

The Effectivity of Distribution Channel Effect on Indomie Products Availability in Giant Hypermarket (Case Study: East Jakarta)

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Abstract

Distribution channels are tracks that must be passed by the goods from producers to wholesale or retail shops and arrive to the consumers. Distribution channels have an important role in transferring goods from producer to the last consumers which require costs that must be issued by the company, both transportation and storage or warehouse fees. This research aims to find out the impact of distribution channels on logistics supply in Giant hypermart. The research method applied was quantitative. The data analysis technique used was correlation and regression. The result of this research shows that distribution channels variable gives effects on the product availability outcome as 96.5% while the rest is affected by other variable which does not use in this research.

Keywords: Distribution Channels, Product Availability, Hypermarket

Introduction

Distribution channels have a vital role in transferring goods from producer to the last consumer. Without any distribution channels, the goods from the producer cannot reach the consumer and it will affect the decision made by the company managers. In order to give a good service to consumer, company ought to give extra attention to consumer. Company must really pay attention on choosing distribution channel. Distribution channel is a decision which company ought to choose to deliver their products to consumer within the right time and place. Moreover, each company has to try to make a structure that can reach the company's target.

Distribution channel according to Tjiptono (2008) can be described as a marketing act that tries to smoothan and to alleviate goods and service delivery from producer into consumer, so the use will be in accordance with the broaden

features (type, quantities, price, place and time needed). Distribution channel is a series of related company and they are involved with each other in delivery or distribution process from producer to consumer. Distribution channel means to direct product ownership directly or indirectly from the producer to consumer. Distribution channel is aiming on reaching certain market, on market that would final destination of distribution channel activity. (Willem Siahaya, 2016).

Distribution channel has a function to channel goods from producer to consumer. This channel will overcome the gap of time, place and ownership that make goods and service to use the product or the service apart. There are several kinds of distribution channels that are chosen by the company in order to deliver their product to consumer, which are:

- Zero-Level Channel

Producer-Consumer

This distribution channel is the shortest and the simplest form because it doesn't involve any mediator. Producer can sell goods that they produce through post or come to consumer's house directly (door to door). That is why this channel is called direct distribution channel.

- One-Level Channel

Producer-Distributor-Consumer

Producer with operational equipment and accessory can use industrial distribution to reach their market. Other producers that can use industrial distribution as their channel : are building material producer, building equipment producer, air conditioning producer, magazine etc.

- Two-Level Channel

Producer-Distributor-Retailer-Consumer

Many producers are using this distribution channel which also called as traditional distribution channel. Furthermore, there are also the companies who want to introduce their new product or want to enter the new market

area by using agents, for example; motor bike and car selling.

- Multi-Level Channel

Producer-Big Merchant-Distributor-Retailer-Consumer

This multimediator distribution channel can be used by companies with several considerations, that are the size of the selling unit is too small to be sold directly, or the storage factor can be vital on its role.

Davies (1977) said that traditionally, distribution channel is considered as vertical integration, unilinear structure toward retailer from manufacturing process that can be mediated by the grocer buyer. Dawson (1979) infers that in distribution channel there is a strong connection between agents or other party who change the act from producer in giving goods or service through vertical integration, activity coverage, especially on gross cost mediator. Distribution channel is also determined by the consumer buying pattern, so the character of market is the deciding factor that can affect channel choice by company. Things that need to be considered according to Tjiptono (2008) are market consideration, product, mediator, and company.

With a lot of developing Retail Company nowadays make competition on retail business become more competitive. That is why retail business people should provide products that can fulfill the consumer's need and the product can be available whenever consumer needed it. If retail store does not have a good distribution channel, it can cause lack of supply and racks will be empty, if this happens then all the consumer will choose another store to find product that they needed.

Another important factor besides distribution channel on retail business is the availability of store products, because product availability will help consumer to get the product they wanted and can make consumer satisfied if they can always find what they are looking for or needed. Product availability is one of the ways to give consumer satisfaction in good service by giving what they needed.

Distribution channel's role is very important on product transfer from production place to retailer or consumer. This distribution channel has a strategic role as product distribution point and also information.

Product availability is an important strategy to do. Because if an outlet does not have a good availability, then the product that consumer look for will not be easy to find and will not have enough stock to sell. According to Kotler (2005) and Utama (2012:8) product availability is company's capability to keep product stock when the demand is high in certain product brand. Xu et al., (2002) in Emiri (2011:12) stated that availability is logic based interest factor or considerations about how the product is easy to get. If consumers feel easy to find product they needed then consumer will not move to other store or other brand. So often because of product availability on quantity and lots of variety so consumer in their shopping process will decide to buy goods that is not even on their shopping list.

The importance of having flexible product is to anticipate changes on goods demand that can happen anytime because of consumer demand changes. Van Tripp and associate (1996) in Arianto (2007:140) stated, product unavailability in a store is also a factor that can make brand alterization, consumer who can not find their favourite product will have the chance to evaluate other brand and then buy it as a result.

Giant is one of the popular retail stores in Indonesia under the Hero Supermarket Group. Giant has two concepts which are Giant Extra and Giant Express. Early format, Giant Extra was done by following Hypermarket concept and aiming customer with a bigger need prioritizing on product completeness, product availability and economic prices. As part of the Hero Supermarket Group, Giant Extra is also committed to maintain the quality and freshness of their product. As one of the well-known hypermarket to society, Giant Extra has succeeded in gaining their customer's heart, so Giant Extra has opened 59 outlet spread all over Indonesia.

Besides Giant Extra, Hero Supermarket also has Giant Express for customer who wants to shop on their daily basis with a fast concept but still can

get the desired product in a fresh condition and economic price. With the concept of easy to reach supermarket, closer to society, and fast more complete product has made Giant Express as the consumer's choice in shopping, proven by 99 outlet open all over Indonesia.

Giant as one of the famous retail shops to society has opened many outlets in Indonesia, in this journal research has been done on Giant East Jakarta region, the following is the list of Giant branch's name and address in East Jakarta:

Table 1. Giant Branch List on East Jakarta

No	Name of the Branch
1	Giant Ekspres Pondok Kopi
2	Giant Ekspres Cipinang
3	Giant Ekspres Buaran
4	Giant Ekspres Kalimalang
5	Giant Ekstra Ujung Menteng

Source: Hero Supermarket Group Head Office

On table 1 shows that Giant has 5 branches on East Jakarta area, the above Giant branches are the East Jakarta branches that were made as a research subject with the title of "the Affectivity of Distribution Channel Effect on Indomie Product Availability in Giant Hypermarket"

Method

This research used quantitative methodology because it is a process to find information that use numbers as data and tools to analyze information about what need to be found out. (Kasiram, (2008:149) in his book called Qualitative and Quantitative Research Methodology). Objective quantitative and qualitative data measurement through scientific calculation came from the sample of people or citizen who were asked to answer several questions about survey to determined their frequency and percentage of their comments. Variable indicators used in this research were Distribution Channel (X) and Product Availability (Y) which are:

Distribution Channel (Suryadi & Hutomo, 2010):

- Simplicity in getting the product
- Purchasing Location
- Easy to reach location

Product Availability (Utama, 2012: 8-9):

- Product is always available
- Complete product in the outlet
- Easiness to purchase

Data were collected by using Primary Data Collecting technique, using questionnaire filling. Document involved in this research was taken from East Jakarta Giant Region from HRD to Manager, therefore it can give a real and objective result. Analysis technique using t Test which is to test significant of Distribution Channel Variable effect towards Availability of Indomie Product in Giant Hypermarket.

Discussion and Result

Regression analysis regarding to one variable dependency study, limited variable on one variable or more, variable which explain (explanatory variables), with intention to measure or to predict average count value (mean) or average (population), limited variable, seen from known value point of view or fixed (Gujarati, 1999). This research revealed the effect of distribution channel towards product availability which analyzed by simple linier regression.

Based on simple linier regression analysis data processed with the help of SPSS program, the result is shown in the following table below:

Table 2

Simple Correlations Test Correlations

		Distribution Channel	Product Availability
Distribution Channel	Pearson Correlation	1	.983**
	Sig. (2-tailed)		.003
	N	5	5
Product Availability	Pearson Correlation	.983**	1
	Sig. (2-tailed)	.003	
	N	5	5

**. Correlation is significant at the 0.01 level (2-tailed).

If the significance is <0.05 then there's a correlation between two variables but if the significant >0.05 it means there's no correlation between variable. Based on simple correlation test from the table above, significance is data can be obtained (2 tailed) both variable is 0.003. therefor, it can be conclude that one variable and the other have relation because the significance is $0.003 < 0.05$. Correlation coefficient between Distribution Channel variable (X) with Product Availability (Y) is 0.983. Based on correlation interpretation stated by (Sugiyono, 2012), it can be concluded that there is a strong correlation between Distribution Channel variable (X) with Product Availability (Y)

Table 3
Coefficient

Summary Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	.965	.954	.33996

a. Predictors: (Constant), Distribution Channel

R is a symbol variable of coefficient. On the table above correlation is 0.983. This number represents that research variable correlation connection is on a **strong category**. The table above show R Square or Determination Coefficient that shows several good model of regression which formed by free variable interaction and bond variable. It can be obtained that KD is 96.5%. Therefore, it can be interpreted that free variable of Distribution Channel (X) has a big contribution as much as 96.5% towards Product Availability variable (Y) the rest 3.5% is effected by other variables outside the model that included in this research.

Table 4
Significant Test Value

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.653	1	9.653	83.526	.003 ^b
	Residual	.347	3	.116		
	Total	10.000	4			

a. Dependent Variable: Product Availability

b. Predictors: (Constant), Distribution Channel

Significance test table above is used to determined significance level or linearity of regression. Criteria can be determined based on significance value test (Sig.), with provisions as follow:

- Sig. value < of 0.05 which fulfills the criteria or significant.

Based on the table above, it can be obtain Sig. value as much as 0.003 it means that Sig. < from significant criteria (0.05). That way the regression equation based on research data is significant, or even the regression equation model fulfills the criteria or in other word there is a Distribution Channel variable (X) influence towards Product Availability (Y).

Table 5
Simple Regression Coefficient

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.128	1.852		.069	.949
Distribution Channel	.420	.046	.983	9.139	.003

a. Dependent Variable: Product Availability

On the output of coefficients, Constanta value (a) is known as 0,128, while Distribution Channel value (b/regression coefficient) is 0,420, thus the regression equations are as follow:

$$Y = a + bX$$

$$Y = 0,128 + 0,420X$$

The equation can be interpreted as follow:

- Constanta is 0.128 which means that participation variable consistent value is 0.128
- Regression Coefficient X is 0.420 states that each adds 1% Distribution Channel value, so participation value is gaining 0.420. The regression coefficient has positive value, it can be said that the direction effect of variable (X) Distribution Channel towards (Y) Product Availability is positive.

Decision Taking on Simple Regression Test

- Based on significance value: from coefficients table can be obtain the significance value as much as $0.003 < 0.05$, so it can be concluded that Distribution Channel variable (X) has effect toward Product Availability variable (Y).

- Based on n value: t_{count} value is $9.139 > t_{\text{table}} 3.182$, so it can be concluded that Distribution Channel variable (X) has effect towards Participant variable (Y)

How to search t_{table} :

$$\begin{aligned} t_{\text{table}} &= (\alpha/2 : n-k-1) \\ &= (0.05/2 : 5-1-1) \\ &= (0.025 : 3) \text{ (based on the distribution value of } t_{\text{tabel}}) \\ &= 3.182 \end{aligned}$$

The t-test result can be linked with the hypothesis which brings forward in this research:

$H_0 : \beta_3 < 0$: Shows that there is no effect between Distribution Channel towards Indomie Product Availability in Giant Hypermarket.

$H_a : \beta_3 > 0$: Shows that there is an effect between Distribution Channel towards Indomie Product Availability in Giant Hypermarket.

Criteria for hypothesis to be accepted:

- If $t\text{-count} > t\text{-table}$ and $\text{sig} < 0,05$ then H_0 rejected and H_a accepted
- If $t\text{-count} < t\text{-table}$ and $\text{sig} > 0,05$ then H_0 accepted and H_a rejected

From the calculation above can be found that t_{count} is $9.139 > t_{\text{table}}$ ($9.139 > 3.182$) and $\text{sig} > 0.05$ ($0.003 < 0.05$) it means that H_0 is rejected and H_a is accepted. From this state can be implied that distribution channel is effect by Indomie product availability in Giant Hypermarket for East Jakarta area.

Conclusion

Distribution channel is very important to retail company, one of it is Giant Hypermarket. This Distribution Channel refers to producer concept, big merchant and consumer. Based on data analysis result and discussion that has been done in this research, it can be concluded that based on hypothetical test result altogether

show that Distribution Channel (X) is significantly affect toward Product Availability (Y) which is gotten from Giant Hypermarket for East Jakarta area.

In this case Giant Hypermarket has two different Distribution Channel, they are:

- Giant Extra:
PT. Indofood -> Giant -> Consumer
- Giant Express:
PT. Indofood -> Distribution Center -> Giant -> Consumer

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