

# CHAPTER I

## INTRODUCTION

### 1.1 Overview of Research Objects

Grand Mal Bekasi is a shopping center located on Jendral Sudirman Street, Kranji Bekasi City, Indonesia. This shopping center is equipped by tenants such as department stores, food courts, karaoke, supermarkets, cinemas and other tenants. The owner of the Grand Bekasi Mall is the Lippo Mall / Lippo Group, and is managed and developed by PT.Lippo Karawaci TBK.

On certain days, you will find events that are usually held at the Bekasi Grand Mall, one of the events is archery competition called the Bekasi Indoor Archery Championship over the Bekasi Mayor's Cup. The indoor archery competition at the mall was attended by more than 400 participants and the unique competition was the first time it was held in Indonesia (*Source: <https://infopromodiskon.com/mall/profile/grand-mall-bekasi/>*). The access to get to the Grand Mall Bekasi is easy to take as well, because of its strategic location and is traversed by many public transportation.



**Figure 1. 1 Grand Mall Bekasi**

**Source:** <https://www.indonesiashoppingcenter.com/discover/index/72>

### 1.2 Background of the problems

The shopping center is a place where there is more than one businessman who provides a variety of different categories of goods. Others are connected by one path in order to make it easier for visitors to walk from one store to another.

Day by day, the size of the shopping center area getting bigger. Based on *Properti.kompas.com*, the size of the mall has continued to grow from 37,000 square meters to 100,000 square meters in the 2000s. The development of shopping centers with various facilities not only as shopping centers, but has added entertainment facilities such as cinema, fashion, food court, children's playground, and so on, is a long evolution.

Large shopping center must take the marketing strategies in following the lifestyle and desires of consumers to keep the shopping center stay active and grow. Starting from mall occupancy level with tenants or outlets that meet the needs, market desires and trends, to create an interesting concept of events and promo shopping discounts. The main goal is to boost visitor traffic at the mall. The concept of the event and the marketing program should be interesting and acceptable for visitors. However, if it is not accompanied by proper use of media, it will not reach the proper target. Therefore, it is necessary to choose the right media and the exact budget.

Using media such as billboards, banners, brochures to the radio and TV media is quite effective for the promotion of shopping centers so far. But now the world has switched to digital media. All event information through promos is obtained by customers through smartphones. Whether it's through on Short Message Service, internet-based chat media and social media. Nowadays, technology has increasingly developed rapidly and begun to change people's lifestyles. Shopping activities that initially had to be done by going to shopping centers directly (offline), slowly began to be replaced with a digital shopping system (online). Through digital media, the public could easily participate in a forum or social network, and could easily find a complete description of a product.

The development of information technology is growing rapidly. Various business activities from small business to big business take advantage of this development to run their business. Entrepreneurs really consider the number of competitors to take part in very tough business competition. The right marketing and media strategy are used to be able to reach the target market so that the sales volume always increases and profits. One of the right marketing media for now is digital marketing. Digital marketing is a marketing medium which is currently in

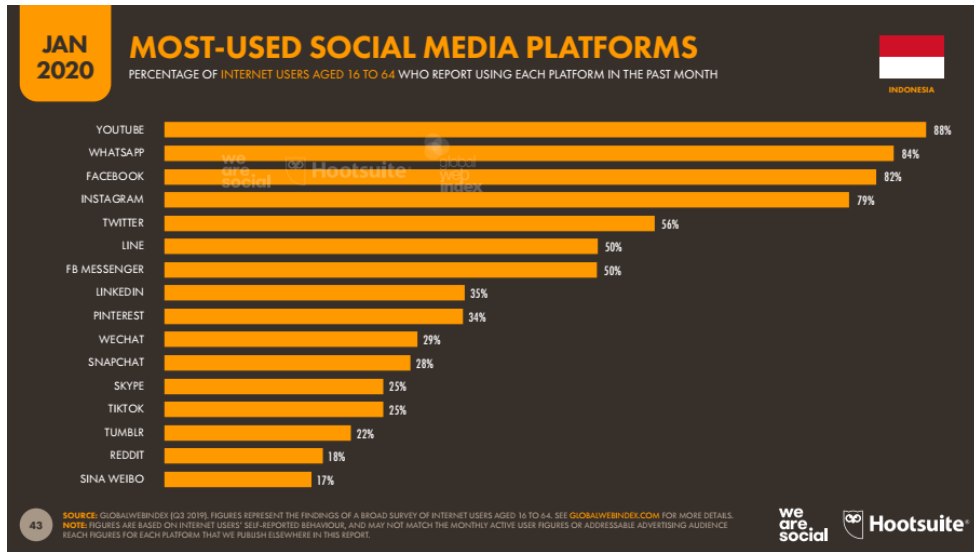
great demand by the public to support their business activities. Through digital marketing, communication and transactions can be done at any time and can be applied globally. Furthermore, the large number of chat-based social media users, which are increasing day by day, can open up wider market opportunities for small and medium-sized enterprises (SME) to develop only through smartphones (Lucyantoro& Rachmansyah,Nugraha, 2017).



**Figure 1. 2 The Population and Internet Users in Indonesia**

Source: Hootsuite (2020)

Based on Hootsuite statistics, the total population in Indonesia is 272.1 million people, with 64% of the population are internet users and 59% are active users on social media. Thus, it can be concluded that currently people can easily get new information and can easily influenced from one person to another. Through digital marketing, communication and transactions can be done in real time. Based on the number of social media users that can be seen in the picture above, further opportunities are created for business people to develop their markets in digital systems. After knowing how many active social media users are in Indonesia, now we can begin to see the behavior of internet users in Indonesia when accessing social media.



**Figure 1. 3 Most Used Social Media Platforms**

Source: Hootsuite (2020)

As shown in Figure 1.3 above, a survey conducted by We Are Social and Hootsuite stated that the active social media used in Indonesia was first achieved by YouTube by 88%, WhatsApp 84%, Facebook 82% and being pursued by Instagram by 79%. Through the use of data platforms above, can be used as a reference for business people to promote and introduce products through these platforms. It can be used to reach more people and to find out the products that we offered which is unreachable with other advertising media.

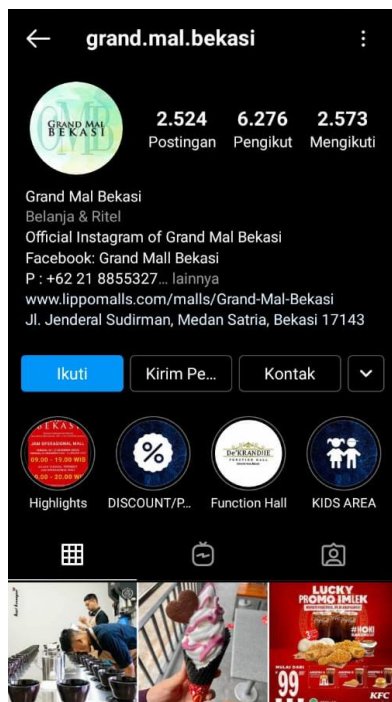


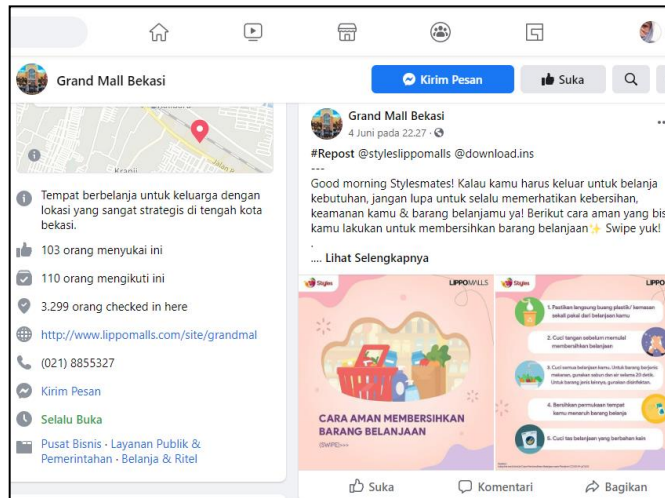
**Figure 1. 4 Ecommerce Activities**

Source: Hootsuite (2020)

Figure 1.4 Ecommerce Activities can also be seen from the data above about how Indonesian consumers actually already know how to find information about a product through the internet and then make transactions online. As many as 93% of internet users can search for the products or services they need, 90% understand how ways to visit online shopping sites through websites, and as many as 80% of internet users know how to pay for products online through their smartphones. Customer's shopping habits also experience significant changes when e-commerce is growing rapidly in Indonesia. Customers no longer need to go outside the house to get the products or services they need. Simply by utilizing a personal computer or gadget that is connected to the internet, all needs can be met. Shopping centers also have to start following the development of technology. There are already enough examples of brands forced to close their outlets due to lack of transactions while operating costs are high.

Grand Mall Bekasi uses digital marketing methods as a means of providing information in digital form such as Instagram, Facebook and Twitter because the presence of social media makes communication more effective for marketing and promotion.

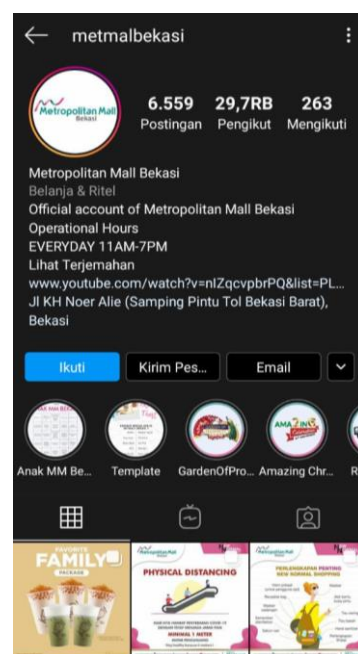
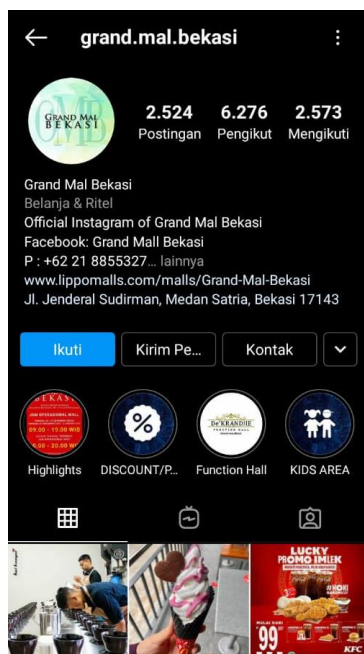




**Figure 1. 5 Social Media of Grand Mall Bekasi**

Source: Instagram, Twitter, Facebook

However, Facebook and Twitter social media used by Grand Mall Bekasi are not always updated, whereas followers can see activities in the shopping center if Facebook and Twitter posts are updated regularly. Instagram can be the main media for marketing because so far people most see Instagram to get information on menu promo updates, photos of activities, and other info. Grand Mall Bekasi Instagram is quite active in updating the latest information in its feeds. Instagram is one of the most frequently used platforms for content marketing purposes. Furthermore, it is also supported by Instagram's ability to produce video content that can be used as and Ads.



## **Figure 1. 6 Comparison of Instagram Followers**

Source: Instagram.com

The factor of followers on Instagram is also one of the values to create more trust in the shopping center that will be visited. It can be seen (based on figure 1.6) that there is a considerable difference in the number of followers between the two shopping centers above. This has become the main focus in terms of promotion in the future, where the internet is used not only as a forum for communication and searching for information, but as an online business both online shop, marketplace, and e-commerce. The figure 1.6 about Grand Mall Bekasi Instagram also shown the screenshot of Instagram Grand Mall Bekasi that always updated its Instagram feeds periodically, but its less active in updating Instagram stories and adding a variety of Instagram story highlights according to the theme. Meanwhile, it can be seen from other shopping centers that frequently update Instagram feeds and stories, such as creating stories about activities which can be done during the pandemic covid-19, provides an interesting template that can be reposted by mall visitors, a variety of entertainment and any information that is varied enough to increase interaction between Instagram followers and the shopping center.

Sawicki (2016) described digital marketing as: “It is the utilization of different means of digital technologies creating a platform which links potential customers to the firm offering to achieve their goals”. Digital marketing plays an important role to build a brand because of the fact it attracts customers. People now a days are highly attracted to digital media (Yuvaraj & Indumathi, 2018). According to previous research (Abdus Saboor Khan, Muhammad Bilal, Muhammad Saif, Muhammad Shehzad, 2020), marketers do create social media ads to increasing sells by increasing the perceive value of customers. According to Eun Young Kim (2002), digital marketing has several dimensions, namely transaction or cost, incentive program, site design, interactive.

To be able to find out consumer responses about digital marketing, the author conducted a survey of 30 visitors of Grand Mall Bekasi’s social media. The survey results can be seen in Table 1.1 below:

**Table 1. 1 Observations result (n = 30) regarding digital marketing**

Dimension	Statement	Answer	
		Yes	No
Transaction or cost	Digital marketing shortens the transaction times	90% or 27 people	10% or 3 people
Incentive program	Grand Mall Bekasi digital marketing provides clear programs and information	53,3% or 16 people	46,7% or 14 people
Site design	The digital marketing design on social media of Grand Mall Bekasi is interesting	33,3% or 10 people	66,7% or 20 people
Interactive	Digital marketing on social media at Grand Mall Bekasi helps in interacting with consumers and responding to complaints	43,3% or 13 people	56,7% or 17 people

Based on table 1.1 the results of the survey questionnaire conducted by researchers show that there are several problems in the digital marketing variable at Grand Mall Bekasi as follows:

1. Transaction dimensions with statement: Digital marketing shortens the transaction times, the results showed that 27 respondents chose to agree that digital marketing shortens the transaction times.
2. Incentive program dimensions with statement: Grand Mall Bekasi digital marketing provides clear programs and information, the result showed that 16 respondents chose to agree that digital marketing of Grand Mall Bekasi provides clear programs and information.
3. Site design dimensions with statement: The digital marketing design on social media of Grand Mall Bekasi is interesting, the result showed that 20 respondents disagreed that the digital marketing design on social media of Grand Mall Bekasi is interesting.



4. Interactive dimensions with statement: Digital marketing on social media at Grand Mall Bekasi helps in interacting with consumers and responding to complaints, the result showed that 17 respondents disagreed that digital marketing on social media at Grand Mall Bekasi helps in interacting with consumers and responding to complaints.

This shows that the observation results are in line with the researchers' observations that there are still problems found regarding digital marketing.

Service quality is therefore needed from the very beginning of the customers' journey. It is no longer sufficient to just deliver an excellent service in the consumption stage, but from the first moment of truth, that is, the point at which the potential customer shows interest in a company's offer. Wolfinbarger and Gilly (2003) define e-service quality as "the beginning to the end of a transaction, including information retrieval, website navigation, orders, customer service interactions, delivery, and satisfaction with the product ordered". Companies must be able to make online services as best and easy as possible so that consumers can quickly understand what services the company provides. Good service will get the value desired by customers, as well as providing good E-Service, a site will get the value desired by customers (Kotler, 2000 in Tjiptono, 2014: 282). By providing good value and service to customers, it is hoped that the company will be able to create satisfaction for its customers so that the company can continue to grow. Companies that take advantage of technology can change people's lifestyles through the gadgets they have. So, e-service quality is one of the variables that will be examined in relation to the application of current technology.

According to Le and Lin (2005) in Chomona et al., (2014) online customers expect a higher level of e-service quality that is higher than traditional customers. In order to meet customer expectations, companies need to understand the importance of high e-service quality in terms of online shopping and perceived value. This is due to the e-service quality and perceived value of a website considered to be the main factors affecting the internal marketing in the online business environment, Chang and Wang (2008). Two dimensions are considered in order to configure the scale: functional quality and hedonic quality. Functional components of the service provide the instrumental and practical benefits, the

hedonic attributes provide aesthetic, experiential, and enjoyment-related benefits (Chitturi et al., 2008). More recently, Yang et al (2010), proposed that hedonic quality should be included as another dimension of service quality in the E-S-QUAL scale.

To be able to find out consumer responses about service quality, the author conducted a survey of 30 visitors of Grand Mall Bekasi's social media. The survey results can be seen in Table 1.2 below:

**Table 1. 2 Observations result (n = 30) regarding service quality**

Dimension	Statement	Answer	
		Yes	No
Functional Quality	Social media of Grand Mall Bekasi makes it easy to find information of product or service that I need	76,7% or 23 people	23,3% or 7 people
Hedonic Quality	I think it is great fun to browse to the social media of Grand Mall Bekasi	43,3% or 13 people	56,7% or 17 people

Based on table 1.2 the results of the survey questionnaire conducted by researchers show that there are several problems in the service quality variable at Grand Mall Bekasi as follows:

1. Functional Quality dimension with statement: Social media of Grand Mall Bekasi makes it easy to find information of product or service that I need, the result showed that 7 respondents disagreed that social media of Grand Mall Bekasi makes it easy to find information of product or service that they need.
2. Hedonic Quality dimension with statement: I think it is great fun to browse to the social media of Grand Mall Bekasi, the result showed that 17 respondents disagreed that it is great fun to browse to the social media of Grand Mall Bekasi.

This shows that the observation results are in line with the researchers' observations that there are still problems found regarding service quality.

With the development of technology, people always want to fulfill their needs practically and easily. Therefore, companies need to provide products or services that can create good value for customers. Perceived Value which is intended to assess customer perceptions to value (Tjiptono, 2014: 310). Keeney (2009) in Chinomona et al. (2014: 332) states that "in online retailing settings, perceived customer value comes from not only the product itself, the internet channel as well as the process of finding, ordering, and receiving products." This means that the value generated from the transaction process in online services is more complex than offline transactions, because online transactions involve the service process from the electronics itself, in this case the mobile application as one of the factors that affect Perceived Value.

Zeithaml (1998) in Tjiptono (2014) defines the perception of value as an analysis of the overall consumption of a product or services based on perceptions of what is given. According to Zeithaml (1998), Bolton & Drew (1991), Parasuraman (1997) in Chang and Wang (2008), perceived value recently gaining a lot of attention from marketers because of the important roles it plays in presenting a sustainable purchasing behavior and achieving a competitive advantage. According to Anderson and Srinivan (2003) in Chang and Wang (2008), If the perceived value is low, the customer will be tending to switch to the competing business in order to increase perceived value. Therefore, it is important for Grand Mall Bekasi to increase perceived value to prevent consumers from switching to competing businesses. According to Sweeney and Soutar (2001), there are four aspects of Perceived Value stated by Sweeney and Soutar, (2001: 208) in Perwira (2016: 48) and consists of emotional value, social value, performance and price or value of money.

To be able to find out consumer responses about perceived value, the author conducted a survey of 30 visitors of Grand Mall Bekasi's social media. The survey results can be seen in Table 1.3 below:

**Table 1. 3 Observations result (n = 30) regarding perceived value**

Dimension	Statement	Answer	
		Yes	No
Emotional Value	Information about products and services on social media of Grand Mall Bekasi is beneficial	83,3% or 25 people	16,7% or 5 people
Social Value	Overall, using Grand Mall Bekasi social media is convenient	80% or 24 people	20% or 6 people
Performance	The information provided in social media of Grand Mall Bekasi has satisfied my needs and wants	40% or 12 people	60% or 18 people
Price or value of money	Overall, Grand Mall Bekasi social media has value for my money and effort	80% or 24 people	20% or 6 people

Based on table 1.3 the results of the survey questionnaire conducted by researchers show that there are several problems in the perceived value variable at Grand Mall Bekasi as follows:

1. Emotional value dimension with statement: Information about products and services on social media of Grand Mall Bekasi is beneficial, the result showed that 5 respondents disagreed that Information about products and services on social media of Grand Mall Bekasi is beneficial.
2. Social value dimension with statement: Overall, using Grand Mall Bekasi social media is convenient, the result showed that there are 6 respondent who disagreed that using Grand Mall Bekasi social media is convenient.
3. Performance dimension with statement: The information provided in social media of Grand Mall Bekasi has satisfied my needs and wants, the result showed that there are 18 respondent who disagreed that the

information provided in social media of Grand Mall Bekasi has satisfied their needs and wants.

4. Price or value of money dimension with statement: Overall, Grand Mall Bekasi social media has value for my money and effort. The result show that there are 6 respondent who disagreed that Grand Mall Bekasi social media has value for their money and effort.

Not only from the result of survey research, researchers also found information about the reviews of Grand Mall visitors who claimed to be dissatisfied after visiting the Grand Mall Bekasi.

### Grand Mall Bekasi

Jl. Sultan Agung Jl. Jend. Sudirman, Kranji, Kota Bks, Jawa Barat

4,1 ★★★★★ 146 ulasan

Urutkan menurut: Paling relevan

Semua bioskop 5 angkutan 4 tempat parkir 4 strategis 4 angkot 3

**Mathew AM**  
Local Guide · 390 ulasan · 3.328 foto  
2 tahun lalu

★★★★★  
Grandmall Bekasi saat ini sudah menjadi milik grup Lippo, dimana selain ada Hypermart juga sebentar lagi ada klinik Siloam untuk fasilitas BPJS Kesehatan. Meski tempatnya terbilang lumayan strategis namun karena letak jalan masuknya tidak baik jadi mall ini seakan-akan mall yang kurang pengunjung dan kurang terawat sehingga mall ini terkesan kumuh dan kotor layaknya kelas ITC padahal bila manajemen mau bersikap profesional sebenarnya mall ini memiliki potensial yang cukup bagus, sekedar masukan juga harap Air Conditioning diperbaiki karena ada beberapa bagian Air Conditioning tidak menyala. 🙄🙄🙄 ... ???



### Grand Mall Bekasi

Jl. Sultan Agung Jl. Jend. Sudirman, Kranji, Kota Bks, Jawa Barat


4,1 ★★★★★ 146 ulasan

Urutkan menurut: Paling relevan

Semua bioskop 5 angkutan 4 tempat parkir 4 strategis 4 angkot 3

**Asri Hartani**  
Local Guide · 294 ulasan · 1.949 foto  
2 tahun lalu

★★★★★  
Pertama Kali datang mall ini, sepi pengunjung, putar putar sampai lantai 4 food court pesan menu bnyk yang kosong Tak teesedia, kecewa deh



### **Figure 1. 7 Visitor’s review about Grand Mall Bekasi**

Source: google reviews

It can be seen from the reviews of visitors in Figure 1.7, the mismatch of visitors' expectations of the Bekasi Grand Mall could have been due to the digital marketing content and service quality provided by Grand Mall Bekasi not in accordance with the reality when visiting the Grand Mall directly.

This research in line with previous research that conducted by Abdus Saboor Khan, Muhammad Bilal, Muhammad Saif, Muhammad Shehzad (2020) with title “Impact of Digital Marketing on Online Purchase Intention: Mediating Effect of Brand Equity & Perceived Value” the result of this research shows that Perceived value mediated the effect of digital marketing on purchase intention and also in line with previous research that conducted by Jasmina Berbegal-Mirabent, Marta Mas-Machuca and Frederic Marimon (2016) with title “Antecedents of online purchasing behaviour in the tourism sector” the result of this research shows that service quality have a positive influence on perceived value.

Based on the description above of this research, the authors are interested in researching more deeply by taking the title of the study "The Effect of Digital Marketing and Service Quality on Perceived Value in Grand Mall Bekasi”

#### **1.3 Research Questions**

Based on the background described above, the research questions in this study are:

- 1) How does digital marketing in Grand Mall Bekasi?
- 2) How does service quality consist of functional quality and hedonic quality in Grand Mall Bekasi?
- 3) How is the perceived value in Grand Mall Bekasi?
- 4) How is the effect of digital marketing on perceived value in Grand Mall Bekasi?
- 5) How is the effect of service quality consist of functional quality on perceived value in Grand Mall Bekasi?
- 6) How is the effect of service quality consist of hedonic quality on perceived value in Grand Mall Bekasi?

## **1.4 Research objectives**

Based on the identification of these problems, the research objectives are:

- 1) To find out and analyze the digital marketing in Grand Mall Bekasi
- 2) To find out and analyze the service quality consist of functional quality and hedonic quality in Grand Mall Bekasi
- 3) To find out and analyze the perceived value in Grand Mall Bekasi
- 4) To find out and analyze the effect of digital marketing on perceived value in Grand Mall Bekasi
- 5) To find out and analyze the effect of service quality consist of functional quality on perceived value in Grand Mall Bekasi
- 6) To find out and analyze the effect of service quality consist of hedonic quality on perceived value in Grand Mall Bekasi

## **1.5 Benefits of Research**

### **1.5.1 Theoretical Benefit**

The results of this study are expected to develop and apply knowledge about marketing that has been obtained in lectures, and is expected to contribute thoughts on the effect of digital marketing and service quality content conducted by shopping centers.

### **1.5.2 Practical Benefit**

This research is expected to be used as input and information material for the Grand Mall Bekasi in improving Digital Marketing and service quality. From the results of this study, it is expected that the industry can develop and evaluate its business strategy and be able to maintain and increase the number of customers.

## **1.6 Systematics of Writing**

To facilitate the reader in understanding the contents contained in this thesis, the thesis research systematic is arranged as follows:

## **CHAPTER I. INTRODUCTION**

In this section an overview of the research object is object of the research, the background of the research, the identification of the problem, research purposes, the benefits of the research, and the systematic writing.

## **CHAPTER II. LITERATURE REVIEW**

This chapter discusses the theoretical basis, previous research, and framework.

### **CHAPTER III. RESEARCH METHODS**

This chapter describes the types of research and data sources, stages of research, populations and samples, data collection and data sources, validity and reliability, data analysis techniques.

### **CHAPTER IV. RESEARCH RESULTS AND DISCUSSION**

This chapter contains the results of research and analysis on the effect of digital marketing and service quality on perceived value in Grand Mall Bekasi.

### **CHAPTER V. CONCLUSIONS AND SUGGESTIONS**

This chapter contains conclusions from the results of research and suggestions for improvement for the company and further development for further research.