The Business Prospects of The 3 Largest Franchises in Indonesia: Indomart, Alfamart and FamilyMart in Cibinong Bogor City Are Analyzed Based on The Influence of Location and Promotion on Sales.

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Abstract

The purpose of this study is to analyze the influence of Place, Promotion on Sales of 3 popular mini markets in Indonesia (Indomart, Alfamart and FamilyMart) using panel data to determine the similarities and differences together and individually. The results of this study show that the variables Place and Promotion partially and simultaneously have a significant effect where the variables Place and Promotion have an effect (R-squared) 0.730211 or 73% can affect the amount of Sales the remaining 27% is influenced by other variables. Panel data regression Y = 6.056985 + 0.514999 * X1 + 0.376453 * X2. Individually it is known that the influence of Place and Promotion on Indomart customer perception ranks first (R-square 94.52) which means that Indomart customers are very satisfied with the Place and Promotion of the mini market. in second place FamilyMart (R-square 73.92) and the last is Alfamart (R-square 53.08) which means that its customers are less satisfied when compared to the other two mini markets

Keywords: Location, Promotion and Sales

1. INTRODUCTION

The ultimate goal of the marketing concept is to help organizations achieve their goals (David W. Caraven; 1996; 244). In the case of private companies, the main goal is profit; in the case of public and non-profit organizations, the main goal is to survive and attract enough funds to do useful work. Before Covid 19 in 2020, the proliferation of direct marketing was an important trend in distribution through stores and franchises in Indonesia with digital marketing strategies, if implemented properly, can significantly increase brand visibility (Akashkumar S, Dhanya K et.al; 2025). . The distribution of mini market stores continues to mushroom, even though many customers have switched to online shopping (internet) including Facebook, Instagram, Twitter, WhatsApp, Line, Tiktok, Telegram, and so on.

Franchise a contractual association between a manufacture, wholesaler, or service organization (a franchisor) and independent businesspeople (franchisees) who buy the right to own and operate one or more units in franchise system (P. Kotler et.al; 2024;407)

Three popular retail companies in Indonesia. (1). Indomart: is the largest minimarket chain in Indonesia. Founded in 1988 by PT Indomarco Prismatama. Rapidly expanding to various cities throughout Indonesia. As of November 2024, the number of outlets reached 22,869 stores. (2) Alfamart: a leading minimarket chain in Indonesia owned by PT Sumber Alfaria Trijaya Tbk. First established in 1989. Growing in various locations in Indonesia. As of June 2024, Alfamart had 19,638 outlets. (3). FamilyMart (formerly Circle K) is a Japanese convenience store chain that entered the Indonesian market in 2012. According to its official website, as of February 2023 there were 24,539 FamilyMart outlets worldwide including Indonesia. As of April 2023, FamilyMart Indonesia has more than 250 outlets spread across a number of regions (cnbcindonesia.com;2024) including-alfamart-this-is-a-list-of-5-giant-franchise-networks-in-indonesia

Judging from the large capital for the owners of these 3 franchises including Micro, Small and Medium Enterprises (MSMEs), Microfinance Institutions (MFIs) help develop businesses to start their own businesses and sustainably (Mohan Prasanth G Agilesh R; 2025). Based on the applicable regulations, MSMEs get easy business permits, bank credit with low interest rates and effectively create new jobs or reduce unemployment rates in Indonesia.

Place and promotion have a significant influence on the level of minimarket sales. By choosing a strategic location and developing an effective promotional strategy, minimarkets can increase their appeal in the eyes of consumers and ultimately increase sales. An in-depth analysis of consumer demographics and preferences is also needed to adjust product and service offerings that are more targeted. In connection with this description, the researcher feels the need to examine the prospects of the three minimarkets in question, especially related to Place/Location and Promotion on sales levels

2. LITERATURE REVIEW

Location

Distribution strategy is a vital element in creating value and has a direct bearing on pricing, promotion, packaging, salesforce logistics and delivery, installation repair and servicing as well as outbound logistics of order processing, warehousing, and inventory (Douglas West et.al; 2010;339).

Marketing intermediaries gain a strategic advantage by improving distribution productivity. Reducing distribution costs and time in delivering products to end users is a top priority for many companies.

Reducing distribution costs and time in delivering products to end users is a top priority for many companies. Market segmentation by understanding the demographics of the surrounding area is also important. For example, if the area is dominated by families with children, a convenience store can tailor the products offered, such as children's food or school supplies and other essentials.

In the highly competitive e-commerce landscape including convenience stores, short-haul delivery has emerged as one of the most important and expensive components of the supply chain (Ashish Patil;2021). The oft-referenced response to the question "What are the three most important things in retailing? "Is "Location, location, location". Why is store location such an important decision for a retailer? (Michael Levy et.al. 2012;211) Retailing First, locations type calls one of the most influential considerations, in a customer' store-choice decisions. For instance, when choosing where you're going to have your car washed, you usually pick the location closet to your home or work. Mos consumers similarly shops at the supermarket closest to them.

Second location decisions have strategic importance because they can be used to develop a sustainable competitive advantage. If retailer has the best location, that is, the location that is most attractive to its

customers, competitors can't easily copy this advantage. Competitors are relegated to occupying the second-best location

Third, location decisions are risky. Typically, wen retailer selecta location, they either must commit to long-term lease with developers. Retailer often commit to leases for 5 to 15 years.

Specification of promotion element of the xix is usually part of communications strategy. This will include selection of the target market. Positioning and integration of difference communication tools. The internet offers an additional marketing communications channel to inform customers of the benefits of product and assist in the buying decision. (Dave Chaffey and Fiona Ellis-Charwict; 2022;147) The place element of the marketing mix deals with how products get to consumers, and choice about whether companies should market direly to the consumer or go through intermediaries. Channel management decisions affect pricing, product management, brand image and promotion decisions. The choice of channel affects all the other elements of the marketing mix. One of the traditional features of channel decision was that took a very long time to develop (John 0'Connor and Eamon Galvin, 2001;158)

Store location, a retailer has several store to make location decisions to make. The initial core one is a specific site are determined. Competitors, transportation access, population density, the type is neighborhoods, nearness to suppliers, pedestrian traffic, and store composition are considered selecting a location (Berry Berman, Joel R. Evans and Patrali Chatterjee; Retail Management; 2018, 114; Pearson; Boston).

This research concept focuses on the place or location where the company is located. Where, the more strategic the business location, the greater the profit the company will get. With a strategic location, consumers or potential customers can more easily find and reach the business, so that sales transactions are easier to occur. Why is the minimarket franchise in Indonesia still developing well because of the needs and desires of customers

Promotion

Promotion is used to inform people about products and persuade buyers in a company's target market, channel organizations, and the general public to buy its goods. Marketing management sees the advantage of combining the promotional components into an integrated strategy for communicating with buyers and others who influence buying decisions.

Sales promotion refers to pay paid consumer or trade communication program of limited duration that adds tangible value to a product or brand. In a price promotion, tangible value may take the form of a price reduction, coupon, or mail-in refund. Nonprice promotions may take form of free samples, premiums, "buy one, get one free" offers, sweepstakes, and contes. Consumer Sales promotion may be designed to make consumer aware of new product, to simulate nonusers to sample an existing product, or to increase overall consumer demand (Warren J. K. and Mark C.G; 2015; 449. Global Marketing; Pearson Education Limited, England)

Setting sales force objectives will require a very similar approach internationally as it does domestically . In fact, many "international" salesforce issues are really local issues in a foreign country . However, setting the best international salesforce objectives depends not only on the company goals, but also analysis of the culture and values of the country it is entering (Masaaki Kotabe and Kristiaan Helsen, Global Marketing)

The promotional mix contains advertising, personal selling, sales promotion and public relation. The digital age has already make significant changes to each of the elements of the promotion mix. In the coming years the changes are likely to be far more significant as the internet, digital television, customers

databases and other information-rich promotional   methods become more sophisticated (John 0'C. and Eamon G. 2001;147).

Sales

To be effective, sales activities need to take place within the context of am overall strategic marketing plan. Only then can ensure that aur sales efforts compliment , rather than compete with, other marketing activities (David J and G. Lancaster; 2015;47)

Sales, in the context of marketing, are often defined as the interaction between sellers and buyers with the aim of creating or maintaining a mutually beneficial exchange relationship. Philip Kotler in his book entitled Marketing Management (2008; 65) states that sales are a managerial social process in which individuals and groups get what they need and want, creating, offering, and exchanging valuable products with other parties. Fandy Ciptono (2015, 123) Sales are the transfer or transfer of ownership rights to goods or services from one party to another accompanied by the transfer of compensation from the recipient of the goods or services in return for the transfer. Sales are an integrated effort to develop strategic plans that are directed at efforts to satisfy the needs and desires of buyers, in order to obtain sales that generate profits.

As AI becomes more sophisticated, the scope of supply chain visibility will expand to include autonomous decision-making and self-optimizing networks. Businesses that adopt these technologies will experience increased efficiency, reduced costs, and increased resilience (Vivek Prasanna Prabu; 2022). Artificial intelligence (AI) is a machine that pretends to be a human or a statistical programmer, a data scientist is needed to manage both (Jim Sterne; 2023,5).

Sales volume is closely related to product quality, price, advertising strategy, sales promotion, and digital marketing strategy. Branding: Brand image that can influence consumer perception and ultimately customer satisfaction and purchasing decisions by customers.

According to Kotler and Keller (2016) Purchasing decisions are a characteristic of consumers and the process of making decisions will result in purchasing decisions. When having a product or service there are three categories such as price, product quality, process that is marketed to consumers. In the three categories, customers can choose the product they like. (Kotler and Keller; 2016).

In this study, the focus is more on (1) Distribution Channels: How products are distributed to consumers, both through physical stores and online. Product Availability: The level of product availability in the market that can affect sales (franchise). (2) Use of advertising, sales promotions, and digital marketing strategies. Branding: Brand image that can affect consumer perception. Social Media: The influence of social media platforms in promoting products. Brand Loyalty can build brand loyalty among customers. When customers feel they get more value, they tend to come back to shop again at Indomart, Alfamart and FamilyMart. The two variables are then analyzed for their impact on the following sales volume

3. RESEARCH METHOD

This study was conducted in Cibinong for 1 month (May 2025) using a Likert scale questionnaire with 15 questions for each variable to 30 visitors to the three mini markets so that the number of respondents was 90 customers. Using Panel data (Gujarati 2010, 399) with the Generalized Least Square (GLS) method: common effect method CEM), fixed effect method (FEM) and random effect method (REM). In order to find the best regression, the following tests were carried out: (a). The Chow test is to choose the best approach between the CEM and FEM approach models. (2) Hausman to choose FEM and REM and (3)) Lagrange Multiplier (LM) test determines the REM or CEM model. Based on the results of EViews

through the standard process, the final results are known that the best regression is FEM which is used and discussed further (in order to summarize the research, only 2 tables are included, other tables are used as a means of completing the research).

1. The third mini market regression

The basic form of the equation model is as follows: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$

After conducting the above test, it can be concluded that the best regression is the Fixed Effect Method.

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Table 1. Panel Data Regression of the Three Mini Markets

The Effect of Location and Promotion on Sales

Dependent Variable: Y?				
Method: Pooled Least Squares				
Date: 06/12/25 Time: 16:05				
Sample: 1 30				
Included observations: 30				
Cross-sections included: 3				
Total pool (balanced) observations: 90				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.056985	3.470560	1.745247	0.0846
X1?	0.514999	0.067965	7.577452	0.0000
X2?	0.376453	0.062881	5.986774	0.0000
Fixed Effects (Cross)				
_A--C	-2.850624			
_I--C	0.068606			
_F--C	2.782018			
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.730211	Mean dependent var		58.25556
Adjusted R-squared	0.717515	S.D. dependent var		6.586607
S.E. of regression	3.500737	Akaike info criterion		5.397777
Sum squared resid	1041.688	Schwarz criterion		5.536655
Log likelihood	-237.8999	Hannan-Quinn critter.		5.453780
F-statistic	57.51525	Durbin-Watson stat		1.842972
Prob(F-statistic)	0.000000			

The t-test of each variable (Place and Promotion) has a significant effect on Sales (t count (7.57 and 5.98)>t table (2) with a probability of 0.00)

Simultaneous F test of Place and Promotion is significant on Sales where F count 57.51>F table 3.5 with a probability of 0.00 with R-squared 0.73.

Y = 6.056985+ 0.514999*X1 + 0.376453*X2

From the multiple regression equation can be described:

1). If the variables of Location and Promotion are not added (equal to 0), the Total Sales 6.056985

2). If there is an increase in Location 1, Sales will increase by 0.514999

3). If the increase in Promotion 1; Sales will increase by 0.376453

2. **The regression of each mini market is listed in the following table.**

Table 2. Details of Panel Data Regression for Indomart, Alfamart and FamilyMart

Mini Market	a	Location	Promotion	R-squared
Indomart	-3.612424	0.615344	0.442057	94,5200
Alfamart	14.99363	0.354745	0.334827	53,0896
FamilyMart	6.994017	0.551002	0.372725	73,9233

Based on the table above, it can be concluded that (1) Location Variable has a significant effect on the amount of Sales. Based on customer perception, the most important Location factor for Indomart customers is 0.61, Family Mart 0.55) and the lowest is Alfamart (0.35). And (2) Promotion Variable has a significant effect on the amount of Sales. Based on customer perception, the highest is Indomart 0.44, FamilyMart 0.72 and the smallest is Alfamart 0.33.

4. RESULTS AND ANALYSIS

Conclusion

Based on the results of research and discussions that have been conducted, the conclusion that:

1. The fact is that in the field today, even though online sales have developed, the opening of new branches of these three franchises continues to increase

3. The results of the t and F tests individually and simultaneously show that the variables Place and Promotion have a significant effect on Sales. Both variables can explain 73%, the remaining 27% by other variables

2. R-squared Indomart 0.94, Alfamart 53.08 and FamilyMart 73.92

3. Based on a review in the field, the method of selecting store locations and promotions is the same in locations that are on the highway and strategic. Likewise, the promotional media used. It is known that the three mini markets, both variables have a significant effect on increasing the number of sales

4. The influence of the variables Place and Promotion of the three mini markets is different. Based on the three mini markets, the lowest level of satisfaction with the lowest Place and Location is Alfamart, the second lowest level of satisfaction is FamilyMart and the highest level of satisfaction with Location and Promotion is Indomart

Advice

1. The owners and managers of the three franchises in the future must be more careful in opening new branches, based on customer perceptions, especially generation Z who tend to shop online

2. Based on the results of the regression of each mini market, Alfamart's customer satisfaction level towards location and promotion is the lowest compared to the other 2 mini markets. In order to increase the number of sales even greater, Alfamart's location and promotion strategies must be more careful so that the opening of new branches is truly in accordance with the needs and desires of Alfamart customers.

3. According to customer perceptions, Indomart's location and promotions currently being run are good when compared to its 2 competing mini markets. Indomart's management must consistently maintain

the current location selection and promotion strategy, so that its loyal customers do not move to competing mini markets

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