

# CHAPTER 1

## INTRODUCTION

### 1.1. Background of the Study

In today's globalization era, consumer's buying behavior become more complicated in point of view of marketers. People with international point of view have many desires and need to fulfill. The impact to marketers, marketer should organize a new marketing strategy which can fulfill the demand from consumer need and wants along with the changes of globalization. As a marketers, marketing strategy become a crucial factor that should adapt with the changes of buying behavior along with consumer buying behavior.

As a marketers, the way of consumer buying would be crucial along with the globalization. The changes of desire with a new things and innovative thing make marketers become more mature, marketers should thinking more about a new strategy that would differentiate their product with other competitor. Hence, more innovative product come along with the globalization.

The phenomenon of modern lifestyle as a factor of buying behavior, changing the way of their buying behavior especially repurchase intention become a consider matter for marketer which marketer intend to attract their attention to the product and make customers repurchase the product. The desire of consumer come along with the quality and benefit of the product consumer bought. It is not surprisingly, if consumer would changing their product if other marketer have more benefit and good quality along with cheaper price.

The changes on lifestyle make their intention to do repurchase make several companies change their strategy in order to get customers' loyalty to make repurchase in the future. Loyalty is not enough for marketers because

marketer feel insecure while people in modern era changes the brand or product from one to the other. Customer not only have one preference for the product but many things that come to mind while look at the product.

Understanding the consumer buying behavior and the lifestyle of the people become the major key to decide marketing mix strategy and which product can adapt to the society. Marketers looking this as a challenges to sharpening the marketing strategy not only approaches the product sector but included with promotion.

Marketers that have been consider the importance of consumer behavior would go to the next step. In order to fulfill the needs and desire from consumer. Marketers goes to make a differentiate product that can compete with other to get the intention of the people. The importance of marketing mix strategy become crucial in order to fulfill the needs of customer. Understanding the marketing mix strategy would ease the marketer problems about marketing problem to get intention of consumer.

According to Tjiptono (2008), the key factor that every company need to win in the competition is create and sustain the customer. For achieve those objectives, company need to produce goods and services that can fulfill consumer's need with suitable price. Thus, company's sustainability to fulfill the consumer's need and rely on the consumer buying behavior.

The phenomenon of marketing mix strategy around already been found a lot by researchers. The understanding of consumer behavior would be decided by marketing mix strategy that decided by marketers. If the strategy that have been expose by marketers already get acceptance by customer it means the strategy is successful. However, the other side if the product in failure that would be a wrong strategy, because marketers can't copy paste the strategy from home-country's strategy to host-country. The failure will affected by behavior of the customer in there.

Marketing mix strategy refers to an organization's strategy combines all of its marketing goals into one of comprehensive plan. How people will be more attracted to buy our product like giving promo or discount, is one of the marketing strategy. The purpose of marketing mix strategy is to meet the desire and needs of consumer. Company offers some benefit to consumer which's consumer will have it if consumer buy the product. The importance of marketing mix strategy is a degree to know how our strategies can be adapt to the market situation. Market strategy is an important value which is to know how good marketing mix strategy will make people always do repeat purchase to our product and loyal to the product. Gurau (2012), noted that loyal customers are less costly; they are not too responsive to changes in price and hence, ensures that there is a regular and smooth flow of income and revenue for the business. Gurau (2012) himself noted that such customers make repetitive purchases and also recommend the brand to their friends.

Brand loyalty is a act of faithfulness and loyalty toward to the brand and willings to repurchase the product in the future. People doing repetitive purchase to our brand product and always choose our product than other competitor product which they are trusting our product means that we have their loyalty. The importance of the brand loyalty is to know how people prefer to choose our brand rather than to choose or buy other brands. All company want to maximize their profits, because of the competitive competition company more aiming to the people loyalty to choose the brand and also the product. Companies realize people that have high loyalty to a first brand make them more aware with the brand other than another brand that competitor. Loyalty to the brand make consumer not thinking about the price, consumer already feel the experience and also the quality of the brand and the product that already satisfied them. The more people loyal to the

brand product, consumer will do mouth-to-mouth marketing advertise which they will invite people to buy our product.

According to Palumbo and Herberg (2000, in Mihet, 2012), brand loyalty is the situation where consumers constantly search for and buy only a certain brand when competitors present lower prices and sales promotions. According to Aaker (1991, in Mihet, 2012), brand loyalty brings in sales advantages in terms of reducing marketing costs, gaining more new customers and establishing a better financial leverage effect.

Consumer buying behavior is the mix of a consumer's attitude, preferences, and decision-making process when the consumer is acting in the marketplace to buy a good or service. The importance of the customer buying behavior because customer buying behavior is the degree to know which product consumer will decide and prefer to buy. Many aspects can be influenced in customer buying decision, such as family influence, culture influence, and service and quality influence of the product. The most important in this are repurchase intention which people commit to buy the product over and over again in the future, the intention is not only caused by customers' commitment but also customer decision to buy the product in the future.

As marketers, McDonald is the largest fast-food chain in the world. McDonald's has over 35,000 locations and established in 1940 by Richard and Maurice McDonald. To attract consumers, McDonald's offers many varieties of products by developing a menu which customers want. In order to meet these requirements, McDonald's does some research first and during the research, McDonald's introduced new products and phased out the old ones, and will continue to do so. McDonald's wants to meet the consumer's perception about value. It is important to determine the price that should be charged. Knowing the danger of placing a low price, McDonald's is fully aware about brand and integrity. For promotion, McDonald's uses all advertising media

to attract media and supported also by in-store promotion which let people try McDonald's new product. The prime target of McDonald's is children, McDonald's offers a small toy along with the meal. Cannot be denied as well, the young and adult become the target, McDonald's offers a lucky draw and also various combo meal. McDonald's outlets are spread through the cities and making McDonald's very accessible. Drive-in and drive through are the option for consumer and make them more convenient (Bhasin, 2017).

McDonald's really respect to the culture, McDonald's have religion principles which make McDonald's product halal on Islamic countries and no beef in India. The McDonald's offers about kid's meal and combo meal make family, young until adult more aware and choose McDonald's as a place for buy meals. McDonald's also provide a place with games for family that have children, not only that McDonalds also offer a cozy play for teenagers and provide Wi-Fi. For business man or busy people, McDonald's offer a drive through to make consumer more easy to get the product without enter the outlet. McDonald's are matching the product with the desire and want from consumer like children with toy, teens with crispy and little bit spicy, and for adult is something done fast. McDonald's know the behavior theirs customer, with provide family meal, provide comfortable place, a place provided for celebrating birthday, and play area. All about that can be bought with affordable price, discount, and low price and special offers (El-Buy, 2013).

This is research objective is to analyze in marketing challenge about the the impact of marketing mix strategy on repurchase intention through brand loyalty in McDonald restaurant Surabaya. The goal of this resarch is to make the reader to know about the impact of marketing mix of McDonald's toward to repurchase intention through brand loyalty.

According to *www.surabaya.go.id* (2015), Surabaya have 5 regions: Central Surabaya, East Surabaya, West Surabaya, North Surabaya, South Surabaya. McDonald's have branches in all regions in Surabaya.

In Central Surabaya at McD Basuki Rachmad, East Surabaya at McD Manyar, West Surabaya at McD Graha Family, South Surabaya at McD Plaza Jembatan Merah, and North Surabaya at McD Giant Maspion Square (Penginapan.net, 2016). This research using cluster sampling which selecting samples in wide area of objects.

## **1.2. Problem Statement**

In Surabaya, Mcdonald have a lot outlets. In order to know the influence of culture and answer our question correctly, the problem statement will be :

1. Does the product have impact on brand loyalty in McDonald's?
2. Does the price have impact on brand loyalty in McDonald's?
3. Does the promotion have impact on brand loyalty in McDonald's?
4. Does the place have impact on brand loyalty in McDonald's?
5. Does the brand loyalty have impact on repurchase intention in McDonald's?

## **1.3. Objective of the Study.**

Based on the problem statement, the objective of this research are as follows:

1. The impact of product on brand loyalty in McDonald's.
2. The impact of price on brand loyalty in McDonald's.
3. The impact of promotion on brand loyalty in McDonald's.
4. The impact of place on brand loyalty in McDonald's.
5. The impact of brand loyalty toward to repurchase intention in McDonald's.

#### **1.4. Significance of the Study**

The benefit of this research will contribute in such as follows:

##### **1. Theoretical Benefit**

- a. Help researcher for further study of the impact of marketing mix on repurchase intention through brand loyalty.
- b. Additional information or issues about marketing mix strategy.

##### **2. Practical Benefit**

- a. Help company to know more about the marketing mix and use it as reference for company's strategy
- b. Help company to improve the marketing mix to match with the needs and desire of consumer.