Purchase Decision As A Distribution And Promotion Mediator Building Satisfaction Of Customers Of SGM Milk Products In Surabaya City

Arie Siswanto, Mohamad Dimyati, Sumani

Abstract: The city of Surabaya is the second largest city in Indonesia. The community is dynamic with the many mothers who become workers and must leave their children. In fulfilling nutritional needs for their children, there are many alternative brands of formula milk available in minimarkets and supermarkets in the city of Surabaya. SGM Milk is a market leader in marketing formula milk, an interesting thing to do is research on the marketing strategies that are carried out. How consumers determine purchasing decisions that become distribution and promotion mediators in building customer satisfaction. This study used a sample of 117 respondents who were buying mothers who were buying SGM milk more than once. Hypothesis testing in this study used the AMOS version 19.0 program. The results of this study distribution and promotion variables have a positive and significant effect on purchasing decisions and customer satisfaction. The influence of purchasing decisions on customer satisfaction is higher than distribution and promotion, showing positive purchasing decisions to be distribution and promotion mediators in building customer satisfaction.

Index Terms: purchasing decisions, mediator, distribution, promotion, customer satisfaction.

1 INTRODUCTION

Adequacy of nutritional needs for children, especially in the period of the first 1000 days of life is very influential in improving the quality of human resources of a nation. The level of milk consumption per capita in Indonesia is still lagging behind in Southeast Asia, but the milk market in Indonesia has reached more than double digit growth. The high population in Indonesia and the increasing awareness of the importance of nutritional needs for children, the growth of the milk market in Indonesia grows annually by 30 percent. Distribution of SGM milk that is evenly distributed throughout Indonesia makes the Danone Group the market leader in the dairy business. Danone Group controls 32 percent of the market for milk powder. The data was sourced from Prosperous Nutricia Indonesia which contributed 12 percent and Sari Husada which gained a market share of 20 percent. In second place, there is Nestle Indonesia with a market share of 31 percent. The next sequence is filled by PT Kalbe Nutritionals, a subsidiary of PT Kalbe Farma Tbk with 9 percent of the market share. After that, then Frisian Flag Indonesia (8 percent), Fontera Brand Indonesia (6 percent), and PT Wyeth Indonesia (4 percent). As for PT Abbott Indonesia, PT Mead Johnson Indonesia and PT Nutr In 2017 TOP BRAND conducted a survey for formula milk consumption in Indonesia and showed SGM brand milk to be the market leader in Indonesia with 33.1% market share. An interesting promotion continues to be made by Nutricia Sari Husada on television and print media continuously to attract the attention of consumers to buy SGM milk.

- *Arie Siswanto is a master student at Faculty of Economics and Business Universitas Jember, E-mail: daryoto.candra@solid-unindo.com*
- *Mohamad Dimyati is a lecturer in Faculty of Economics and Business Universitas Jember*
- *Sumani is a lecturer in Faculty of Economics and Business Universitas Jember*

Nielsen's data in February 2018 show that SGM dairy products dominate the market with a 41.4% market share. In second place, there is Nestle Indonesia with a market share of 25.9%. The next sequence is filled by PT Nutricia Indonesia Sejahtera by controlling 11.9% market share. Furthermore, Frisian Flag Indonesia followed with 8.5%, then PT Sanghiang Perkasa, a subsidiary of PT Kalbe Farma Tbk with 6.5% market share and other dairy products, only 5.8% of market share. Good product distribution is very important to develop the business. Companies can achieve competitive advantage through the way they design distribution channels, especially those concerning reach, expertise and performance (Kotler & Keller 2007: 387). Research from Irawan (2015) also supports that distribution has a significant influence on purchasing decisions. While Fathimah's research (2013) shows the existence of a research gap, because in its research product distribution does not affect customer satisfaction. Promotion as a means of corporate marketing communication is designed so that consumers know the existence of a product and encourage a positive attitude towards the product so that purchases occur (Schiffman & Kanuk 2008: 254). Plume et al. (2018) explained that in his research promotion had a significant effect on tourist decisions.ifood Indonesia each recorded holding a 3 percent market share of milk powder in Indonesia. Buyer's decision consists of five stages, namely recognition of needs, information seeking, evaluation of alternatives, purchasing decisions and post-purchase behavior (Kotler & Armstrong 2008: 179). Chan S. Yeu et.al (2012) shows that distribution and promotion have a significant effect on McDonald's purchasing decisions in China and India. Customer satisfaction is a feeling of pleasure or disappointment that arises because someone compares the performance perceived by the product to consumer expectations (Kotler & Keller 2009: 139). Dovaliene (2015) shows that purchasing decisions affect customer satisfaction. Purchasing decisions and customer satisfaction are strongly influenced by the distribution and promotion strategies applied by a company. The existence of several research results that differ from distribution and promotion influences on purchasing decisions and customer satisfaction, of course it is interesting

to test and analyze how significant the effect on marketing of SGM milk in Surabaya City and how significant the purchasing decisions become mediators of distribution and promotion in building customer satisfaction.

2 Literature Review

Kotler and Keller (2009: 5) suggest marketing is an activity of identifying and fulfilling human and social needs in a profitable way. Lamb et al. (2000: 6) suggests that marketing has two concepts. First marketing is a philosophy, attitude, perspective or management orientation that emphasizes consumer satisfaction. Both marketing is a set of activities that are used to implement this philosophy. Marketing according to Kotler and Armstrong (2008: 5) is the management of relationships with customers that can be profitable. The two marketing goals are to attract new customers by promising value excellence and maintaining and growing existing customers by giving satisfaction. Lamb et, al (2001: 56) describes a distribution strategy that is closely related to making products available when and where consumers need them. Distribution is all business activities related to the storage and transportation of a number of raw materials or finished materials. The purpose of distribution is to ensure that the product arrives in a condition suitable for use at the designated place when needed. Kotler and Keller (2009: 14) explain marketers using distribution channels to deploy, sell or deliver physical products or services to customers or users. Distribution channels include distributors, wholesalers, retailers and agents. Kotler and Armstrong (2008: 63) describe places that include company activities that make products available to customers. The company partners with many distributors or distributors who will sell various products. Kotler and Armstrong (2008: 63) explain that promotion is an activity that conveys product benefits and influences customers to buy them. The company prepares costs to inform customers about the company and its products. Kotler and Keller (2007: 266) define promotion as a collection of mostly short-term incentive tools designed to stimulate the purchase of certain products or services faster and bigger by consumers or traders. Tjiptono (2008: 219) explains that promotion is a marketing activity that seeks to disseminate information, influence, remind the target market of the company and its products to be willing to accept, buy, and be loyal to the products offered by the company. Kotler and Armstrong (2008: 181) explain consumer purchasing decisions is to buy the most preferred brand, but two factors can be between purchase intention and purchase decision. The first factor is the attitude of others and the second factor is unexpected situational factors. Consumers form purchase intentions based on factors such as expected revenue, price and product benefits. Kotler and Keller (2016: 240) explain that consumers can form the intention to buy the most preferred brand. In carrying out the intention of purchase, consumers can take five decisions namely brand, dealer, quantity, time and method of payment. In purchasing everyday products, the decisions are smaller and the freedom is also smaller. Kotler and Keller (2009: 14) explain satisfaction reflects a person's judgment about the product's performance in terms of expectations. If the product's performance does not meet the customer's expectations, it is not satisfied and disappointed. If the product's performance is in accordance with the customer's expectations, it will be satisfied and if the product's performance exceeds the customer's expectations, it will be happy. Kotler and Armstrong (2008: 8) explain that consumers usually face a large number of products and services that can satisfy their needs. Customers form expectations and satisfaction given from various market offers and buy based on their expectations. Satisfied customers will buy again and tell others about their good experiences.

3 Research Method

SGM dairy products, which are formula milk that control the market in Indonesia, are easy to get and regularly offer attractive promotions, making researchers want to know the effect of purchasing decisions on distribution and promotion mediators in building customer satisfaction. Based on the study of theory and previous research, the conceptual framework in this study can be seen in Figure 1.

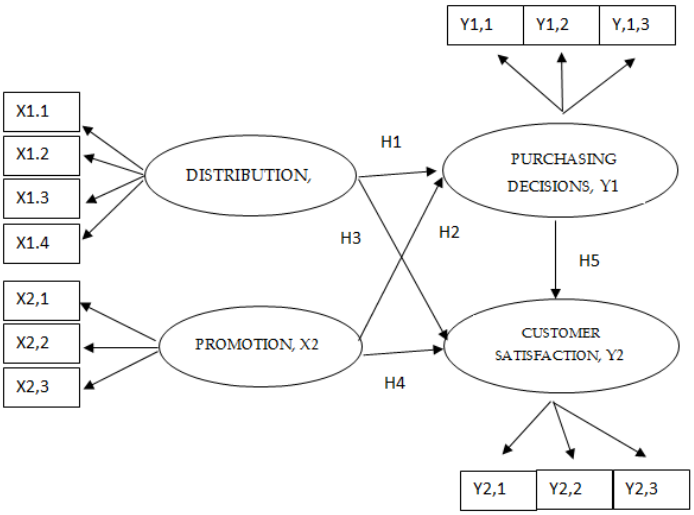

Figure 1. *Research Concept Framework*

Research Hypothesis

H1: Distribution affects the purchasing decision.
H2: Promotion influences purchasing decisions.
H3: Distribution affects customer satisfaction.
H4: Promotion affects customer satisfaction.
H5: Purchasing decisions affect customer satisfaction.

Ferdinand (2014: 173) describes the determination of Chi-square test models that are sensitive to the number of samples, requiring good samples ranging from 100-200 samples to the technique of maximum likelihood estimation. SEM analysis requires at least 9 times the number of parameter variables to be analyzed. This study with 13 parameters requires a sample of 13 x 9 or 117 samples. Sampling in this study uses a non-probability sampling technique with a purposive accidental sampling approach to a mother who buys SGM milk for children aged 0-12 years in supermarkets and hypermarkets in the city of Surabaya who have made purchases more than once The relationship between one variable with another variable in this study consists of: Independent Variable X1 = Distribution with indicators (X1.1) distribution channel coverage, (X1.2) market coverage, (X1.3) product placement and (X1.4)) milk supply and X2 = Promotion with indicator (X2.1) promotion offer, (X2.2) advertisement and (X2.3) sales force. Intervening variable purchasing decision (Y1) with indicator (Y1.1) as needed, (Y1.2) complete information and (Y1.3) become the best alternative. Customer satisfaction Dependent variable

(Y2) with indicator (Y2.1) feeling satisfied (Y2.2) match with expectation and (Y2.3) good experience (Dimyati, 2018: 106). The measurement scale used in this study is a Likert scale, with Strongly agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly disagree (1) Sugiyono (2017: 159). Hypothesis testing in this study used the AMOS version 19.0 program.

4 Result and Discussion

The Result of Instrument Testing-Validity Test

Validity of a data if the loading factor of the variable indicator has a value above 0.50, it can be said that the question item as the compiler of the unobserved variable in path analysis is valid (Ghozali, 2005: 26). Based on the results of the analysis that has been done, the results of the validity test can be seen in Table 1 below:

Table 1. *Test Results Validity*

No	Variable	Indicator	Estimation	Remarks
1	Distribution(X1)	X1.1	0,828	Valid
		X1.2	0,876	Valid
		X1.3	0,958	Valid
		X1.4	0,891	Valid
2	Promotion (X2)	X2.1	0,794	Valid
		X2.2	0,861	Valid
		X2.3	0,989	Valid
3	Purchasing Decision (Y1)	Y1.1	0,876	Valid
		Y1.2	0,777	Valid
		Y1.3	0,991	Valid
4	Customer Satisfaction (Y2)	Y2.1	0,785	Valid
		Y2.2	0,858	Valid
		Y2.3	0,986	Valid

Source: *Processed Data*

The Result of Instrument Testing-Reliability Test

This study to calculate reliability is used composite (contruct) reliability with a minimum cut-off value of 0.70. Reliability test results are presented in Table 2.

No	Variable	Indicator	Loading	λ^2	$1 - \lambda^2$	CR
1	Distribution (X1)	X1.1	0,828	0,686	0,314	0,791
		X1.2	0,876	0,767	0,233	
		X1.3	0,958	0,918	0,082	
		X1.4	0,891	0,794	0,206	
				3,165	0,835	
2	Promotion (X2)	X2.1	0,794	0,630	0,370	0,783
		X2.2	0,861	0,741	0,259	
		X2.3	0,989	0,978	0,022	
				2,350	0,650	
3	Purchasing Decision (Y1)	Y1.1	0,876	0,767	0,233	0,784
		Y1.2	0,777	0,604	0,396	
		Y1.3	0,991	0,982	0,018	
				2,353	0,647	
4	Customer Satisfaction (Y2)	Y2.1	0,785	0,616	0,384	0,775
		Y2.2	0,858	0,736	0,264	
		Y2.3	0,986	0,972	0,028	
				2,325	0,675	

Source: *Processed Data*

Description of Respondent's Assessment

Characteristics of respondents according to type of work can be seen in Table 3, as follows:

Table 3. *Respondents by Job Type*

No	Job Type	Number Of Responden	Percentage (%)
1	Teacher / Lecturer	2	1,7 %
2	Housewives	45	38,5 %
3	Employees	60	51,3 %
4	PNS	4	3,4 %
5	Entrepreneurs	6	5,1 %
Total		**117**	**100%**

Based on Table 3, it can be seen that the type of work of the most respondents is private employees, namely as many as 60 people or 51.3%. In addition to the number of respondents with the type of work as Lecturers / Teachers as many as 2 people or 1.7%, there are still types of jobs as housewives as many as 45 people or 38.5%. The type of work as an entrepreneur is 6 people or 5.1% and the type of work as a civil servant is 4 people or 3.4%. Characteristics of respondents according to education level can be seen in Table 4 as follows:

Table 4. *Education Level Respondents*

No	Education	Number Of Responden	Persentage (%)
1	Junior High School	5	4,2%
2	Senior High School	98	83,8%
3	Bachelor	14	12,0%
Total		**117**	**100%**

Based on Table 4, it can be seen that the highest education level of respondents is high school, which is as many as 96 people or 83.8%. In addition to the presence of respondents with a Bachelor level of 14 people or 12.0%, there is still a junior high school education level of 5 people or 4.2%. The mothers with high school education in this study were the most respondents. Distribution in this study was measured using 4 indicators to produce 4 kinds of statements on the research questionnaire. Based on Table 5, it can be seen that the respondent's answer regarding distribution which has four (4) assessment indicators shows that all statements of the majority of respondents agree.

Table 5. *Frequency of Respondents' Answers to Distribution*

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
SGM Milk is easily found in the City of Surabaya (X1.1)	37	65	14	1	0	4(S)
	32%	56%	11%	1%	0%	

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
SGM milk is easily found in minimarkets, supermarkets and hypermarkets (X1.2)	43	66	8	0	0	4(S)
	37%	56%	7%	0%	0%	
SGM milk is easily found in Supermarkets (X1.3)	33	70	14	0	0	4(S)
	28%	60%	12%	0%	0%	
SGM milk supply is sufficient (X1.4)	21	76	20	0	0	4(S)
	18%	65%	17%	0%	0%	

Promotion is measured using 3 indicators, resulting in 3 kinds of statements on the research questionnaire. Based on Table 6, it can be seen that the respondent's answer regarding distribution which has three (3) assessment indicators shows that all statements of the majority of respondents agree.

Table 6. *Frequency of Respondent's Answers to Promotion*

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
Promotion carried out can influence customers to use SGM milk (X2.1)	25	77	15	0	0	4(S)
	21%	66%	13%	0%	0%	
The advertising media used by SGM milk is able to inspire customers to use the product (X2.2)	19	77	21	0	0	4(S)
	16%	66%	18%	0%	0%	
SGM milk salespeople provide good (sympathetic) service to customers. (X2.3)	26	76	15	0	0	4(S)
	22%	65%	13%	0%	0%	

Purchasing decisions are measured using 3 indicators, resulting in 3 kinds of statements on the research questionnaire. Based on Table 7, it can be seen that the respondent's answer regarding the purchasing decision which has three (3) assessment indicators shows that the majority of respondents agree to all statements

Table 7. *Frequency of Respondents' Answers to Purchasing Decisions*

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
Decision to purchase SGM brand milk because it suits the needs of children (Y1.1)	20	83	12	2	0	4(S)
	17 %	71%	10%	2%	0%	

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
Purchasing decisions because SGM milk provides complete information to its customers. (Y1.2)	22	73	20	0	0	4(S)
	19 %	63%	18%	0%	0%	
Purchasing decisions because SGM milk is the best alternative for the customer's needs. (Y1.3)	24	78	14	1	0	4(S)
	21 %	67%	11%	1%	0%	

Customer satisfaction is measured using 3 indicators, resulting in 3 kinds of statements on the research questionnaire. Based on Table 8, it can be seen that the respondent's answer regarding customer satisfaction which has three (3) assessment indicators shows that the majority of respondents agree with all statements.

Table 8. *Frequency of Respondents' Answers to Customer Satisfaction*

Indicator	Respondent's answer value					Modus
	5	4	3	2	1	
Customers feel satisfied buying SGM brand milk because overall it is in accordance with the needs (Y2.1)	22	79	15	1	0	4(S)
	19%	68%	12%	1%	0%	
SGM milk as a whole is in accordance with customer expectations (Y2.2)	22	82	13	0	0	4(S)
	19%	70%	11%	0%	0%	
Customers still buy SGM milk, because they have good experience when using products. (Y2.3)	24	71	22	0	0	4(S)
	21%	61%	18%	0%	0%	

Analysis of Structural Equation Modeling (SEM)

This stage will be discussed about the model suitability test and the test of the significance of causality. The results of testing with the AMOS version 19.0 program give the SEM model results as shown in the following figure that shows the purchasing decision as a distribution and promotion mediator in building customer satisfaction in SGM milk products in the city of Surabaya.

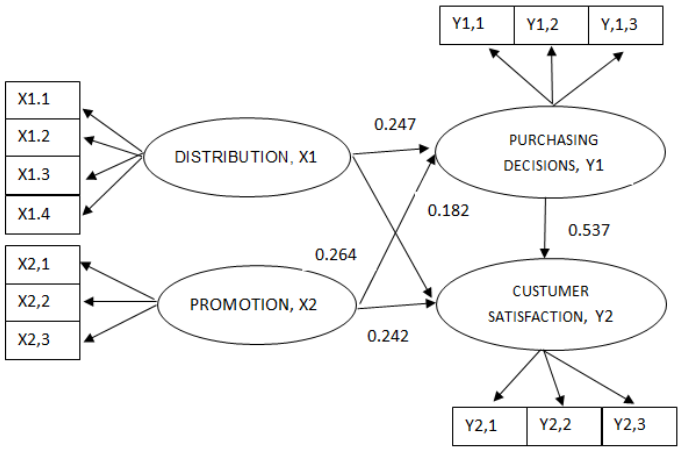

Figure 2. *The purchasing decision model becomes a distribution mediator and promotion in building customer satisfaction.*

Testing on the SEM model aims to see the suitability of the model. The results of testing the suitability of the models in this study are presented in Table 9 below:

Table 9. *SEM Compatibility Index*

Criteria	Cut-Off value	The calculation results	Remark
Chi Square	It is expected to be smaller than X2 at df = 117 which is 124,432	466,734	Match
Sig. Probability	≥ 0,05	0,187	Match
RMSEA	≤ 0,08	0,061	Match
GFI	≥ 0,90	0,925	Match
AGFI	≥ 0,90	0,917	Match
TLI	≥ 0,95	0,917	Match

Based on Table 9 it can be seen that out of the eight criteria used to assess whether a model is feasible or not has been fulfilled. So that it can be stated that the model is acceptable, which means there is a suitability of the model with the data. After testing the suitability of the research model, the next step is to test the causality developed in the study. From the appropriate model can be interpreted each path coefficient. Detailed path coefficient testing is presented in the following Table 10:

Table 10. *Causality Test Results*

Influence	Estimate	S. E	C.R	P	Remark
Y1 < --- X1	0,247	0,248	2,997	0,001	Significant
Y1 < --- X2	0,182	0,083	2,183	0,007	Significant
Y2 < --- X1	0,264	0,212	2,975	0,003	Significant
Y2 < --- X2	0,242	0,216	2,963	0,003	Significant
Y2 < --- Y1	0,537	0,184	2,921	0,003	Significant

Based on Table 10 it can be stated that the results of testing the path coefficient for distribution (X1) have a significant effect on purchasing decisions (Y1) has a positive path of 0.247 with CR of 2.997 and probability (p) of 0.001 which means that distribution (X1) has a significant effect on decisions purchase (Y1), so the hypothesis which states that distribution (X1) influences the purchasing decision (Y1) of SGM milk products in the city of Surabaya is proven to be true or H1 is accepted.The results of testing the path coefficient for promotion (X2) have a significant effect on purchasing decisions (Y1) has a positive path of 0.182 with CR of 2.183 and probability (p) of 0.007 which means that promotion (X4) has a significant effect on purchasing decisions (Y1), so The hypothesis which states that promotion (X2) influences the purchasing decision (Y1) of SGM milk products in the city of Surabaya is proven to be true or H2 is accepted. The results of testing the path coefficient for distribution (X1) have a significant effect on customer satisfaction (Y2) has a positive path of 0.264 with CR of 2.975 and probability (p) of 0.003 which means that distribution (X1) has a significant effect on customer satisfaction (Y2), so The hypothesis that distribution (X1) influences customer satisfaction (Y2) SGM milk products in the city of Surabaya is proven to be true or H3 is accepted. The results of testing the path coefficient for promotion (X2) have a significant effect on customer satisfaction (Y2) has a positive path of 0.242 with CR of 2.963 and probability (p) of 0.003 which means that promotion (X2) has a significant effect on customer satisfaction (Y2), so The hypothesis that promotion (X2) affects customer satisfaction (Y2) SGM milk products in the city of Surabaya is proven to be true or H4 is accepted. The results of testing the path coefficient for purchasing decisions (Y1) have a significant effect on customer satisfaction (Y2) has a positive path of 0.537 with CR of 2.921 and probability (p) of 0.003 which means that purchasing decisions (Y1) have a significant effect on customer satisfaction (Y2) , so the hypothesis that the purchasing decision (Y1) has an effect on customer satisfaction (Y2) SGM milk products in the city of Surabaya is proven to be true or H5 is accepted.

5. Conclusion

Distribution and promotion of SGM milk in the city of Surabaya has a positive and significant effect on purchasing decisions. The effect of the distribution is greater than the promotion so that the management of Sarihusada Nutricia needs to increase SGM's milk promotion activities. Distribution and promotion of SGM milk in the city of Surabaya also has a positive and significant effect on customer satisfaction and purchasing decisions also have a positive and significant effect on customer satisfaction. The value of the influence of purchasing decisions is higher than the value of the influence of distribution and promotion on customer satisfaction, showing positive purchasing decisions to be a mediator of distribution and promotion in building SGM milk customer satisfaction in the city.

References

[1] Chan, ES and Majid, SA. 2017. Effect of Marketing Mix on Satisfaction and Impact on Consumer Loyalty of APPLE Products at BANDA ACEH. Journal of Management and Innovation Vol. 8, No. 3, October 2017: 24-36.

[2] Dimyati, Mohamad. 2018, Biological Approach: Marketing Strategies to Face Dynamic Competition, Mitra Discourse Media Publishers. Jakarta.

[3] Dovaliene, A, Masiulyte, A and Piligrimiene, Z. 2015. The relationship between customer engagement, perceived value and satisfaction: the case of mobile applications. Procedia - Social and Behavioral Sciences 213 (2015) 659 - 664.

[4] Fathimah, F. 2013. Effect of Marketing Mix on Satisfaction of ASA Mineral Water Consumers in Samarinda. ejournal.adbisnis.fisip-unmul.ac.id.

[5] Ferdinand, A. 2014. Management Research Methods. Edition 5. Diponegoro University Publisher, Semarang.

[6] Ghozali, I.2004. Structural equation model The concept and application of the AMOS Ver.5.0 Semarang program: UNDIP Issuing Agency.

[7] Irawan, DTB and Satrio, B. 2015. Influence of Products, Prices, Distribution Channels and Promotions on AVANZA Car Purchase Decisions. Journal of Management Science and Research Volume 4, Number 9.

[8] Kotler, Philip and Armstrong, Gary. 2008. Principles of Marketing. Edition 12. Volume 1. Erlangga Publisher. Jakarta.

[9] Kotler, Philip and Keller, Kevin Lane. 2009. Marketing Management. Edition 13. Volume 1. Erlangga Publisher. Jakarta.

[10] Kotler, Philip and Keller, Kevin Lane. 2016. Marketing Management. Edition 12. Volume 1. Index Publishers. Jakarta..

[11] Lamb, Charles W. Hair, Joseph F and Carl McDaniel. 2001. Marketing, Salemba Empat Publishers, Jakarta.

[12] Plume, CJ & Slade, EL. 2018. Sharing of Sponsored advertisements on Social Media: A Uses and Gratifications Perspective. The Author (s) 2018. This article is an open access publication.

[13] Schiffman, Leon G and Kanuk, Leslie Lazar. 2008. Consumer Behavior. Seventh Edition, Index, Jakarta.

[14] Sugiyono. 2017. Business Research Methods. Penitit Alfabeta, Bandung.

[15] Tjiptono, F. 2008. Marketing Strategy. Edition III, Andy Offset, Yogyakarta.