

CHAPTER 2

LITERATURE REVIEW AND BASIC THEORY

Chapter 2 contains literature and basic theory in the form of books, journals, previous research related to PT D&W Internationals marketing problems, used by researchers as comparisons, and reference sources for completing the final project.

2.1. Literature Review

Research conducted by Andre (2021) aims to conduct research on effective methods used in order to increase sales of MSMEs carried out to consumers who are considered potential first with the aim of knowing consumer preferences regarding the products offered as well as reviewing customer understanding of MSMEs. The data analysis technique was carried out using the ROC (Rank Order Centroid) method. The results showed that most of the research respondents used social media (Shopee and Instagram) to do shopping activities but most of the respondents did not know about the existence of MSMEs.

Yulianti (2018) with his research aims to provide advice on marketing mix strategies with the aim of increasing the intensity of customer arrivals at RM. Swieke Mrs. Kristina, West Karawang. Data analysis was carried out using descriptive quantitative methods with linear regression techniques. The results of the study provide evidence that marketing performance has a significant effect on the intensity of customer arrivals.

The research by Soewanto (2019) has the aim of empirically proving the effect of the marketing mix (product, price, location, promotion, employees, processes, and physical evidence) on purchasing decisions made at Gudeg Mrs. Yul with purposive sampling technique to determine the research sample. The research was conducted using descriptive quantitative methods with multiple linear regression data analysis techniques. The results of the study prove that the product, physical evidence, and price have a positive and significant influence on purchasing decisions, while location, promotion, employees, and processes have no significant effect on consumer decisions to buy products at Gudeg Mrs. Yul.

Research conducted by Mulyansyah and Sulistyowati (2020) has an urgency to determine the influence of social media-based digital marketing on consumer decisions in buying culinary in the G-walk area of Surabaya. To determine the size of the research sample, the researcher used a random sampling technique with data collection techniques using observation and questionnaires. After the data was obtained, then the data were analyzed using a simple linear regression technique. The results showed that there was a positive and significant influence on digital marketing based on social media with consumer decisions in making culinary purchases in the G-walk area of Surabaya.

The research of Omar and Atteya (2020) aims to examine digital marketing channels (E-mail Marketing, Mobile Marketing, and Retargeting) for marketers in the Egyptian market. The author conducted a study with a sample determined by simple sampling method obtained in the Egyptian market. The findings show that email has a very positive influence on consumer purchasing decisions in two phases (post-purchase and information research). In purchasing, the decision phase has a negative effect on the customer's decision. Mobile phones, as a digital marketing channel, have a negative impact on consumer decisions through all stages of the consumer buying decision process in the Egyptian market.

Sari's research (2020) was conducted to identify and analyze consumer behavior in the digital era to increase sales. The researcher uses a qualitative approach to describe real buying behavior by asking some random questions to respondents about online retail purchases. About 100 respondents were selected by purposive sampling technique. The results of the study show that consumers in this era are ready with an online purchase model. The basic reason is convenience. Convenience is related to marketing attributes such as being able to be done anywhere, saving time and costs, lower prices, flexible payment methods, and more friendly service.

Lestari and Yunita (2020) conducted a study with the aim of knowing the marketing strategy of Hisana Fried Chicken's fast-food business through a SWOT analysis. In determining the marketing strategy, it is necessary to know the internal factors of strengths and weaknesses or SAP analysis, and external factors of opportunities and threats, or ETOP analysis. The design used in this research is descriptive qualitative. The subjects of this study were branch heads,

employees, and consumers at Hisana Fried Chicken Panglima Denai outlets. The sampling technique used in this research is purposive sampling. Data were analyzed using data reduction, data presentation, and drawing conclusions. The results of the study explain that Hisana Fried Chicken's strength is better service than competitors. In addition, Hisana Fried Chicken products have a savior taste and better quality than competitors. The weakness of Hisana Fried Chicken is that the product that is sold is only chicken, so there are no alternative products, and the product being sold is one fast food which causes an adverse impact on health. Hisana Fried's Chicken's opportunity is a large market share because there are not many similar products with good service in the target market area. Threats that may be faced are new competitors appearing with the same style, changes in government regulations, and health-conscious consumers eating fast food.

Research conducted by Al-azzam and Al-mizeed (2021) has the main objective of analyzing the influence of digital marketing on purchasing decisions. This research is guided by a specific goal; to evaluate various digital marketing platforms in Jordan that can influence purchasing decisions and identify the product categories purchased by customers on digital media platforms. The research sample is students in Jordan who were selected by simple random sampling technique. Descriptive analysis, reliability test, correlation test, and multiple regression were used in this study. The results of this study indicate that digital marketing including email marketing, online advertising, social media marketing and mobile marketing has a positive and significant influence on the purchase decisions of students in Jordan.

Bahtiar et al (2018) in their research which aims to empirically prove the influence between the marketing mix including product, price, place, promotion, human resources, physical evidence, and the process of purchasing decisions. This research was conducted using a descriptive quantitative approach with multiple linear regression data analysis techniques. The results showed that all research variables except the price variable had an influence on the decision to buy at Bu Juhairiyah Jember's Bakso Kabut stall. While the price has no influence on purchasing decisions.

Table 2.1 Literature Review

Author	Object	Purpose	Method
Andre (2021)	MSMEs, Mrs. Alie's bed sheets	Conduct research on effective methods used to increase MSME sales	ROC (<i>Rank Order Centroid</i>)
Yulianti (2018)	RM. Swieke Mrs. Kristina, West Karawang	Analysis of the marketing mix strategy with the aim of increasing the customer arrival intensity	Descriptive quantitative (simple linear regression)
Soewanto (2019)	Gudeg Mrs. Yul	Empirically prove the influence of the marketing mix (product, price, location, promotion, employees, processes and physical evidence) on purchasing decisions	Multiple Linear Regression
Mulyansyah and Sulistiyowati (2020)	Culinary in the G-walk area of Surabaya.	Knowing the influence of social media-based digital marketing on consumer decisions in buying culinary	Simple Linear Regression
Omar and Atteya (2020)	Consumers in the Egyptian market	Examine digital marketing channels (E-mail Marketing, Mobile Marketing and Retargeting) for marketers in the Egyptian market	Multiple Linear Regression
Sari (2020)	Retail app consumers	Identify and analyze consumption behavior in the digital era to increase sales	Descriptive Qualitative

Table 2.2 Literature Review Continued

Author	Object	Purpose	Method
Lestari and Yunita (2020)	Hisana Fried Chicken	Knowing the fast food business marketing strategy	SWOT Analysis
Al-azzam and Al-mizeed (2021)	Students in Jordan (Yarmouk University, Mutah University and University of Jordan)	Analyze the influence of digital marketing (email marketing, online advertising, social media marketing and mobile marketing) on purchasing decisions.	Exploratory factor analysis dan multiple regressions
Bahtiar et. al. (2018)	Mrs. Juhairiyah Jember's Meatball Stall	Empirically prove that there is an influence between the marketing mix including product, price, place, promotion, human resources, physical evidence, and the process of purchasing decisions	Descriptive quantitative (Multiple Linear Regression)
Lueg, (2020)	Large Electronics Company	Activity-based Costing as a Basis for Transfer Prices and Target Setting	<i>Acvity-Based Costing (ABC)</i>

Author	Object	Purpose	Method
Giuffrida et. al. (2019)	E-commerce B2C	Cross-border B2C E-commerce to China: An Evaluation of Different Logistics Solution Under Uncertainly	Cross-border B2C E-commerce (CBEC)

2.2. Theoretical Framework

The basic theory is an explanation to explain topics related to problems of PT D&W International that can support the formulation of the preparation and implementation stages of research. The following are the basic theory:

2.2.1. Website

A website is a collection of World Wide Web pages that are available online by an individual, company, educational institution, government, or organization (Meeriam-webster.com). Because the digital community today uses platforms like websites to get accurate and fast information, the website is a digital marketing strategy to sell in both local and international markets.

It is critical for online retailers and software developers like PT D&W International to determine how effective a website is. To comprehend e-advantages shops and disadvantages. Opinions on material such as articles in the evaluation of the website as a marketing tool. Quality and useful articles can be utilized to enhance website traffic by attracting users to click on the website. Supported by website design, structure, and navigation; performed search engine optimization (SEO) on pages, including meta description, inbound links, outbound links, and backlink. (Sulova, 2019).

2.2.2. Purchasing Decision

According to Kotler et al (2019), the purchasing decision is a conclusion that is decided by consumers to buy and use or not a product or service. There are various factors that influence consumers' decisions about whether to buy or not, but the factors that are often taken into consideration in purchasing decisions are

quality, price, and the existence of the product in society. Kotler and Keller state that the indicators of consumer purchasing decisions for an item or service are the type of product, the number of purchases, the choice of distributors, and the brand.

2.2.3. SWOT Analysis

To maintain its existence, an organization is required to be able to recognize its organization starting from its strengths, weaknesses, opportunities, and threats to understand how its organizational flow is carried out and to have and implement a good strategy to keep the organization running and away from enemy fraud. Therefore, it is very necessary to analyze each of these elements or what is commonly referred to as a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) both internally and externally to the organization. The implementation of internal and external environmental analysis activities with SWOT assists the organization in reading and determining the current situation and conditions to be able to identify the main prospects and significant challenges. If used properly, SWOT can provide a good basis for policy formulation (Harahap & Hasim, 2021).

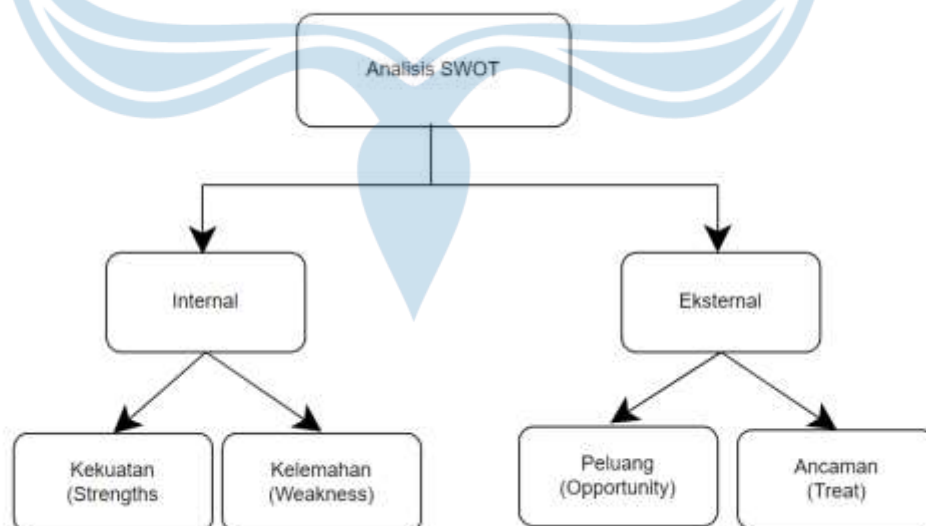


Figure 2.1 SWOT

2.2.4. Marketing Mix 4P

The marketing mix refers to the company's utilization of a variety of marketing decision variables to advertise its goods and services. Following the identification of the market and the gathering of fundamental information about it, the next stage is to determine the market programming direction, which includes deciding on the tools and strategy to satisfy the needs of customers as well as the challenge posed by competitors. It provides the best combination of all marketing ingredients to help businesses achieve their objectives, such as profit, sales volume, market share, and return on investment. Product, Price, Place, and Promotion are the four elements that form the marketing mix (Prisgunanto, 2018).

The 4P marketing mix is a strategic method of determining how far a company can reach its desired target market. It is a valuable tool for upcoming businesses that are being launched. This is an excellent way to begin and continue reviewing prices and earnings per day as it provides a well-structured pattern to follow. Among the benefits of the 7Ps marketing mix is the ability to set goals, conduct SWOT analyses, and analyze the competition. It can apply the 7Ps to existing businesses to evaluate the effectiveness of these companies. As compared to the 7P marketing mix, the 4P marketing strategy is the best way to determine the reach of a new company (Junaedi, 2021)



Figure 2.2 Marketing Mix 4P

2.2.5. Validity and Reliability Test

The validity test compares and examines data collected directly from study participants and data collected by the researcher. The validity test is performed to see if a questionnaire is reliable. The questionnaire is said to be valid or justified if the statement with anything measured is relevant, that is if the statement from the questionnaire can explain and describe what you want to measure. Each question is evaluated for validity using the significance level (= 0.05), which means that if r counts > 0.05 , the instrument is declared invalid, and if r counts 0.05 or less, the instrument is considered valid.

A measurement instrument is regarded dependable, according to Ghozali (2018), if it is consistent, accurate, and accurate in its measurement. The purpose of the reliability test is to establish the instrument's consistency as a measuring instrument so that the measurement findings can be believed. Only if the measurement findings are consistent throughout multiple implementations of the measurement on the same set of subjects if the aspects measured in the subject have not changed, can the measurement results be guaranteed. To determine the dependability of this study, the author employs Cronbach's Alpha formula, which is as follows:

$$r = \left[\frac{k}{(k-1)} \right] \left[1 - \frac{SS_b^2}{s_r^2} \right] \quad (2.1)$$

Information:

- r = coefficient reliability instrument (Cronbach alfa)
- k = lots of questions
- $\Sigma \sigma_b^2$ = total item variable
- σ_r^2 = total variance

Reliability is a tool to measure an instrument, which is a construct or variable measuring tool. A variable instrument is one that will yield the same results when used again to measure the same thing. The Cronbach alpha coefficient and test criteria were used to measure the reliability test in this study.

2.2.6. Normality Test

Normality tests are utilized in a variety of fields. The residuals from a linear regression model are one application of normality testing. The residuals should

not be utilized in Z tests, or any other tests based on the normal distribution, such as t tests, or F tests, if they are not normally distributed. If the residuals are not normally distributed, it is possible that the dependent variable or at least one explanatory variable has the incorrect functional form, or if important variables are missing, among other things. Correcting one or more of these systematic mistakes can result in regularly distributed residuals (Ghozali, 2017).

2.2.7. Questionnaire

Questionnaire is a data collection technique through forms that contain questions submitted in writing to a person or group of people to get answers or responses and information needed by researchers (Nugroho, 2018). This study uses a questionnaire, the list of questions is structured in the form of multiple-choice questions and open questions. This method is used to obtain data regarding PT D&W International's digital marketing strategy.

2.2.8. Descriptive Statistics

Descriptive statistics are those that are used to examine data by describing or characterizing information that has been gathered without the intention of drawing generalizations or conclusions. The display of data using tables, graphs, diagrams, and pictograms, as well as the calculation of deciles, percentiles, mode, median, and mean (measures of central tendency), as well as the average, standard deviation, and percentages are all examples of descriptive statistics (Ghozali, 2018).

2.2.9. Slovin Formula

Slovin formula should be used to determine sample size, particularly when there is uncertainty regarding the population's behavior. Let "N" represent the size of the population, and "e" denote the permitted chance of choosing an incorrectly small representative of the population (Isip. FBT, 2015). The following formula 2.2 can be used to determine sample size "n":

$$n = \frac{N}{(1+Ne^2)} \quad (2.2)$$

Information:

n : Sample minimum

N : Total population sample

e : Error (1 - target confidence)

2.2.10. Quantitative Strategic Planning Matrix (QSPM)

Prayudi and Yulistria (2020) explained the Quantitative Strategic Planning Matrix (QSPM) is a technique for identifying alternative strategies that are appropriate or best for the company's conditions. QSPM has several advantages such as a series of strategies that can be observed sequentially or simultaneously, requires strategists to integrate relevant external and internal factors into the decision-making process, outlines important relationships that can influence strategic decisions, increases the probability of obtaining the final strategic decision that is best for the organization. Nevertheless, QSPM has the weakness of always requiring intuitive judgments and expert assumptions.

QSPM analysis enables companies to objectively evaluate strategic alternatives, based on previously identified internal and external success factors. This matrix is used to evaluate and select the best strategy that best fits the external and internal environment. The strategy alternative that has the largest total value in the QSPM matrix is the best strategy.

According to Purba and Kusumadmo (2020) preparation of marketing strategy using the Quantitative Strategic Planning (QSPM) method is carried out using three stages of implementing data analysis, including the following:

a. The Input Stage

Data can be divided into two, namely external data and internal data. The data identified in field observations are summarized in a matrix, namely: External Factor Evaluation (EFE) is used to find out the biggest and smallest opportunities the company has and the biggest threats and threats that do not affect the company and Internal Factor Evaluation (IFE) is used to find out the strengths biggest and smallest owned as well as the biggest and smallest weaknesses owned by the company.

b. The Matching Stage

At this stage an analysis process will be carried out to formulate a company strategy by going through two stages, namely the Internal External (IE) Matrix which functions to position a company into a matrix consisting of nine cells. From these cells it will be possible to identify how the company's current position is, 13so that it can make it easier to formulate company

strategy. From the matrix results obtained a more detailed business strategy at the corporate level. The second is the SWOT Matrix which is an important matching tool to help managers develop four types of strategies.

c. Decision Stage

At this stage, the results of the previous analysis will be concluded into several alternative strategies for the company. The analytical tool that can be used at this final stage is the Quantitative Strategic Planning Matrix (QSPM). QSPM is the final stage matrix in the framework of analysis of strategy formulation. This technique clearly indicates the best alternative strategy to choose.

2.2.11. Stakeholders

According to the stakeholder hypothesis, businesses must consider their stakeholders' interests as well as their own when operating (shareholders, creditors, consumers, suppliers, government, community, analysts and other parties). As a result, the level of support given to the company by its stakeholders has a significant impact on the organization's ability to survive (Permatasari & Putri, 2019). Stakeholder theory is defined by Freeman in Handayani and Warsono (2017) as a collection of policies and practices related to stakeholders, values, adherence to legal requirements, respect for the community and environment, and the business community's commitment to promoting sustainable development. The premise of stakeholder theory is that value is an explicit and undeniable component of corporate activity (Halim et al., 2020).

Using the fundamental premise of identifying stakeholders and developing stakeholder engagement strategies based on books, researchers studied stakeholder management projects (Project Management Institute, 2017).

a. Identify Stakeholders

The process of identifying project stakeholders, assessing, and documenting pertinent data regarding their interest, involvement, reliability, influence, and possible impact on project success is known as stakeholder identification. The main advantage of this procedure is that it makes it possible for the project team to decide on an acceptable area of interest for each stakeholder or group of stakeholders to engage in. As necessary, this procedure is repeated periodically during the project (project management institute, 2017).

b. Stakeholder Engagement Plan

Engagement of project stakeholders through a plan is a process that is developed based on the needs, expectations, interests, and potential effects on the project of each stakeholder. The key advantage is that it gives you a doable plan for communicating with stakeholders in a productive manner. Throughout the project, this procedure is repeated as necessary on a regular basis (project management institute, 2017).

The goals that need to be decided upon to effectively engage stakeholders include who needs to be involved and how to take into account all associated risks (Ori Schibi, 2014). The actions involved in stakeholder planning explain out how each stakeholder will be involved throughout the enterprise, according to Gaddafi et al (2020). The stakeholders' list is examined while taking the organization's strategic plan into consideration. The following factors will be considered for each stakeholder as part of the stakeholder analysis and engagement planning.

- a. Organizational culture and acceptance of change
- b. The attitude of management in response to a product
- c. Expectations of product benefit
- d. Level of support or opposition to product benefits
- e. Ability to influence product outcome.