

Analysis of Marketing Strategy at Nagoyaramen

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Abstract

Nagoyaramen is a franchise ramen restaurant. Nagoyaramen was switching business location, so they needed information about target and market segments which would affect the marketing strategy. The purpose of the study was (1) Analyzing and defining market segments of Nagoyaramen. (2) Formulating marketing strategies of Nagoyaramen in accordance with the selected segment. The primary data collection was done through questionnaire. This study used descriptive analysis such as Importance-Performance Analysis method and cluster analysis. Interview was used to choose the best strategy. Cluster analysis resulted in dividing costumers into three segments, namely a perfectionist, tasteful, and socialist. We picked the perfectionist which covers 60.66% of customer. This particular segment is concerned with almost all attributes of marketing mix. The group was predominantly female (71.43%), work as a student (45.05%), age range 17-24 years (52.75%), and last education high school (43.96%). Strategies offered are location approaching schools or colleges, affordable prices, promotion through fliers and giving discounts, Japanese ornaments must remain there as a hallmark of Nagoyaramen, Japanese ornament on the nameplate, taste of the product should be maintained, maintaining a varied menu, and speeding up the service around lunch break. So the best strategy chosen by the owner is location approaching schools or colleges.

Keywords: Marketing, Strategy, Ramen, Importance-Performance Analysis, Cluster

1. INTRODUCTION

Yogyakarta as a region with a lot of immigrants has a wide variety of culinary business, from local cuisines of the archipelago to foreign cuisines. The proliferation of culinary business in the city requires business owner into having the right marketing strategy to acquire their target market, which will ultimately increase sales and company profit in order to ensure the sustainability of its business.

Nagoyaramen is a Japanese restaurant franchise with ramen as the main menu. Nagoyaramen branch located in Kotabaru, Yogyakarta was recently established. According to the owner, the target market of Nagoyaramen is college students, but whether customers of Nagoyaramen currently dominated by students, and what type of students needs to be analyzed further. Seeing that students taste vary widely, it is necessary to research the right segment. Detailed information about segments and the right target market will affect the marketing strategies that will be used, which in turn can reach their

loyal customers. That is why this research needs to be done.

The aim of this study was to:

- 1) Analyze and define market segments of Nagoyaramen.
- 2) Formulate marketing strategies of Nagoyaramen in accordance with the targeted segments.

2. LITERATURE REVIEW

According to Santoso (2001), the primary goal of cluster analysis is to group objects based on common characteristics among these objects. Objects can be a product (goods and services), things (such as plants) as well as people (respondents, customers, or others). The object would be classified into one or more clusters (groups) so that objects that are in the cluster would have a resemblance to one another.

Importance-Performance Analysis (IPA) method is used to analyze the level of customer satisfaction. IPA is a simple application technique to measure the attributes of the level of importance (importance) and the level of implementation / performance. It is useful for

the development of effective marketing programs (Martila and James in Supranto, 2004).

Non-hierarchical method is often referred to as K-Means procedure. The number of groups that will be used in the research are determined at the beginning. Only after, the objects are placed in groups based on objects' similarity on the basis of various characteristics. The first step is to choose a grouping as initial cluster centers, and all objects placed within a certain distance in the formed group. Then choose the next group and the placement is continued until all objects are placed. The objects can be placed again if the distance is closer to the other group than the group of origin. Fourth step, specify the number of clusters, the researcher's judgment needed on this. Fifth step, interpret the profile of formed clusters. The resulting clusters should be interpreted based on the variables used. Finally, test the validity of the clustering process.

3. METHODS

The research was done on one of Nagoyaramen branches located in Kotabaru Yogyakarta. Data were collected in June-July 2013. The respondent search procedure performed by convenience sampling technique that is the sampling is based on the willingness of consumers. The data used in this study are primary data resulted from distributing questionnaires to consumers of Nagoyaramen. The amount of data collected was 150 respondents.

4. DISCUSSION

Nagoyaramen is a Japanese food franchise under Nagoya Fusion group with ramen as main menu. Nagoya Fusion group has 5 branches located in Java and Sumatra. In 2013 Nagoya Group opened a new branch called Nagoyaramen which is located on Jl. Juwadi No. 7 Kotabaru Yogyakarta, which operates every day except Sunday from 09:00 until 15:00. This branch was the object of this research.

Profile of respondents by demographic variables include; gender, age, occupation, residence, monthly income, and the last education pursued, with residence as the geographic variable. Profile of respondents based on behavioral variables include; expected benefits, obstacles, source of information, consideration of visit, time of visit, visiting with whom, and fans of Japanese culture.

Nagoyaramen attributes whose level of interest and level of performance being assessed include: taste of ramen noodles, noodles texture, product aroma, food portion, presentation of ramen noodles, menu variation, nutritional content, price, promotion, strategic location, cozy atmosphere, Japanese ornament decor, friendly service, speed of order presentation, response to customer complaints, equipment and facilities of eating area, environmental cleanliness. Before the IPA analysis, data from the questionnaire has been tested for validity and reliability. The validity test resulted on all of the items declared valid. Reliability test resulted on the alpha value 0.890, so the results of the questionnaire declared reliable.

The next step was to enter each value/average scores into quadrants of the Cartesian

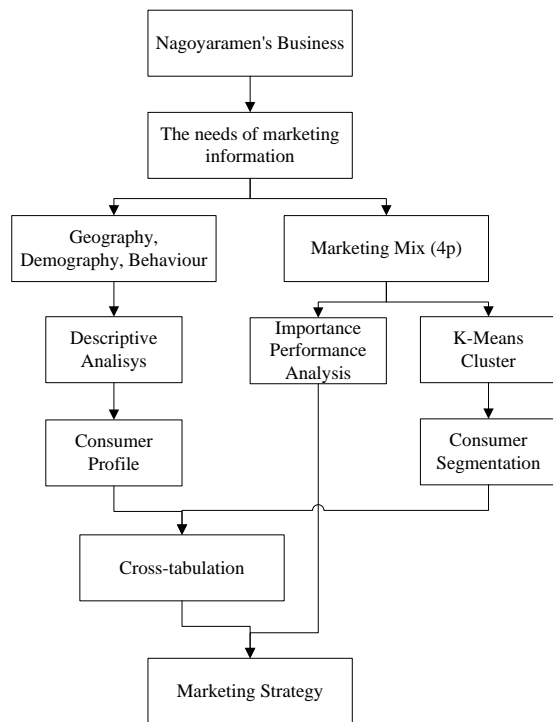


Figure 1. The Thinking Framework

diagram. The diagram was made to determine the position of the current attributes in the scatter diagram on the Cartesian axes. The results of this diagram is useful to determine which attributes should be given more priority in determining Nagoyaramen further strategy. By knowing which priority attribute is, the company will be able to make effective and efficient policy.

Table 1. The average value of the interest rate and the implementation rate of the attributes

Code	Attribute	Interest (Y)	Performance (X)
A	Taste	4.687	4.320
B	Texture	4.253	4.173
C	Aroma	4.340	4.213
D	Portion	4.020	4.013
E	Presentation	4.180	4.067
F	Menu variation	4.153	4.187
G	Nutritional content	4.207	3.967
H	Price	4.227	3.893
I	Promotion	4.113	3.873
J	Location	4.093	3.987
K	Cozy atmosphere	4.280	4.047
L	Decoration	3.507	3.167
M	Friendly service	4.560	4.207
N	Order presentation speed	4.307	3.507
O	Response to customer complaints	4.233	3.733
P	Equipment and facilities	4.307	3.887
Q	Cleanliness	4.660	4.087
	Total	72.127	67.327
	Average	4.243	3.960

Attributes mapping process on a Cartesian diagram required dividers based on the total average rate of interest of 4.243 and the total average rate of execution of 3.960. For more details, the position of each dimension of the marketing mix can be seen in Figure 2.

4.1 Quadrant I (Main Priority)

In main priority quadrant, the implementation level of an attribute is lower than the interests of consumers. This lead to disappointment on the consumer so that the Nagoyaramen should optimally improve its performance. The trick is the company make improvements on an ongoing basis so that the performance attributes that exist in this quadrant increases. Attributes that are included in this quadrant is the Order presentation speed (N), and the Equipment and facilities (P). Currently Nagoyaramen only use 2 small stove to prepare customer order, where every preparation should not be mixed for each variant of the menu, so it should be cooked one by one. This resulted in long waiting time. Equipment and facilities are still very simple, such as a tissue which is not yet available on each table, ashtray for smoking, as well as other equipment that complement the dining table display was not available.

4.2 Quadrant II (Maintain Achievement)

In this quadrant, level of implementation of an attribute against consumer interests is at a high level. Attributes that are included in this quadrant are: Taste (A), Cleanliness (Q), Friendly service (M), Aroma (C), Texture (B), Cozy atmosphere (K). Nagoyaramen deemed to have satisfied the customers will these attributes. Therefore, Nagoyaramen need to sustain this achievement in order not to decrease in the future.

4.3 Quadrant III (Low Priority)

Low priority quadrant shows attributes that are not too important for the consumer with normal levels of implementation. Attributes included in this quadrant are: Response to customer complaints (O), Price (H), promotion (I), Decoration (L). Although these attributes are not considered too important by consumers, Nagoya ramen can give more attention to these attributes to provide more value.

4.4 Quadrant IV (Excessive)

Excessive quadrant shows attributes that are not too important for consumers while having excessive levels of implementation. Attributes that are included in this quadrant

are: Nutritional content (G), Presentation (E), Menu variations (F), Location (J), Portion (D).

Maintaining these attributes provides more value to Nagoyaramen.

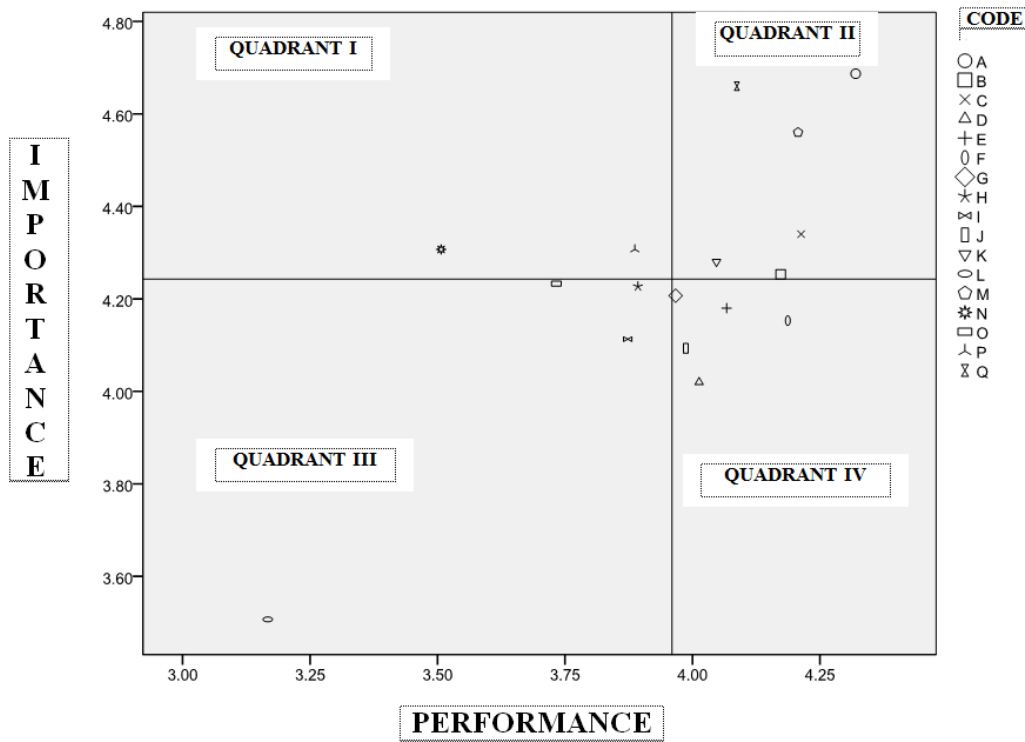


Figure 2. Cartesius Diagram

Profiles of formed clusters:

- Group 1: Perfectionist Consumer

Perfectionist group is concerned with almost all the attributes of the marketing mix, the number of consumers is at 60.66%. This group is dominated by women (71.43%), work as a student (45.05%), with most between the ages of 17-24 years (52.75%), monthly income on average under Rp. 500,000,- (37.36%), high school educated (43.96%), and majority lives in Yogyakarta (56.04%). This group profile is based on the following behavior; expected benefit during a visit in Nagoyaramen is eliminating hunger (70.33%), while the factor that become a barrier during a visit is the price which is considered expensive (25.27%), resource of information came from the nameplate (40.66%), the main factors to be considered when they come to Nagoyaramen is a product to suit the tastes (29.67%). Densest visiting hours at 12:01 to 13.00 (37.36%). While visiting Nagoyaramen majority of consumers in this group came with friends (61.54%). In this group, 50.55% fond of Japanese culture.

- Group 2: Tasteful Consumers

Tasteful group only concerned with one attribute of the marketing mix, which is the taste of ramen noodles, with number of consumers of 30.66%. This group is dominated by women (56.52%), work as a student (30.43%), with most between the ages of 17-24 years (43.48%), monthly income on average less than Rp. 500,000,- (36.96%), the last education pursued was Diploma / S1 (41.30%), and the majority lives in Yogyakarta (71.74%). This group profile is based on the following behavior; expected benefit during a visit in Nagoyaramen is eliminating hunger (71.74%), while the factor that become a barrier during a visit is less reachable location (28.26%), resource of information came from invitation from friends or family (56.52%), the main factor to be considered when they come to Nagoyaramen is a product to suit the tastes (34.78%). Densest visiting hours at 12:01 to 13.00 (50.00%). While visiting Nagoyaramen majority of consumers in this group came with friends (54.35%). In this group, 52.17% are not fond of Japanese culture.

- **Group 3: Socialist Consumers**

Socialist group is only concerned with one attribute of the marketing mix which is cozy atmosphere, with number of consumers of 8.66%. This group is dominated by men (69.23%), work as private workers (46.15%), with most aged over 25 years (61.54%), monthly income on average less than Rp 500,000,- (46.15%), the last education pursued was Diploma / S1 (61.54%), and the majority lives in Yogyakarta (84.62%). This group profile is based on the following behavior; expected benefit during a visit in Nagoyaramen is eliminating hunger (84.62%), while the factor that become a barrier during a visit is promotion from fellow competitors of ramen providers (30.77%), resource of information came from invitation from invitation from friends or family (46.15%), the main factors to be considered when they come to Nagoyaramen is a curiosity to try (30.76%). Densest visiting hours at 12:01 to 13.00 (53.85%). While visiting Nagoyaramen majority of consumers in this group came with friends (53.85%), 61.54% not fond of Japanese culture.

- **Marketing Strategy**

Strategies offered include Place, Product, Promotion, and Price. The current location is adequate, which is close to the school and colleges. The price offered was affordable to the students and not expensive. Promotion can be done through attractive fliers to attract consumers' curiosity. Promotion can also be done by providing discount prices, for example, buy three get one free with ramen noodles. Japanese ornament must remain there as characteristic / identity of Nagoyaramen. This ornament will be better displayed on a billboard to attract potential customers. Taste of the product should always be a concern to Nagoyaramen. Maintaining variations of menu offered. At lunchtime and afternoon breaks, consumer density is peaking, then the customer service should be fast, so that customers do not lose time and are willing to re-purchase. The validity of the strategy and the selection of the best strategy is done by direct interview to the business owners. Having done the suggested strategies, they assessed the strategy deemed giving the most impact on increasing the number of sales. The results of interviews showed that the business location is very

influential on the number of sales. Thus considered the best strategy according to business owners.

CONCLUSSIONS

Cluster analysis divides Nagoyaramen consumers into 3 segments (namely perfectionist, tasteful, and socialist). The selected segment is perfectionist group. This group is concerned with almost all the attributes of the marketing mix, and the number of consumers is 60.66%. This group is dominated by women (71.43%), work as a student (45.05%), with most between the ages of 17-24 years (52.75%), and high school educated (43.96%).

The Marketing mix strategies are location approaching schools or colleges, affordable prices, promotions through fliers and giving discounts, use Japanese ornaments that remain a hallmark of Nagoyaramen, taste of the product should be maintained, maintaining variations of menu offered, and speeding up the service around lunch break at 12.00 until 13.00.

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