closely linked. Marketing has a vital role in supporting sales. In practice, the marketing department tends to bear responsibility for raising awareness about a product and generating high-quality leads for a sales team (Weinberg, 2012). At times, a sales department may complain that marketing leads do not meet the standard set forth by the sales team. However, the potential for conflict also represents an opportunity for collaboration. The more effectively the two teams can share ideas, the better aligned their definitions are likely to be.

This paper is also about choosing a location for a business as it is also one of the most important decisions entrepreneurs make during the planning phase. The location's impact of a business can affect many aspects of how it operates, such as total sales and how costly it is to run. Even home-based businesses and online businesses can be affected by locationdependent rules and regulations. The significance of location can affect the sales and so many other things even if one store has same product and price. The location of a business can influence the total cost of operation (Hamel, 2013). Renting a storefront on a popular street or in a highly trafficked mall is likely to be more expensive than opening a store in a small commercial district in a residential area. A business could be better off opening its doors in an area that is cheap, even if it results in fewer total sales. Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. The buyer will pass through a learning process, first developing beliefs about the product, the attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers (Kotler & Gary Armstrong, 2014).

At the end of the day, the strategy is all about the choices. Every plans of our strategic management will be involving strategic thinking in practice, involve extent, aim, sources and period of control in the business. It shows formulation of aim, goals, and tools to be used systemically. This close link between strategy and plan causes the development of strategic manners of rule in today's modern management practices. The 'strategy' concept in management which involves foreseeing the future by planning through prudential, long-termed periods is starting to be discussed frequently in business management literature (Durmaz, 2016). As a result of following management practices with strategies, businesses have started a systematic preparation for the future. With strategies and the connection with sales, it can be subjectively chosen which strategy we want to take to achieve everyone's goal namely reaching the target sales that is basically lead to the ultimate goal which is profit gain.

I.2. RESEARCH PROBLEMS

There are several research problems to be investigated in this research, those are:

- 1. This research attempts to study the influence and impact of a location for business in food industry especially in sales comparison.
- 2. This research attempts to discover and analyze all the factors that matter why one store has a better sales number than the other based on theoretical theories.
- 3. This research attempts to prove all the factors matter right/wrong by doing;
 - a. Local Survey
 - b. Bigger Scope Survey

I.3. RESEARCH PURPOSES

Referring to the above research problems, this study aims for the following issues:

- 1. The main purpose of this research is to analyze are the impacts and correlation between location of a food business with its sales. This research focuses on what are the factors that makes one store's sale is greater than the other.
- 2. The secondary purpose of this research is to analyze how much sales number differences between one store and another just because of a location.

I.4 REPORT STRUCTURE

- 1. Chapter I: Introduction, the background of the study, some theoretical foundation, research problems, research purposes, and limitation and scope.
- 2. Chapter II: Literature Review
- 3. Chapter III: Research Methodology
- 4. Chapter IV: Result and Discussion
- 5. Chapter V: Conclusion

Chapter 2 LITERATURE REVIEW

II.1 MARKETING MIX

Marketing Mix theory has been translated into some understandings, this theory became this paper's main theory as location and sales are both the vocal points for this topic. Marketing mix is can be considered as a tactical or operational part of a marketing plan. Marketing mix includes four P classification for developing an effective marketing strategy: product, price, placement, or distribution, and promotion. When it is a consumer-centric marketing mix, it is extended to include three more Ps: people, process and physical evidence, and three Cs: cost, consumer and competitor. Depending on the industry and the target of the marketing plan, marketing managers may take various approaches. Marketing remains the same but the marketing mix, or combination of factors that influence the delivery of value, has evolved considerably (Kareh, 2016).



Figure 1: 7P-Marketing-Mix

Source: (Acutt, 2001)

All the elements of the marketing mix influence each other. They make up the business plan for a company and handled right, can give it great success. But handled wrong and the business could take years to recover. The marketing mix needs a lot of understanding, market research and consultation with several people, from users to trade to manufacturing and several others (Bennett & Coleman, 2018).

II.2 SALES AND LOCATION

Place: refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. In fact, the mantra of a successful retail business is 'location, location, location' (Heimann, 2012). For years, cracking the customerbehavior code has been a challenging goal for marketers.

Previously, most brands relied on popular brand-funnel models: They interpreted consumer behavior as a straight path from discovering a product to deciding to buy and to eventually becoming loyal to that product. While it might seem that the arrival of Internet and mobile technology would allow consumer behavior to transcend physical location, the Internet is still shaped by the physical world. Factors such as nearby stores, local sales taxes and even influential neighbors affect online purchases. Even though consumers' neighbors are not with them when they buy, they still behave similarly to those around them. With this in mind, marketers need to use location to shape their campaigns.

Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers. This comes with a deep understanding of your target market. Understand them inside out and you will discover the most efficient positioning and distribution channels that directly speak with your market. There are many distribution strategies, including:

- Intensive distribution
- Exclusive distribution
- Selective distribution
- Franchising

Many brands are proving that a consumer's location can be used not only to predict behavior, but also to provide content and calls to action that can drive sales and leads. Only about 23 percent of retailers incorporate location-related data into their mobile marketing decisions. As a result, a huge opportunity exists to provide relevant marketing to consumers at the best time and in the best location possible. So stop trying to crack codes and instead concentrate on helping to shape your consumers' behaviors with location-based marketing.

II.3 ROTI BAKAR 88 COMPANY PROFILE

Roti Bakar 88 is a restaurant that sells franchises that headquartered in Tangerang, Indonesia. Roti Bakar 88 engages in selling of a many kind variations of foods and grilled sandwich as the signature menu (Roti Bakar 88, 2018). It operates through the café and restaurant segment. This company was first found in year 2005, and years after that Roti Bakar 88 grew into one of the best and famous restaurant in Tangerang and Jakarta Area.

II.4 COMPETITION

Location is of utmost importance to businesses that sell goods or services directly to customers at brick-and-mortar establishments. A business with a storefront on a busy street

is more likely to attract customers with signs and storefront displays than a business that is not in a busy area. A business's location can affect the competition it faces from businesses that sell similar products and services. For instance, a much bigger neighborhood in a major city might have dozens of ethnic food restaurants, while a small town might not have any businesses that sell ethnic food. Starting a business in an area with few direct competitors can increase the likelihood of attracting customers (Church & Murray, 2012).

II.5 TRANSPORTATION

In the location selection, the problem is that it is also necessary to take the transportation convenience of customers into consideration. Three separate criteria are considered in this transportation aspect: convenience to mass transportation and parking capacity. Convenience to mass transportation refers to the number of bus routes close to the restaurant, more precisely the number of bus routes within 500 m around the restaurant, with more bus routes indicating greater convenience. Restaurant customers are also likely to drive their own cars, so more parking spaces can attract more customers to dine in the restaurant. The parking capacity, as a criterion, is expressed as the number of parking units within 500 m around the restaurant, including those parking lots related to the restaurant, public parking and private parking lots (Cantwell, 2014).

II.6 PREVIOUS STUDIES AND DIFFERENCES IN RESEARCH

 Economic: Rent cost Rent cost Transportation cost Multi-criteria Selection for a restaurant location in Taipei (Tzeng, Teng, Chen, & Teng, & Te	Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
 Parking capacity Pedestrian Volume Competition: Parking capacity greatest Influence for Location about 25.36% Environment have greatest Influence for 	Selection for a restaurant location in Taipei (Tzeng, Teng, Chen, &	 Rent cost Transportation cost Transportation: Convenience of mass transportation system Parking capacity Pedestrian Volume Competition: 	 Influence for Location about 23.11% Transportation have Influence of 25.97% to Location Competition have greatest Influence for Location about 16.07% Commercial have greatest Influence for Location about 25.36% Environment have

Table 1: Selected Previous Studies

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
	 Intensity of Competitors Commercial area: Size of commercial area Extent public facilities Environment: Convenience of garbage disposal Sewage capacity 	
2. Restaurant Location and Price Fairness as Key Determinants of Brand Equity: A Study on Fast Food Restaurant Industry (Hanaysha, 2016)	 Brand Leadership Restaurant Location: Geographic Demographic 	 Location have significant effect to Brand Equity about 60% Price Fairness Have effect about 40% to Brand Equity
3. Location and Competitive Strategy in Retail: The Case of GameStop in Michigan (Schrantz, 2013)	Competitors Market Penetration Number of Competitor 	 Competitors have greatest Influence for Demography and Economy about 42% Sub Variable; Number of competitor have 62%

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
	 Demographic & Economic Alternative goods Convenience Location History organized by year Hierarchical diffusion 	explanatory toward Variable; Competitor • Economy and Demography have greatest Influence for Location about 23%
4. The Effect of Location, Strategy, and Operations Technology on Hospital Performance (Goldstein, Peter, & Butler, 2001)	Location • Urban • Ural Strategy • Marketing • Operation Focus Technology • Number in use Performance • Revenue • Margin	 Location have greatest Influence for Performance about 60% Marketing have 15% explanatory toward Strategy Sub Variable; Operation Focus have 18% explanatory toward Strategy Strategy have greatest Influence for Performance about 46% Sub Variable; Number in use have 21% explanatory toward Variable; Technology Variable; Technology have greatest Influence for Performance about 50%
 Business Site Selection, Location Analysis, and GIS (Gordon, 2017) 	Geographical Information System • Location • Demography Performance	 Geographical Information system having significant level of 30% to Company's performance

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
	 Operational expense 2-1 Margin 2-2 	

II.7 RESEARCH MODEL



CHAPTER 3 RESEARCH METHODOLOGY

III. 1. RESEARCH PROCESS

With all the background reasons and problems in the Chapter 1, a big question appears whether one of the marketing mix namely Location is a really big factor to determine a company's performance that can be measured by its Sales/Revenue. Chapter 2 is all about the theories and previous studies that support and promote the background of this paper alone, Research model is also a part of this chapter as it helps to structure this research study. Chapter 3 explain about the overall moves of this research, data collection is also included to this chapter. Chapter 4 is about the execution of data processing and how to get a result out of it. And last but not least, Chapter 5 is when this research comes to an end with a conclusion. Every component of this research will be then presented in an oral presentation.

III. 2. TYPE OF RESEARCH

The sampling process will adopt cluster sampling method in the Tangerang Selatan and Jakarta since all the location Roti Bakar 88 stores that are exist in those 2 regions are can be considered strategic. Then 2 stores in Jakarta and 2 stores Tangerang will be chosen, that two of those 4 stores are considered as 2 strategic locations and two less strategic locations. Those 4 stores that will be picked are Roti Bakar 88 in BSD, Gading Serpong, Grogol and Kosambi. After determining the sample size through sample size calculator, the plan is to do the research through interview all the staffs, customers and the store managers with the number of 47 respondents determined by Raosoft.

III. 3. POPULATION AND SAMPLE

The targeted population is every store of Roti Bakar 88 in Tangerang Selatan and Jakarta. The targeted population includes the manager, staffs, and also customers in the area. Sample size calculator will be used to determine the sample size, margin of error is 12% with confidence level of 90% which is a typical choice, and 20000 for the number of population in case the population number is not known at the first place and Raosoft recommend the user to leave the response distribution as 50%.

S Raosof	₩ ®
What margin of error can you accept? 5% is a common choice	12 %
What confidence level do you need?	90 %
Typical choices are 90%, 95%, or 99%	
What is the population size?	20000
If you don't know, use 20000	
What is the response distribution?	50 %
Leave this as 50%	
Your recommended sample size is	47

Figure 3: Sample Size Calculator

Source: Raosoft

III.4. QUESTION DESIGN

Here are the sample questions that are going to be distributed to the respondents, all the questions will all be based on the variables and the sub-variables of the Research Model.

Variables	Sub Variables	Questions	Scale
Transportation	Parking Capacity	Customers prefer to spend less time in the parking lot before having meal.	Likert
	Transportation Cost	People choose the normal food quality of the restaurants that located in strategic area compared to restaurants that is not strategic located with good food quality.	Likert
Competition	Intensity of the of the Competitors	Customers like to spend their money on a place like food- court that provides similar foods among competitors	Likert
Location	Geography	People tend to spend their hangout time to those trendy places, that usually located in the middle of metropolitan city.	Likert
	Psychographic Factors	Customers are forced to consume trendy foods because of the social life's push.	Likert
Performance	Revenue	The number of sales is mostly determined	Likert

	by the store's location.	
Margin	The number of sales is mostly determined by the store's location.	Likert

III.5 PRE-TEST DESCRIPTIVE ANALYSIS

This Pre-Test used 25 datas from the questionnaires that has been distributed. Below is the Descriptive Statistic with some of the explanations:

- Standard deviation the range distance of the data from the average, in the figure 4, it can be seen that the standard deviation is pretty significant.

- The mean basically tells explicitly the average of each variables in this research.

- The N/N Statistic is an indicator that shows some data missing.

Skewness and Kurtosis is basically showing the if the data can be considered normal or not. (George & Mallery, 2010).

				Figure			Descri	ptive					
	N	Range	Minimum	Maximum	Sum		ean	Std. Deviation	Variance	Ske	whess	Ku	rtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Q1	24	4	1	5	89	3.71	.229	1.122	1.259	774	.472	.025	.918
Q2	24	3	2	5	100	4.17	.167	.816	.667	852	.472	.623	.918
Q3	24	2	3	5	98	4.08	.146	.717	.514	125	.472	912	.918
Q4	24	2	3	5	97	4.04	.175	.859	.737	084	.472	-1.668	.918
05	24	4	1	5	89	3.71	.229	1.122	1.259	573	.472	153	.918
Q6	24	3	2	5	96	4.00	.159	.780	.609	599	.472	.527	.918
Q7	24	3	2	5	89	3.71	.221	1.083	1.172	255	,472	-1.170	.918
Valid N (listwise)	24												

Source: SPSS

III.6 PRE-TEST RELIABILITY ANALYSIS

It can be considered as a reliable data if the Cronbach's Alpha is above 50% and the researcher is normally already satisfied with the number. As it can be seen below, the reliability of the data set is 40.1% indicating the reliability level of the data set is only 40.1% reliable.



Source: SPSS

III.7 PRE-TEST VALIDITY ANALYSIS

This Pre-Test of validity analysis is extracted from Communalities Test. The extraction numbers in the figure 6 show how big of a percentage it is to the initial number of the variable. The result of the Communalities Test is not satisfying.

Figure 6: Pre-Test Validity							
Communalities							
Initial Extraction							
Q1	1.000	.558					
Q2	1.000	.185					
Q3	1.000	.595					
Q4	1.000	.724					
Q5	1.000	.643					
Q6	1.000	.464					
Q7	1.000	.232					
Extraction Method: Principal Component Analysis.							

Source: SPSS

Bibliography

Kotler, P., & Gary, A. (2014). Principles of Marketing. Harlow, England: Pearson Education Limited. Retrieved from www.pearson.com/uk

Weinberg, M. (2012). New Sales. Simplified. USA.

Kotler, P., & Gary Armstrong. (2014). Principles of Marketing, 15th Edition. Harlow, England: Pearson.

Durmaz, Y. (2016). Expert Journal of Business and Management.

Kareh, A. (2016, July 4). Evolution of the 4Ps. Retrieved from www.forbes.com: https://www.forbes.com/sites/forbesagencycouncil/2018/01/03/evolution-of-the-four-psrevisiting-the-marketing-mix/#6c8b852c1120

- Acutt, J. (2001). Retrieved from https://culturalmanagement2017.files.wordpress.com/2016/11/themarketing-mix-debunked.pdf
- Bennett, & Coleman. (2018). The definition of Marketing Mix. Retrieved from www.economictimes.indiatimes.com: https://economictimes.indiatimes.com/definition/marketing-mix
- Heimann, S. (2012). The New Strategic Selling: The Unique Sales System Proven Successful by the World's Best Companies. Manchester, UK: Miller Heimann Group.
- Wilson, C. (2014). Blood Group Diet: Eating Right for Your Blood Group 101. North Carolina: Lulu Press.
- Walking Times. (2013, April 28). Your Blood Types Determine Your Personality. Retrieved August 26, 2016, from www.wakingtimes.com: http://www.wakingtimes.com/2013/04/28/your-blood-type-determines-your-personality/
- Collins, J. (2001). *Good to Great: Why Some Companies Make the Leap...and Others Don't.* USA: Williams Collins.
- Acutt, J. (2001). Marketing Mix: Mix Debunked. USA.
- Tehrani, N. (2008). Contemporary Marketing Mix for the Digital Era.
- Tzeng, G. H., Teng, M. H., Chen, J. J., & Opricovic, S. (2002). Multi-criteria selection for a restaurant location in Taipei. *International Journal of Hospitality Management, XXI*, 171-187.
- Hanaysha, J. (2016). Restaurant Location and Price Fairness as Key Determinants of Brand Equity: A Study on Fast Food Restaurant Industry. *Business and Economic Research, VI*, 310-323.
- Schrantz, K. P. (2013). *Location and Competitive Strategy in Retail: The Case of GameStop in Michigan.* Michigan, USA: Western Michigan University.
- Goldstein, S. M., Peter, W., & Butler, T. (2001). *The effect of location, strategy, and operations technology on hospital performance.* Minnesota, Minneapolis, USA: Journal of Operation and Management.
- Gordon, K. M. (2017). Business Site Selection, Location Analysis, and GIS. Arcada, 1-35.
- Al-Rawashdeh, B. S., Hamad, A. A., & Almugarry, H. (2015, March). What is The Importance of Financial Analysis at STC and Mobily to Predict Failure. *III*.
- McDivitt, J. F., Adam, A. W., Wolters, O. W., Legge, J. D., Leinbach, T. R., & Mohamad, G. S. (2018, March 21). *Indonesia*. Retrieved March 24, 2018, from Britannica: https://www.britannica.com/place/Indonesia