

## PROMOTION AND DISTRIBUTION DEVELOPMENT STRATEGIES OF JANK JANK WINGS (MANYAR GARDEN SHOPHOUSE SURABAYA)

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### ABSTRACT

*Franchise business is a business activity to sell products in retail to the public. This business activity is so popular it develops very fast and covers various business fields. The gap phenomenon occurs due to a discrepancy between the target and the real facts, therefore the researchers are determined to explore the promotion and distribution strategies of a franchise business. Franchisor cannot change product price because it is already set, and cannot add new product variants or menu due to the head office franchise's rules that have been agreed together. Therefore, what can be done is by creating promotion and distribution or place strategies. This research aimed to describe the results of promotion and distribution development strategies of Jank Jank Wing Surabaya. This research was qualitative in nature, where the data were obtained from the informants and described descriptively. The informants were selected through conducting purposive sampling method, with the number of seven informants. The data were obtained through observation, interview, and documentation. The research results revealed several development strategies for promotion and distribution, and for franchise as well.*

**Keywords:** promotion, distribution, franchise.

### INTRODUCTION

Franchise business was first introduced by *Isaac Singer*, a creator of *Singer's* sewing machine in 1851 in the United States. Franchise business is now growing very rapidly in Indonesia and is in great demand by entrepreneurs because the procedure is easy, straightforward, efficient business, and can be run and developed by anyone due to its widely known business marketing in the community. Jank Jank Wings offers two types of franchises, namely partnership and not partnership. The partnership system means that all managements, including price, product, promotion and distribution, are responsibilities of Jank Jank Wings Center with 70% profit sharing for Jank Jank Wings Head Office and 30% for Jank Jank Wings Surabaya, and after BEP (Break Event Point) then both parties get a share of 50:50. The non-partnership system means that the owner of Jank Jank Wings Surabaya only buys Jank Jank Wings franchise brand, where all managements, pricing, product, promotion and distribution are managed by Jank Jank Wings Surabaya with 3% share for Jank Jank Wings Head Office and 97% for Jank Jank Wings Surabaya.

The gap phenomenon that currently occurs is a mismatch between the target and the facts happen in reality, therefore the researchers are determined to find out the promotion and distribution strategies. Due to the agreed franchise rules, franchisor cannot change the price because it has been set and cannot add variant for products or menu, so things that can be done are to create creative promotion and distribution or place strategies. Based on the background that describes these phenomena, the researchers focus on discussing the marketing development strategies of Jank Jank Wings franchise in Surabaya in this article. This research was conducted under the title "Promotion Development and Distribution Strategies of Jank Jank Wings Surabaya".

## **REVIEW OF RELATED STUDIES**

Helm's research aims to examine the factors that determine the international marketing mix strategy within a specific business-to-business context, which include uncertainty effect (Helm, 2013). The variables examined in this research are adaptation, business-to-business, globalization industrial goods, international marketing strategy, marketing mix, standardization, and Uncertainty. Path and SmartPLS methods are used to test some of the known hypotheses. The data are obtained from German companies working in international business-to-business from different markets. The results show that international entrepreneurship has a greater impact on reducing uncertainty than network usage has. After experiencing uncertainties, companies tend to adapt themselves to communication and pricing strategies, while in Indonesia, the adaptation of product and distribution strategies is generally insignificant. Helm's research is related to this current research in terms of the use of marketing mix variable and marketing strategies variable.

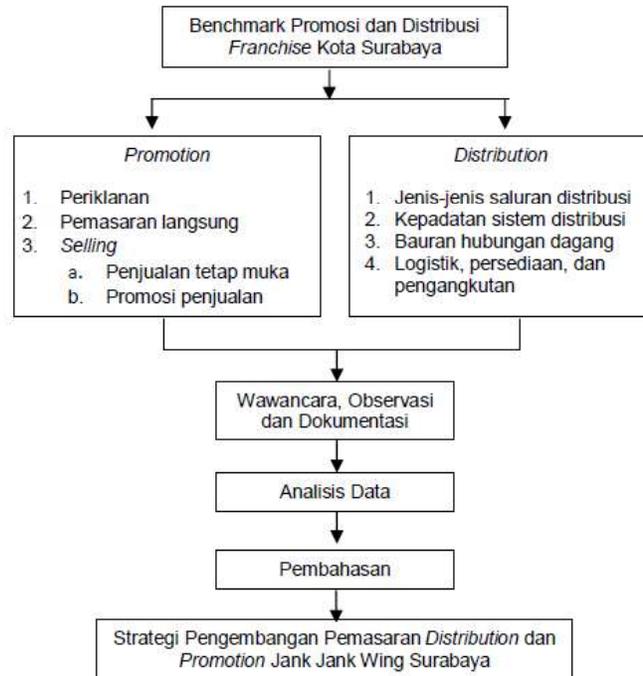
Lee's research (2014) aims to compare restaurants based on the marketing of restaurants and the type of community around the places. The variables studied are African-Americans, social class, public housing, residence characteristics, marketing, and nutrition. This research is quantitative, with four restaurants as samples, processed using *The Restaurant Assessment Tool program*. As the results, restaurants located in residential areas are healthier than ordinary housing areas. FF restaurant provides cheaper drinks and more children food, supersize drinks, buying with free gifts, supersize items, special characters, and more products which are designed for the consumers to choose FF restaurant than TS restaurant. Furthermore, societies with low socio-economic level are less likely to get unhealthy food choices. This research is related to this current research in terms of the use of marketing variable and social class variable.

## **LITERATURE REVIEW**

Stanton (2012) explains about marketing as an overall system of business activities aimed at planning, determining prices, promoting, and distributing goods and services that satisfy needs, both to existing buyers and potential buyers. For Kotler (2012), marketing strategy is marketing logic where a company expects to create value for customers in order to achieve profitable relationships with the customers. A marketing strategy is a plan that describes company's expectations of the impact of various marketing activities or programs on its product or line demand in a particular target market.

Furthermore, Kotler (2012) defines marketing mix as a set of marketing tools used by a company continuously to achieve its marketing objectives in a target market. Product shows a new product development and commercialization such as decision, and determining the duration of product cycle which is rejuvenation and product improvement or elimination decision. There are three components of goods and services, namely production cost, coordination cost, and profit margin. Again, Kotler (2012) explains that promotion is various organizational ways of a company to communicate the benefits of its products and convince customers to buy its products. Next, Kotler (2012) defines marketing channel as an interdependent organization concerning the process of making goods or services until these products are available for use or consumption.

Franchising is derived from French for honesty or freedom, and defined as rights to sell goods or services. According to the Indonesian Franchise Association, franchise is a system of products (goods and services) distribution to the end customer, where the brand owner or franchisor gives rights to other individuals or companies to conduct business under the brand name, systems, procedures and methods which have been previously set and agreed within a certain period of time and covering particular area.



**Figure 1. Analysis Model**  
Source: Data processed, 2018.

## RESEARCH METHODS

### *Research Approach*

This research was qualitative in nature, and done descriptively through documentation of company documents and interview process.

### *Research Time and Location*

Place of research to be conducted that is covering area of Surabaya because Jank Jank Wings Surabaya is located in Surabaya area. And the research time used November 2017 - May 2018.

The research site was in Surabaya, since Jank Jank Wings Surabaya is located in Surabaya. This research was conducted on November 2017 to May 2018.

### *Research Subject*

The researchers selected the informants for this research by purposive sampling method, which is a sampling technique (informants) with certain considerations (Sugiyono, 2014). The informants were the employees of Jank Jank Wings Surabaya, the owner of Jank Jank Wings Surabaya, the owners of competitive businesses, the consumers of Jank Jank Wings Surabaya, the consumers of competitors, and franchise experts who also run franchise business.

### *Method of Data Collection*

Data collection was conducted from February 2018 until May 2018. The data were collected through observation method, interview, and documentation.

### *Data Validity*

Sugiyono (2014) explains that in qualitative research, a research is stated to be reliable if others can replicate the research process. Reliability test can be done by auditing the entire research process, while data validity can be done using member check. Member check is a process to check obtained data, done by the researcher to the data provider (Sugiyono, 2014).

### *Data Analysis*

Data analysis technique used in this research was from Miles model cited in Sugiyono (2014). The model consists of data collection, data reduction, data presentation, implementation, and conclusion.

## **DISCUSSIONS ON RESEARCH FINDINGS**

### ***General Description of the Company***

Jank Jank Wings Surabaya is a fast food restaurant which is a franchise of Jank Jank Malang. Jank Jank Wings already has a strong brand image, product, price and SOP that must be set on other Jank Jank Wings. Due to its established price, product, and SOP, the investor can only do innovation on distribution and promotion; therefore the researchers conducted this research by focusing on promotion development and distribution strategies for Jank Jank Wings located in Manyar Garden Shophouse, Surabaya.

### ***Discussions***

#### ***Distribution (Location or Site Choice)***

According to Heizer (2015), location is the driving force for cost and income, so location often has power in creating a company's business strategy. A strategic location aims to maximize the benefits of a company's new location. As indicated by the results of data analysis, the consumers' evaluation on location choice showed that they want a cozy place, comfortable, clean, a smoking area, and products with affordable price and meet their taste. For them, the location chosen by Jank Jank Wings Surabaya is already strategic, however the consumers suggested for the company to pay attention on the cleanliness of this eating place. A consumer's suggestion is valuable to build and meet the needs of consumers, since cleanliness often becomes a problem of an eating place. Consumers will feel more comfortable if the eating place is free from all dirt and stinky smell. Hygienic sink and toilet are a must because these two facilities have value added if met the consumers' expectation. Location choice is significant because it deals with high or low small operating cost, price, and competitive ability. The choice of business location is one of the business decisions that must be made carefully. Previous researchers find out that business location is closely related to the business sales (Indarti, 2004).

Kotler (2012) argues that distribution channel is a series of organizations that are dependent on each other, and are involved in the process to make products (goods and services) ready for use or consumption. In order to facilitate the products flow from producers to consumers, distribution channel is an important factor that cannot be ignored and must be selected carefully. One of the distribution channels used by Jank Jank Wings is Go-Food or Go-Send. The results of data analysis showed that the consumers preferred to dine in rather than delivery order, with reason that the food is still fresh and are delicious to consume when warm. A comfortable site and a place cozy to meet up and gather with friends were also factors that make the consumers chose to dine in. Although the consumers preferred to dine in, delivery order through third party also became alternative with 2:1 comparison, so it can be concluded that the consumers of Jank Jan Wings not only wanted a comfortable place to eat but also the easiness to buy the products. Therefore, Jank Jank Wings must follow the pop-up market. Consumers can come to a market close to their residence while also get promotions during the market time which do not exist in a physical shop. Joining the pop-up market trend can reach more consumers; while at the same time can make Jank Jank Wings known more by public because this market will invite many potential consumers to come.

The service and performance of restaurant management provided by fast-food restaurants must be satisfactory for the consumers in order to make the business doers maintain and increase the number of their customers (Poerwopoespito, 2010). Based on the opinions of the employees of Jank Jank Wings Surabaya and the consumers, although it was time consuming during the restaurant's busy hours, the number of employees employed by Jank Jank Wings Surabaya was sufficient. This is due to the employees' friendly service and unpredictable restaurant conditions, ranging from quiet, crowded, to highly crowded.

Hasibuan (2010) states that training is a systematic and organized short-term educational process by using systematic and organized procedure in order to make the trainers learn about skills and expertise required for a particular purpose. From the results of data analysis, supervisor or manager of each shop conducted the training for employees. Manager or supervisor held responsibilities to train all employees to control all stations or positions; therefore all employees have the same abilities. Their similar abilities enabled them to replace each other when needed, for example, during break time for the employees. A captain is a position in a shop that is in

charge of supervising employees and reporting to the manager or owner if there is a problem encountered during operating hours of the shop. Briefing for the employees was done when the shift began, which was in the morning and in the afternoon. This briefing had to be done by the captain or owner if present. Evaluation was done every time the shop was closed, aimed to find out the condition of the shop that day and evaluate the employee's performance during that day. The results of data analysis also showed that the researchers analyzed the distribution of Jank Jank Wings Surabaya franchise and Mie Setan Mulyosari. The number of suppliers for product distribution of both Jank Jank Wings and Mie Setan Mulyosari was almost similar, which is three suppliers at least and eight suppliers at most for each shop. The suppliers were selected based on their cheapest price but with good quality in order to reduce expenses and increase profit. Raw materials available at the suppliers were booked a week before the supplies in shop ran out, or when the supplies were 20% to avoid the inventory run out while waiting for the fresh raw materials. The policy to have at least three suppliers and eight suppliers at most was applied in order to support the main supplier if ever experienced short of supplies and could not deliver them to meet the demand.

### ***Promotion***

Swastha (2011) views promotion as a flow of information or one-way persuasion created to persuade an individual or organization to actions that create marketing trade. In other words, promotion is a company's effort to create awareness, to inform, to persuade and to convince consumers to buy the product offered by the company. The target segment of Jank Jank Wings is from junior high school students to employees. Consequently, Jank Jank Wings must reach the target segment through social media that they also use, for instance, Instagram, Facebook and Twitter. However, Jank Jank Wings emphasized more on media promotion through Instagram to inform all its promotional activities. Jank Jank used Instagram to collaborate with foodies, Instagram celebrities, and Surabaya Culinary Instagram account to make the Instagram users aware and know more about Jank Jank Wings. This franchise also used printed media such as brochures, which were spread in campuses or environment surrounding the restaurant. Therefore, the budget for promotion media must be budgeted carefully since marketing media aims to inform the public about the existence of Jank Jank Wings and its promotion in its environment. The frequency of promotions held by this franchise must be at least one week in a month, yet it is possible to have it three times a month to celebrate special moments such as Surabaya anniversary or the café anniversary.

According to Madura (2010), sales promotion is a series of activities intended to persuade consumers. Sales promotion becomes effective to persuade the consumers to buy certain products. The usual sales promotion done by Jank Jank Wings was by holding a promo through Go-Food. This promotion through Go-Food usually lasted for a week in a month. The management made sure that the promotions varied each month to anticipate the consumers' boredom. Still, the promotion through Go-Food did not apply to offline buying at the shop. This promotion through Go-Food was useful to reach consumers who live far from the shop or hesitate to leave their house only to buy the products in large quantity or to use the promotion. This Go-Food promotion can be done at least once a month with different promotion categories to anticipate the consumers' boredom.

### ***Franchise***

The Indonesian Franchise Association explains that franchise is a system of product distribution to end consumers, where the franchisor gives rights to individuals or companies to conduct business under the brand name, systems, procedures and methods that have been pre-set within a certain period of time and covering a particular area. A franchise expert explains that a franchise business which already has its market also gets its brand more known or popular, since for start-up business, three years are quite long for food business which is actually mushrooming in Surabaya. A business can become a franchise in one or two years if it has great brand, has quality service and SOP and a legal business entity, plus a patented brand to avoid being stated as illegal business, causing loss to the franchisor.

The advantages of Jank Jank Wings Surabaya are its affordable price with portions that fit the price offered. This franchise business is suitable for all consumers. Although many other restaurants want to earn big profits by selling products at high prices, Jank Jank Wings maintains their products price from significant raise if the raw materials also experience price increases.

According to Sailendra (2015), Standard Operating Procedure (SOP) is an instruction used to ensure that the company's operating activities occurs smoothly. Based on the data analysis results, a simple SOP can make it easily taught and applied. The results of interviewing the owner of Jank Jank Wings and Mie Setan Mulyosari confirmed that the implementation in line with MOU supported the business operating activities, although it took time for adjustment. The franchise expert also claimed that the habit of Indonesian people who only want to receive finished business often forget to pay attention to details, resulting many franchise businesses to experience difficulties since the company management did not read the initial agreement in detail, and the absence of the investors' direct involvement with the business he or she invested in. A franchise's MOU and SOP serves as a guideline for a franchise business in order to run well. Therefore, if the investors fail to read the MOU and SOP in detail, the investors will not really understand how to run the business. The MOU that explains the procedure to run the business in detail is an ideal MOU that will make the business operating activities clear. The SOP itself becomes the employees' instruction and guidelines in working to develop the business.

Rangkuti (2010) defines brand awareness as a potential buyer's ability to recognize or recall that a brand is a part of a specific product category. The franchise expert stated that new brand or business in a new city must be different. Branch restaurant sales, in some cases, cannot beat the sales of head office restaurant. To solve this problem, the branch owner must see directly the condition of the branch and later can discuss or communicate it with the franchise head office for creating appropriate promotion and distribution strategies. But it must come to mind that branch owners can create their own appropriate promotion and distribution strategies by conducting analysis and market needs.

The researchers conducted this research on distribution and promotion strategies to develop Jank Jank Wings which is located in Manyar Garden Shophouse, Surabaya. This research aimed to create efficient distribution (place) and promotion strategies. Supply chain from the franchise head office to Jank Jank Wings Surabaya and from its suppliers must be well established. Having more than three suppliers is useful to find the best raw material price to reduce the costs. Promotion and distribution strategies created through this research are expected to increase income, therefore finding suppliers that offer low price for their raw materials will reduce the company's expenses in order to increase the expected profit.

### ***Analysis on the Competitor***

Competition is not new in the business world, as can be seen in a reality that a certain company's progress is always followed by other companies in order to move towards a better direction. Competition cannot be avoided by companies, since this is a real life fact that happens in business, where the competition nature, shape, and intensity happened and the actions the strategic decision makers choose to do in order to deal with the dominant levels can influence the level of company income. A term "competitor" is a term familiarly used when discussing about competition, defined as a company that produce goods or services similar to or identical with the products that a certain company offers (Kasmir, 2012). A company's competitor can be categorized as a strong competitor and a weak competitor, or even close competitor for those who have similar or identical product.

The researchers considered Mie Setan, a franchise business located in Mulyosari area, Surabaya, as a business competitor for Jank Jank Wings Surabaya. The interview results revealed that the people of Surabaya preferred restaurants with fast response in serving their consumers and have product characteristics. Comfortable, cozy, and spacious place became the consumers' choice to determine which restaurant they want to come to. This competitor also explained that they have done much cooperation in form of sponsorship in some events in Surabaya. This sponsorship as cooperation form has been done to make the competitor brand widely known.

Mie Setan Mulyosari preferred suppliers with good quality products yet offers cheaper price than other suppliers. The major supplier was selected based on consideration that the supplier have sufficient raw material stocks to anticipate inventory run out. Still, this competitor business has more than three suppliers to anticipate the possibility of supply shortages at the major supplier.

Mie Setan is a franchise business that shares similar business size with Jank Jank Wings since these two franchises are spread all over Indonesia. In Surabaya alone, Mie Setan has three branches, located in Dukuh Kupang, Ngagel and Mulyorejo. Its affordable price and product has become people's choice from various economic levels. The characteristic of this business is its spicy noodle with wide spicy variants has made this product a spicy noodle prima donna in Surabaya. Many competitors have arisen and served products similar with this Mie Setan product, yet these competitors cannot compete with Mie Setan since this business already has well established management system and development, resulting these other Mie Setan competitors to quit the business or do not have regular consumers like Mie Setan has. Mie Setan has different characteristic than other noodles, such as the use of devil image as its logo and its spicy levels. But, please note that Mie Setan must keep doing innovation for their noodle product or its spicy flavors to anticipate the consumers' boredom of their similar menu.

**STP of Jank Jank Wings Surabaya**

According to Tjiptono (2012), market segmentation is the process of dividing a heterogeneous whole market into groups or segments that share similarities in terms of needs, behavior willingness, and responses to a specific marketing program. The market segmentation of Jank Jank Wings Surabaya located in Surabaya is to be consumed by all circles and has good quality of raw material with reasonable price. The medium and lower segmentation are chosen by Jank Jank Wings Surabaya because the price offered for the products is affordable for all types of consumers.

The main target of Jank Jank is people who love fast food with specific characteristics and quality product so it is safe for family consumption, including for children and adult. From the research results, the distribution targeting was done online through social media such as Instagram and offline media by distributing brochures which was still preferred by those who look for interesting information. Jank jank Wings Surabaya has positioned itself as a fast-food restaurant that provides fast service and provides a comfortable place to gather with friends or to have a discussion. Quality product that is safe for consumption, comfortable and clean place, and fast service for all ages are maintained by the company as an effort to give knowledge for the consumers that eating at this restaurant is an alternative thing for them if they want to consume good quality food with affordable price.

**Managerial Implication**

**Table 1. Implications of Distribution Managerial**

<b>Short Term (6 months - 1 year)</b>	<b>Long Term (above 1 year)</b>
1. Opening one more cashier during crowded time or for Go-Food ordering only.	1. Having two additional suppliers.
2. Expanding employee's job description for cleanliness station.	2. Adding three pairs of table and chair.
3. Evaluasi pegawai setiap minggu satu kali.	3. Opening new shop near campus, school, or housings with dense population.

Source: Data processed, (2018).

**Table 2. Implications of Promotion Managerial**

<b>Short Term (6 months - 1 year)</b>	<b>Long Term (above 1 year)</b>
1. Using promotion on Instagram ads with target 3000 respondents.	1. Joining pop-up market once in two months (for example, Galaxy Mall weekly market). Jank Jank Wings Surabaya gave 15% until 20% discounts on each pop-market. Sales target Rp. 15.000.000 within three-day exhibition.
2. Promotion through Instagram celebrities and Surabaya Culinary account once a month. Target sales increased 1 million per day.	2. Distributing brochures and vouchers to campus events once in two months. Target sales increased 1 million per day.
3. Go-Food promotion once in two months, targeting 40 Go-Food transactions once per day.	
4. Giving monthly promo voucher for university students with 5% dan 10% discounts, targeting 20 students per day.	

Source: Data processed, (2018).

**Table 3. Implications of Franchise Managerial**

<b>Short Term Implications (6 months - 1 year)</b>
<ol style="list-style-type: none"> <li>1. Jank Jank Wings Surabaya operational hour at normal time is 10.00 WIB - 23.00 WIB.</li> <li>2. Jank Jank Wings Surabaya operational hours in Ramadan month:                             <ol style="list-style-type: none"> <li>a. 12:00 am - 4:00 pm (take away) to give respect to consumers who do the fasting time, but dine in is still open.</li> <li>b. 16.00 WIB - 04.00 WIB (dine in &amp; take away). Only in Ramadan, Jank Jank Wings Surabaya is open until 04.00 for ordering until dawn.</li> </ol> </li> </ol>
<b>Long Term Implications (Above 1 year)</b>
<ol style="list-style-type: none"> <li>1. Jank Jank's Corporate Social Responsibility program are as follows:                             <ol style="list-style-type: none"> <li>a. Holding a charity with theme "Jank Jank Wings Berbagi" under the conditions for every purchase of tiny package and giant package, consumers have donated Rp. 200.00 to people in need.</li> <li>b. Charity, in form of "1000 portions of Jank Jank Wings" for people in need to celebrate Jank Jank Wings annual anniversary.</li> </ol> </li> <li>2. Introducing Jank Jank Café consists of:                             <ol style="list-style-type: none"> <li>a. Designing the mascot of Jank Jank;</li> <li>b. Adding Fish &amp; Chips, Holly Skin and dessert;</li> <li>c. Adding variants of coffee drinks;</li> <li>d. Selling merchandise;</li> <li>e. Setting the location with co-working space concept.</li> </ol> </li> </ol>

Source: Data processed, (2018).

## **CONCLUSIONS AND SUGGESTIONS**

### ***Conclusions***

As already explained in the previous sections, this research aimed to compile the results on the promotion and distribution development strategies of Jank Jank Wings in Manyar Garden Shophouse, Surabaya. The promotion development strategy can be done by giving discounts on online and offline promotion, while the distribution development strategy can be done by considering the locations of next Jank Jank Wings near campuses, schools, or densely populated residential to reach all circles.

***Suggestions***

Based on the research results and conclusions, the researchers suggest as follows: 1) For the company, Jank Jank Wings Surabaya must continue to innovate on promotion and distribution strategies in order to increase sales and introduce the product to the public, ensuring that the business keeps running when the owner decides to open new branch or to invest in other business. 2) For the next researcher, for further research focus it is suggested to conduct the research quantitatively in order to find out what kinds of promotion that consumers expect.

***Research Limitations***

This research is limited to the researchers' understanding about the meaning implied in the result of interview, opening a tendency of bias to exist. Thus, the results of this research cannot be generalized to other companies.

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