



## Does Financial Strategies Is The Reason of Customer Loyalty At Indogrosir In Surabaya?

<sup>1</sup>Yolanda Soedibyo, <sup>2</sup>Go George Herbert

<sup>1</sup>Pelita Harapan University, Surabaya Campus,

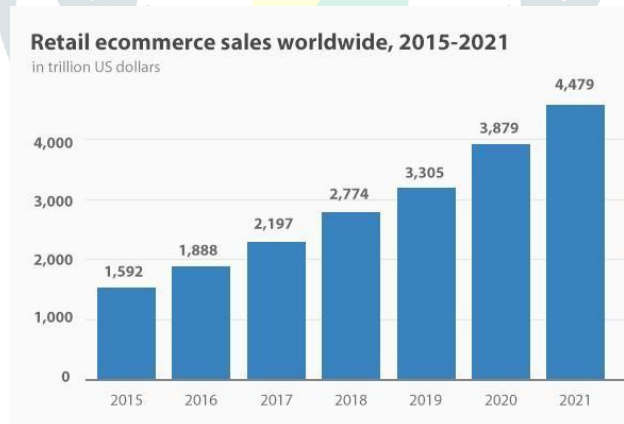
<sup>2</sup>Pelita Harapan University, Surabaya Campus,

**Abstract:** Every company strives to provide the best service and facilities so that consumers are satisfied with the service. The better the service, the more comfortable the customer will be and continue to use the company's products, even recommending them to their colleagues. It is important to pay attention to improving the quality of the company in the midst of intense business competition in the world. In addition, the success of a company is also triggered by its orientation to win the hearts of consumers by prioritizing their satisfaction. Consumer behavior is considered satisfactory if their response is almost no criticism. However, others consider that consumer concern is by responding to management improvements. In this study, the respondents collected were 100 customers of Indogrosir in Surabaya according to the characteristics of respondents using the snowball technique. Based on the analysis is that from five hypotheses, all hypotheses are supported.

**Terms- Financial Strategies, Basic Operation, Intermodal Operation, Social Strategies, Customer Satisfaction, Customer Loyalty**

### 1. INTRODUCTION

When a country experiences economic problems it will be able to affect various other sectors and can interfere with human survival. The trade sector is one of the important elements supporting the improvement of the country's economy, as well as what happened in Indonesia. Developed countries will be characterized by the increasingly rapid development of the business world and this will make competition in the business world even tighter. Below is data on retail developments in the world, where the image below shows significant retail progress.



**Figure 1. Retail E-Commerce Sales Worldwide 2015-2021**

Source: <https://lebihkeren.co/grafik-pertumbuhan-bisnis-ritel-di-indonesia-20417123>

In the world of commerce, consumers are an important element, because consumers are also called users of goods and services. To meet their needs, consumers tend to look for consumer goods (goods or services). Before buying an item, they usually consider several things, such as product quality and a particular store or company. For a company to understand some of these things is very important, because the success of product marketing must indicate several considerations that are usually carried out by consumers. Therefore it is important to develop an attractive marketing strategy to grab their attention (Simamora, 2006). The success or failure of a company needs support or motivation from its employees and various parties who contribute. One of the things to improve the quality of the company is to pay attention to the quality of service that starts from the provision of needs to satisfaction (Tjiptono, 2010).

Indogrosir is retail stores spread across major cities in Indonesia, which provide merchandise for MSMEs or retail traders such as stalls, grocery stores, and minimarkets (retail) and also provide goods for daily needs for all the general public (End user). Indogrosir was first established in Cipinang in 1993. Since then, Indogrosir has become a solution for MSMEs/retailers in obtaining merchandise easily, saving time and costs, so as to increase profits and competitiveness of the goods they sell. Currently, Indogrosir has 27 outlets spread across major cities in Indonesia.

Based on the description above, this research will discuss factors that affect the customer loyalty of Indogrosir in Surabaya. To see any factors that affect customer loyalty, customer satisfaction will be used as a variable intervention. This study, will investigate whether Financial Strategies, Basic Operation, Intermodal Operation, Social Strategies, and Customer Satisfaction have a positive effect on Customer Loyalty to the Indogrosir in Surabaya.

## 2. LITERATURE REVIEW

### 2.1 Financial Strategies

Price or price according to Alma (2011), is a monetary unit or another measure (including other goods and services) that is exchanged in order to obtain ownership rights or use of goods and services so as to cause consumer satisfaction. According to Assauri (2014), price is the only element of the marketing mix that generates sales revenue, while the other elements are only cost elements. Meanwhile, Kotler & Armstrong (2016) defines Price with the sentence: "Price the amount of money charged for a product or service, or the sum of the value that customers exchange for the benefits of having or using the product or service". Where price is the amount of money issued for a product or service or the amount of value exchanged by consumers to obtain benefits or ownership or use of a product or service. And Mahmud (2010) also defines price as the amount of money charged for services. From these statements, we can make hypotheses that:

H<sub>1</sub>: Financial Strategies have a positive significant effect on Customer Loyalty.

### 2.2 Basic Operation

According to Kannan (2011), basic operations is that there is always a place for customers where the expedition service continues to serve well despite the large number of goods. According to Balci, G., Caliskan, A. and Yuen, K.F. (2019), basic operations support customers to provide service priority where this is related to service quality. What is meant by service quality is an effort to balance consumer expectations and fulfill consumer expectations (Tjiptono, 2010). Kotler and Keller (2016) define service quality as the level of service that can be provided to customers so as to meet customer expectations, and this service quality can be realized through the fulfillment of customer desires and accuracy to offset customer expectations. The same thing was also expressed by Ratnasari and Mastuti (2011) that service quality is a measure of how far the difference is between reality and consumer expectations for services obtained or received by consumers. From these statements, we can make hypotheses that:

H<sub>2</sub>: Basic Operation has a positive significant effect on Customer Loyalty

### 2.3 Intermodal Operations

According to Kannan (2011), intermodal operations are a company's ability to regulate the availability of land transportation. The same thing was also stated by Hoffman & Batteson (2001), intermodal operations are services that combine land and sea operations. In this case it is associated that intermodal operations are a competitive advantage for companies where they compete to provide products, in this case the intended product is delivery services. According to Sangadji (2013), product is everything that is offered to the market with the aim of fulfilling consumer desires. The product offered can be a service. Meanwhile, according to Stanton (1996), a product is a collection of both tangible and intangible attributes, which consist of color, price, quality, brand, service, and sales reputation. From these statements, we can make hypotheses that:

H<sub>3</sub>: Intermodal Operations has a positive significant effect on Customer Loyalty

### 2.4 Social Strategies

Gremler & Gwinner (2000), argue that social strategies are very important activities carried out by companies to improve sustainable relationships with customers, and aim to increase loyalty through the exchange of information. Peltier and Westfall (2000) emphasized that social strategies are preventions that aim to reduce the possibility of losing customers due to competitive prices. Social strategies are strategies based on responsibility to customers that can help companies develop corporate images and improve existing relationships with customers (Maloni, 2009). Firmansyah (2019), argues that social strategies can be carried out through visits and calls to customers. Kannan (2011) argue that social strategies can be carried out by giving gifts to lucky customers. From these statements, we can make hypotheses that:

H<sub>4</sub>: Social Strategies has a positive significant effect on Customer Satisfaction

### 2.5 Customer Satisfaction

Customer Satisfaction is an assessment of service satisfaction with expectations or before it occurs and an evaluation or after it occurs (Hill et al., 2016). According to Fornell (1992), customer satisfaction is an overall evaluation based on purchases and consumer experience when using an item or service from time to time. Roest and Pieters (1997), argue that customer satisfaction is an intermediary that can represent a company's evaluation of price and quality. Oliver (1980), revealed that customer satisfaction is the satisfaction received by customers when they receive goods that exceed expectations. Anderson & Srinivasan (2003) provide an easier definition, where customer satisfaction is the satisfaction that customers receive so that they make repeat purchases. From these statements, we can make hypotheses that:

H<sub>5</sub>: Customer Satisfaction has a positive significant effect of Customer Loyalty

### 2.6 Customer Loyalty

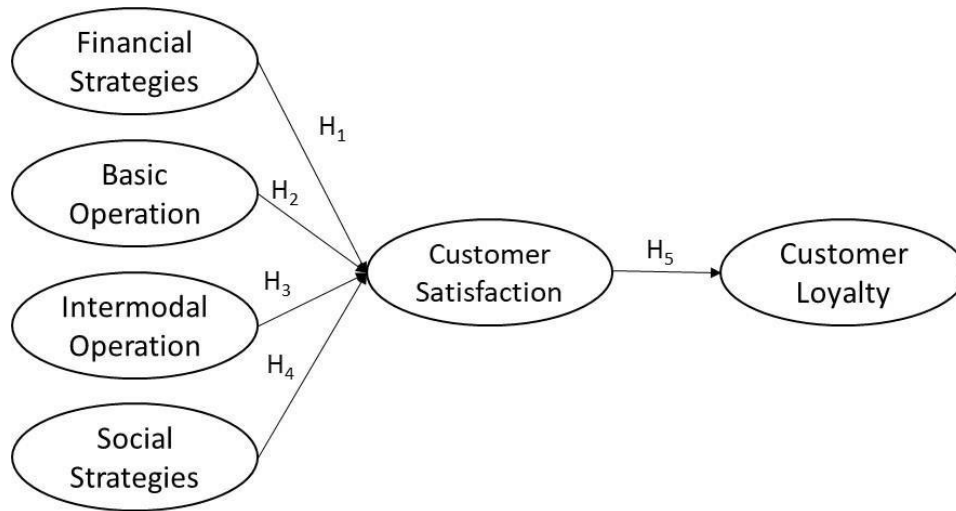
According to Gremler and Brown (1996), customer loyalty is a concept that is measured through purchases, attitudes, and cognition. Prasetyo dan Oetarjo (2017) also argue that customer loyalty is a concept that is seen based on repeat purchase behavior. Jacoby and Chestnut (1978), emphasized that customer loyalty can also be seen from the proportion of purchases and the possibility of purchases. According to Liljander and Strandvik (1993), customer loyalty is defined as the frequency of purchases over a certain period of time. Meanwhile, according to Backman and Crompton (1991), customer loyalty is the proportion of purchases over a

certain period of time. Kahn, Kalwani, and Morrison (1986) argue that customer loyalty is customer behavior caused by the order of purchase and the possibility of purchase.

**3. RESEARCH ISSUES AND METHODOLOGY**

**3.1 Research Issues**

The research model used can be seen below:



**Figure 2. Research Model**

The type of approach used in this study is a quantitative approach. The population used is users of Indogrosir in Surabaya. The sampling technique used is non-probability sampling using a questionnaire as a tool major in data collection. In this study, researchers will use snowball sampling techniques, where researchers choose respondents who will help researchers to distribute and fill out questionnaires. In this study respondents collected were 100 users of Indogrosir in Surabaya according to the characteristics of respondents. Research model can be seen below

**4. FINDINGS AND DISCUSSION**

**4.1 Findings**

This study used Multiple Regression in testing between the variables. Statistical analysis tool used to answer the problem formulation of this research is SPSS 22.0. Once the questionnaires were returned, the next step that must be conducted is descriptive statistical analysis.

In Table 1, it shows that respondents who fill out questionnaires are mostly done by women, this can be seen from 63 respondents (63%) of respondents who use Indogrosir while 37 respondents (37%) are men. This indicates that users of Indogrosir in Surabaya mostly is female.

**4.1.1. Validity Test**

Based on the data validity test from Table 1, it is evident that all indicators used to estimate each variable are valid, because the factor loading value for each question is more than 0.160 (critical r).

Table 1. Validity Test											
Indicator	FL	Indicator	FL	Indicator	FL	Indicator	FL	Indicator	FL	Indicator	FL
Financial Strategies			Basic Operation			Intermodal Operation			Social Strategies		
FS1	.442	BO1	.457	IO1	.464	SS1	.634	CS1	.625	CL1	.587
FS2	.524	BO2	.645	IO2	.674	SS2	.761	CS2	.544	CL2	.619
FS3	.614	BO3	.546	IO3	.712	SS3	.768	CS3	.641	CL3	.726

Source: own calculation

**4.1.2. Reliability Test**

The results of the reliability test are as follows:

Variable	Cronbach's Alpha Based on Standardized Items
Financial Strategies	.847
Basic Operation	.794
Intermodal Operation	.845
Social Strategies	.776
Customer Satisfaction	.741
Customer Loyalty	.768

Source: own calculation

From table 2, it can be proven that all Cronbach alpha regression values are higher than 0.60. Thus, it can be concluded that the statements that develop these variables are consistent/reliable and can be used for further analysis.

The results of multiple regression are as follows:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.149	.323		-1.341	.381
	FS	.791	.021	.854	4.147	.000
	BO	.736	.047	.747	4.951	.000
	IO	.715	.065	.612	4.346	.000
	SS	.778	.087	.768	4.475	.000

a. Dependent Variable: CS

Source: own calculation

Based on table 3, independent variables have positively influence towards Customer Satisfaction. Fromtable 3, the regression equation can be written as follows:

$$CL = b1FS + b2BO + b3IO + b4SS$$

$$CL = 0.854CS + 0.747BO + 0.612IO + 0.768SS$$

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.144	.341		-1.387	.347
	CL	.741	.041	.757	4.221	.000

a. Dependent Variable: CL

Source: own calculation

Based on table 4, Customer Satisfaction have positively influence towards Customer Loyalty.

Customer Satisfaction has regression coefficient is 0.757.

From table 4, the regression equation can be written as follows:  $CL = b5CS$

$$CL = 0.757CS$$

**F-test:-**

Based on the calculation of SPSS, the significance of F test value in the model 1 and model 2 are 0.000, so it can be concluded two model's independent variables together influencing dependent variable significantly.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.157	4	17.157	73.574	.000 <sup>b</sup>
	Residual	44.324	194	.184		
	Total	87.372	191			

a. Dependent Variable: CS

b. Predictors: (Constant), FS, BO, IO, SS, CS, CL

Source: own calculation

Source: own calculation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.514	1	36.371	222.454	.000 <sup>b</sup>
	Residual	43.774	192	.168		
	Total	114.742	193			
a. Dependent Variable: CL						
b. Predictors: (Constant), CS						
Source: own calculation						

Source: own calculation

#### t-test:-

Below is the result of the t-test:

##### 1. Financial Strategies, Basic Operation, Intermodal Operation, and Social Strategies for Customer Satisfaction

The t-test was used to determine whether the independent variables of Financial Strategies, Basic Operation, Intermodal Operation, and Social Strategies (independently) have a significant influence on Customer Satisfaction. If the value of the t-test is below 0.05, then it can be stated that the variable is significantly influenced partially. From table 5, it can be seen that all independent variables have a significant influence on Customer Satisfaction.

##### 2. Customer Satisfaction to Customer Loyalty

The t-test was used to determine whether the independent variable's Customer Satisfaction partially (independent) has a significant influence on Customer Loyalty. If the value of the t-test is below 0.05, then it can be stated that the variable is significantly influenced partially. From table 6, it can be seen that Customer Satisfaction has a significant influence on Customer Loyalty.

3. From table 3, it can be seen that there is no correlation between independent variables because the correlation value is higher than 0.1 and the VIF value is less than 10. The results of the t-test sig show that the five hypotheses are supported because the t-test is lower than 0.05. From the standard coefficient results, it can be seen that Financial Strategies have the highest influence on Customer Satisfaction. Meanwhile, Intermodal Operation has a lower effect on Customer Satisfaction.

#### 4.2. Discussion

In order to investigate customer loyalty among Indogrosir users in Surabaya, this model was created. The financial strategies, fundamental operations, intermodal operations, and social strategies developed a relationship that has a favorable and significant impact on customer satisfaction. Moreover, customer loyalty is positively and significantly impacted by customer satisfaction. The conclusion is that all of the five hypotheses that were offered are supported.

According to the study's findings, aspects including financial strategies, basic operations, intermodal operations, and social strategies are very significant since they significantly impact how devoted customers are to Indogrosir in Surabaya. Thus, such variables must be the focus of the managerial implications.

The theories that have been created can be used to explain the managerial implications of these findings. First, one of the crucial factors that affect how loyal a consumer is their degree of satisfaction. One way for people, particularly Surabaya residents, to make shopping simpler is through Indogrosir. Hence, in order for Indogrosir always be well welcomed by clients, Indogrosir must give cheap rates considering that Indogrosir does sell items in huge numbers. Buyers from Indogrosir include business purchasers who process and resell the products in addition to final consumers. As a result, Indogrosir must be able to meet their requirements for shopping, including quick payment handling, big trolleys, and simple access for customers to bring goods to their vehicles. In addition, Indogrosir can provide a variety of worthwhile incentives to make business buyers feel as though they can make a significant profit by purchasing goods from Indogrosir.

Second, one of the factors that can boost customer satisfaction for Indogrosir clients is financial strategies. Indogrosir can do a lot of things, like introducing a variety of ways to make it simpler for customers to make payments, to improve Financial Strategy. It is true that Indogrosir is designed to sell things in huge quantities to make it more difficult to make cash payments. By providing a simple method of payment, consumers will feel more at ease making purchases. Also, as Indogrosir offers discounts in huge numbers, the discount must be unique from those of other retailers that sell items in units. This substantial discount may further entice customers to make more expensive purchases.

Third, the factor that affects customer satisfaction variables is basic operation. Indogrosir might take a number of steps to enhance intermodal operations in order to increase customer satisfaction, including updating with the newest products. Since that the majority of consumers in Indogrosir are entrepreneurs, it goes without saying that they must keep up with fashion trends in order to maintain their businesses. In the end, Indogrosir would lose their potential clients if they don't sell fresh versions of their products because it will make the businessman unable to keep up with trends. Also, Indogrosir's commercial partners must continue to cooperate. This is essential to prevent commercial customers from feeling ignored, especially given that they frequently purchase big amounts of goods. It is intended that by building strong relationships, customers would be able to offer feedback and suggestions to help Indogrosir advance in a more positive way.

The fourth factor that affects customer satisfaction is intermodal operation. According to the study's findings, Indogrosir can provide consumers with applications and delivery options that make them feel comfortable and at ease when using the company for their delivery needs in order to boost intermodal operations. Customers of Indogrosir would believe that Indogrosir gives the quickest and easiest delivery when they can effectively use the application and experience its efficiency. Indogrosir can make customers pleased and will use it to improve their purchasing experience because of how quickly and easily it operates. In addition, because Indogrosir serves purchases in large quantities, Indogrosir can also provide a large fleet to enable shipments to occur at an adequate price so that buyers do not feel that their profits are getting smaller when products are delivered by Indogrosir.

Fifth, the Consumer Satisfaction variable is also influenced by Social Strategies. Also, Indogrosir can focus on a number of factors that help to directly or indirectly raise customer satisfaction in order to boost Social Strategies. As particular holidays are coming, an Indogrosir can continue the promotion. Indonesia, a country with many different cultures, holds numerous celebrations all the time. Also, this affects Indogrosir customers who start their own enterprises. When Indogrosir hosts a special event to mark the beginning of a holiday and offers a lot of discounts, it encourages business customers to shop there as well to support holidays that are also

attended by business customers.

## 5. CONCLUSION

The results of this study shows that the variables which Financial Strategies, Basic Operation, Intermodal Operation, and Social Strategies have positive and significant effects on Customer Satisfaction. Also, Customer Satisfaction have a positive and significant effect on Customer Loyalty. So, the conclusion is that from five proposed hypotheses, all of hypotheses are supported.

The first hypothesis indicates that Financial Strategies has a positive significant effect on Customer Satisfaction is supported. The first hypothesis stating that Financial Strategies has a positive effect on Customer Satisfaction is supported because the t test value is 0.000, below 0.05. This shows the consistency results of this study with Balci, G., Caliskan, A. dan Yuen, K.F. (2019) that states that Financial Strategies have a significant positive effect on Customer Satisfaction.

The second hypothesis stating that Basic Operation has a positive significant effect on Customer Satisfaction is supported. The second hypothesis indicates that Basic Operation has a positive effect on Customer Satisfaction is supported because the t test value is 0.000, below 0.05. This shows the consistency results of this study with Balci, G., Caliskan, A. dan Yuen, K.F. (2019) that states that Basic Operation have a significant positive effect on Customer Satisfaction.

The third hypothesis stating that Intermodal Operation has a positive significant effect on Customer Satisfaction is supported. The third hypothesis indicates that Intermodal Operation has a positive effect on Customer Satisfaction is supported because the t-test value is 0.000, below 0.05. This shows the consistency results of this study with Balci, G., Caliskan, A. dan Yuen, K.F. (2019) that states that Intermodal Operation have a significant positive effect on Customer Satisfaction.

The fourth hypothesis indicates that Social Strategies have a positive significant effect on Customer Satisfaction is supported. The fourth hypothesis stating that Social Strategies have a positive effect on Customer Satisfaction is supported because the t-test value is 0.000, below 0.05. This shows the consistency results of this study with Balci, G., Caliskan, A. dan Yuen, K.F. (2019) that states that Social Strategies have a significant positive effect on Customer Satisfaction.

The fifth hypothesis indicates that Customer Satisfaction has a positive significant effect on customer loyalty is supported. The fifth hypothesis stating that Customer Satisfaction has a positive effect on customer loyalty is supported because the t-test value is 0.000, below 0.05. This shows the consistency results of this study with Balci, G., Caliskan, A. dan Yuen, K.F. (2019) that states that Customer Satisfaction have a significant positive effect on customer loyalty.

## 6. RESEARCH LIMITATIONS

The only country that this study is limited to looking at is Indonesia. Future studies can focus on other nations where there are geographical variations that may be more interesting for study. We only include respondents who are Surabaya residents. More areas of research may evolve in the future. Also, the sole research item used in this study is the Indogrosir; utilizing another object could lead to unexpected results.

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