Modern Market Customer Loyalty: Advertising Promotion Strategies

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ABSTRACT

This study is focused on the relationship between advertising promotion strategies and customer loyalty in the modern market. This study seeks to explain the advertising promotion strategy if successfully carried out by the modern market, with the hope of creating loyal customers. This research was conducted on modern market customers in Ciamis. Ciamis is one of the regions in Indonesia, which is the same as other regions there are several modern markets with a variety of character of its customers. The study is based on the statements of several experts, which explain the customer relationship with various retail business promotion strategies. The model used in this study as an analysis tool is simple regression to illustrate how the relationship between advertising promotion strategies and customer loyalty. The results obtained are that there is an influence of advertising promotion strategies on customer loyalty, with the magnitude of influence is 27.5%, while as many as 22.5% are influenced by other factors not examined in this study.

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1. Introduction

Marketing activity is a function that directly determines the company's goals and activities that have the intention to introduce, distribute and sell products so that the activities include internal as well as company external (Kotler, 2015; Pradana, Slamet & Andrianto, 2018). Marketing is a social and managerial process, where individuals or groups have a goal to meet their needs and desires through creativity, innovation, offering and exchanging product values with others (Kotler, 2015; Mardiana & Kasim, 2016; Gregorio et al, 2019). The most fundamental concept of marketing is how companies strive to meet customer needs and satisfaction through internal and external environmental analysis (Walker, 1999; Brady, Fellenz & Brokes, 2008).

There is a change in the trade paradigm in Indonesia, at this time in addition to the existence of traditional markets, but also has developed a modern market, which gives comfort to customers and provides choices about the diversity of products sold (Anggia, Kawet & Ogi, 2015; Reynaldi & Suprapti, 2017). With the development of modern markets today, the core concepts, trends, and marketing tasks have also changed significantly. The core concept of marketing is to create a strong foundation for marketing management and holistic marketing orientation, as well as adaptation to environmental conditions and human habits (Kotler, 2015, Sanclemente-Tellez, 2017).

In the current era of globalization has triggered very tight competition among entrepreneurs, such as retail companies, or even between individuals, thus demanding competition based on creativity and innovation. In fact, with the increasingly integrated economy in the world, almost all companies, especially retail businesses will face critical, fastidious and demanding customers, service quality and product quality. Such customers always demand quality and better quality, low prices, timely supply, and excellent service, attractive and much-liked packaging so as to show a reciprocal relationship between customers and retailers (Duffy, 2005; Levy & Weitz, 2007). Thus only retail companies that are efficient, effective, productive, creative and innovative will be able to survive and even win in the competition. While those who are unable to compete will experience setbacks and do not even close the possibility of going bankrupt, because their customers turn to other companies that are better at various factors that can satisfy their customers (Putra, 2012).

With this condition, retail businesses in Indonesia have experienced rapid development in recent years with a variety of formats and types, especially the growth of minimarkets with a variety of strategies that are implemented in order to be able to compete. This proves that growth in the field of trade, especially retail business is increasing rapidly. This is as a result of the development of manufacturing businesses as suppliers of goods and open market opportunities, as well as government efforts through policies to encourage the development of retail businesses (Amir, 2004; Triyono, 2006). The role of government in protecting national retail, through its policies regulated in other laws or regulations. Until now, retail companies in Indonesia are still controlled by foreign investors, where foreign investment in Indonesia is in the form of 1) franchise system partnerships such as Body Shop, JC Penney, and Mark & Spencer;
2) joint operations - KSO (technical assistance) such as Sogo and Seibu, and 3) partnerships with small entrepreneurs (joint ventures) (Utami, 2008).

The retail business as a business that is difficult to differentiate, so that retail requires efforts to maintain good relations to realize customer retention and loyalty. Relationship efforts are active retail businesses in contributing to consumer expectations. These efforts are aimed at realizing customer retention through the delivery of core products and services so that there will be ongoing relationships or customer loyalty. In general this effort is difficult for traditional markets to do. Modern markets that are currently growing and developing in Indonesia consist of two forms, namely minimarkets and store. With the new rules and paradigms, it will trigger intense competition between traditional markets and traditional markets, as well as between modern markets and others.

But one of the indicators in this study that the author will disclose is one of the marketing mix, namely the promotion mix. Promotion mix is a promotional tool that we are familiar with including advertising activities, personal sales, sales promotions, public relations, word of mouth, direct marketing, and publications, (Lupiyoadi & Hamdani, 2008). The problem that can be answered through this study is how the influence of advertising promotion strategies on customer loyalty in modern markets. This research was conducted on modern market customers in Ciamis, where the area is one of the regions in Indonesia which is the same as other regions having a modern market with a variety of customer characteristics.

2. Literature Review

a. Advertising Promotion Strategy

In terms of the marketing mix, marketing promotion or communication is thought to contribute to the creation of customer perceptions that will shape customer value so that it will directly or indirectly influence the development of customer loyalty (Abril, Rodriguez-Cánovas, 2016; Bigné, Borredá, & Miquel, 2013; Bonfrer & Chintagunta, 2004; Collins-Dodd & Lindley, 2003). This assumption is very logical because, in the current era of information technology, communication becomes an important tool in order to offer a product or service. One of the factors that influence the demand for products or services is the right promotion to introduce products or services offered to consumers (Blut, Teller & Floh, 2018; Miquel-Romero, Caplliure-Giner, & Adame-Sánchez, 2014).

The marketing strategy can state that the promotion strategy in marketing is an effort of a product-producing company to direct someone or the community to get to know the company's products, then understand them, change attitudes, like and believe until finally buying and always remembering the company's products (Tjiptono, 2008). Associated with promotions conducted at trading companies, the advertising promotion strategy in trade is marketing management efforts to spread information about the existence and diversity of products offered, influence customers through providing an understanding of the market mix so that customers change attitudes to like and believe in the existence and quality of products and service to then buy the product repeatedly.

Promotion according to Tjiptono (2008) is a form of communication through marketing
activities that seek to spread information about products, influence or persuade customers, and / or remind target markets to be willing to accept, buy, and be loyal to the products offered by the company. The purpose of promotion was also stated by Rossiter and Percy in Tjiptono (2008) by classifying promotional objectives as the effect of communication as follows: 1) Growing customer perception of a need; 2) Introducing and providing understanding of products to consumers; 3) Encourage the selection of a product; 4) Persuading consumers to buy products; 5) Balance the weaknesses of other marketing mix elements; 6) Embed product and company image.

Associated with the stages in the product purchase process, marketing promotion activities contribute to the appearance of the following in prospective buyers: 1) Be aware of the products offered, and like to try to find out more; 2) Try to compare with his expectations; 3) Take the action of buying or not buying; 4) Follow up through buying back or changing brands. In an effort to assess the objectivity of the decision making to use promotional media, Tjiptono (2008) suggests five criteria that should be used as a basis for assessment. The five criteria are: 1) Thoroughness, namely the decision to select the media based on the process of considering all aspects of interests; 2) Progressiveness, which is the maximum impact of selecting a media; 3) Measure mindedness, namely decision making has taken into account aspects of exposure, such as frequency, audience quality, reach, and so on; 4) Practically, i.e. media selection has been based on facts, not on an emotional basis; 5) Optimistic, the media selection process provides input for the decision making experience.

Advertising is the first order and plays a big role among all tools in the promotional mix, especially for large retailers. Advertising is usually implemented by retailers with the aim of providing information about products, persuading, and reminding customers (Utami, 2008). Advertising is one of the promotional mix media, which aims to introduce brands and products to customers or to influence people to buy and be loyal to the company. Advertising is any form of non-personal presentation and promotion of ideas, goods, or services by certain sponsors that must be paid for. Advertising can be a cost-effective way to spread the message, whether to build brand preferences or to educate people so that they want to make a purchase of a product (Kotler, 2015).

b. Customer Loyalty

Service loyalty is more likely to be felt by customers from the company than customers of real products. Then according to Macintosh and Lockskin (1997) states that service loyalty is more dependent on the development of interpersonal relationships as opposed to loyalty with real products. This means that service loyalty depends more on the development of interpersonal relationships as opposed to loyalty to real products. Furthermore, according to Zeithaml et al (2000), the influence of risk is greater in terms of service, because customer loyalty can act as a barrier for mobile behavior towards a product. This means that the influence on customer loyalty is greater in service products rather than tangible products. This is confirmed again in the opinion of Snyder & Gengestad (1986) which states that loyalty is more prevalent among service customers than among real product customers. The point has indeed been proven that cus-
Customer loyalty is greater for service product customers than for real product customers. Thus, real characteristics such as reliability and trust play a major role in fostering or maintaining customer loyalty to the company.

Loyalty according to Liljander (1995) is often defined as actual behavior and encourages the performance of service organizations, but behavioral measures such as bulk purchases are criticized for lacking a conceptual basis and having a narrow understanding of views that are focused on results about highly dynamic processes. For example, a low degree of repurchase of certain services may be the result and situation factors such as infidelity, the search for varieties and the lack of buyer choice. Loyal customers are intangible assets that are very valuable to companies in increasing profitability. To be able to make loyal customers, companies must be able to win new customers and retain these customers. There needs to be a high level of commitment both in terms of funds and human resources so that the quality of the product is truly in accordance with the wishes of the customer. If the customer is satisfied, it is hoped he will not switch to another company (Blackwell, Miniard & Engel, 2001).

Kotler (2015) suggests that satisfaction is a personal feeling about pleasure or disappointment that results from comparing product performance with expectations. Macintosh & Lockskin (1997) states that service loyalty is more dependent on developing interpersonal relationships as opposed to loyalty with real products compared to service products. This means that service loyalty is more dependent on the development of relationships between people who are dealing with or in conflict with the loyalty of tangible products. At a time when competition conditions have become sophisticated or even chaotic, the marketing war has become a war of values. Therefore it is not enough for the marketing company to concentrate solely on customer satisfaction, but more than that the final goal must be on customer loyalty. Furthermore, Kanuk and Schiffman (2004) add that in the era of choice, there is no guarantee that satisfied customers will become loyal customers. Satisfaction is only a process, not an end result. Moving target of every activity of the marketing company is customer loyalty.

Loyal customers are valuable assets for the company to increase the company's profitability. To create loyal customers, companies must be able to seize new customers and keep them. There needs to be a high level of commitment regarding funds and human resources to be able to create high-quality products that are liked by customers. If the customer is satisfied, it is hoped that he will not turn to other companies, even competitors (Blackwell, Miniard & Engel, 2001).

The paradigm shift regarding marketing from satisfaction to customer loyalty was also put forward by Bothe (1996) who stated that the orientation of the company's future experienced a shift from the conventional approach to a new, contemporary approach. The conventional approach places more emphasis on customer satisfaction, cost reduction, market share, and market research. Whereas the contemporary approach focuses more on customer loyalty, reminding customers, as well as enduring customers. The relationship that occurs between the level of customer satisfaction and customer loyalty according to Schnaars (1991) can be divided into four groups, namely: 1) failure; 2) crossings; 3) forced loyalty; 4) success. Conditions like this are very possible the occurrence of Word of Mouth Communication.
(WOM) which can have a positive impact on the company. This explanation provides a clear understanding of customer loyalty as a customer commitment to a brand, store or supplier, based on a positive attitude and reflected in consistent repurchases (Sheth & Mittal, 2004).

Another thing that companies need to pay attention to is getting loyal customers, namely that customer loyalty is an ongoing process and goes through various stages. This process lasts a long time, with a different emphasis and attention. By paying attention to each stage and meeting the needs in each of these stages, the company has a greater opportunity to form potential buyers to continue to be maintained so that they become loyal customers. According to Griffin (2000) that a first-time buyer goes through five steps: the first customer knows the product and second so that he will make an initial purchase. Next, the buyer moves through two phases of attitude formation, which is called post-purchase evaluation and the other is called the decision to buy. If the decision to buy is "yes", step five, make a repurchase and finally follow. Furthermore, Griffin (2000) states that the criteria for loyal customers are: 1) making repeat purchases; 2) only buy products at one company; 3) utilization of the same product for the future; 4) suggest to others to buy the same product.

b. Hypothesis Development
Marketing is one of the company's activities aimed at introducing and marketing its products to the public (Hartmann & Brunk, 2019; Urde, Greyser & Balmer, 2018). The right strategy is needed for this marketing activity to be successfully carried out by the company to obtain the expected benefits (Govindan et al, 2019; Subramoniam et al, 2010)). One marketing tool that can be used by companies is advertising. The strategy to advertise a product is a determining factor for introducing and stimulating the public to buy the product (Alalwan, 2018; Boateng & Okoe, 2015; Shiau, Dwivedi & Yang, 2017). The success of an advertising strategy used by a company can be measured by the behavior of its consumers. If consumers repurchase a product continuously and advise others to buy the product, then it is a success of the strategy adopted by the company (Griffin, 2000). Specifically, such consumer behavior is called loyal customers (Lu, Wu & Hsiao, 2019: Muk & Chung, 2915). This study aims to find out how the influence of advertising strategies on customer loyalty, the following hypothesis is formulated:

Hypothesis: A good advertising promotion strategy can increase customer loyalty.

3. Research Methods

a. Research Design
To test the hypothesis, a regression analysis tool is used to find out whether a high-quality advertising promotion strategy can increase customer loyalty. This study is based on the assumptions in developing hypotheses, according to which some experts and several studies state that if an advertising strategy is carried out well by a company, it will stimulate loyal customers to repurchase and suggest to others to buy products. Conversely, if the advertising promotion strategy is not successful by the company, then it cannot create loyal customers, it will not even be interested in buying the product. In this study, there are 2
variables, namely advertising promotion strategy as an independent variable with the initials APS (Advertising Promotion Strategy), and customer loyalty as a dependent variable with the initial CL (Customer Loyalty). The analysis in this study is assisted by a tool, namely SPSS (Statistical Product and Service Solutions).

b. The Data
The data used in this study are primary data obtained directly from 100 modern market customers in the Ciamis area using questionnaires. Customers who are chosen at random are customers that researchers meet with in the field. The questions given are indicators of each variable. Successful advertising promotion strategies if providing information, being able to persuade, and being able to remind customers (Utami, 2008), whereas loyal customers if buying back, buying products from the company in question, want the benefits of the product in the future, and suggest to others (Griffin, 2000: 89).

c. Empirical Approach
In this study, we use a regression model to examine the effect of advertising promotion strategies (APL) on customer loyalty (CL). To test the truth of this study's hypothesis, the researcher follows the following model:

\[ CL = a + bAPL \]

CL is customer loyalty which is consumer behavior after being influenced by APL or advertising promotion strategies. If the company successfully carries out an advertising promotion strategy, it is expected that customers will become loyal.

4. Results
Table 1 shows descriptive research data from a total sample of 100, where advertising promotion strategies have a minimum value of 31.00, a maximum of 38.00, a mean of 34.4800, and a standard deviation of 1.75511. Meanwhile, customer loyalty has a minimum value of 31.00, maximum 39.00, mean 35.2400, and standard deviation of 1.71812.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL</td>
<td>10</td>
<td>31.00</td>
<td>38.00</td>
<td>34.4800</td>
<td>1.75511</td>
</tr>
<tr>
<td>CL</td>
<td>10</td>
<td>31.00</td>
<td>39.00</td>
<td>35.2400</td>
<td>1.71812</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Data processing results

Table 2 explains how the relationship between advertising promotion strategies and customer loyalty in this study. This table shows that the two have a relationship of 0.524, which means that between advertising promotion strategies and customer loyalty has a strong relationship. The resulting value is positive, this means that the direction of the relationship is mutually reinforcing between these two variables. The conclusion is that if the advertising promotion strategy is successfully carried out by the modern market it will create loyal customers.
Table 2 Correlations

<table>
<thead>
<tr>
<th></th>
<th>APL</th>
<th>CL</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.524**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>100</td>
</tr>
<tr>
<td>CL</td>
<td>Pearson Correlation</td>
<td>.524**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>100</td>
</tr>
</tbody>
</table>

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

Source: Data processing results

Furthermore, the regression model that has been formulated in the previous section can be explained in the following table 3:

Table 3 Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>17.548</td>
<td>2.907</td>
</tr>
<tr>
<td>APL</td>
<td>.513</td>
<td>.084</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CL

Source: Data processing results

Based on Table 3, the model that illustrates the relationship between advertising promotion strategies and customer loyalty is as follows:

\[ CL = 17.548 + 0.513 \text{APL} \]

The model explains that customer loyalty is worth 17,548 (constant) when the advertising promotion strategy is 0. But if the value of the advertising promotion strategy increases 1 then the value of customer loyalty will increase by 0.513. Furthermore, to find out how much influence the promotion strategy on customer loyalty can be explained in table 4 below:

Table 4 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.524*</td>
<td>.275</td>
<td>.267</td>
<td>1.47062</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), APL

Source: Data processing results

From table 4, the R Square value of 0.275 is obtained or if present is 27.5%. This value indicates that the promotion strategy has an effect of 27.5% on customer loyalty, while the remaining 72.5% is influenced by other factors not examined in this study. Furthermore, to determine whether the hypothesis is accepted or not, then the reference is table 3. Table 3 shows the significance level of 0.000 or below the level of significance required, which is equal to 0.050 or 0.000 > 0.050. These results prove that the hypothesis in this study is accepted and can be tested for truth. This means that advertising promotion strategy can affect customer loyalty in the modern market at Ciamis.

The results of the study show that the influence of advertising promotion strategies on customer loyalty in the modern market in Ciamis. When speaking of customers, the conditions are to make purchases or payments (Aswani, Kar, Ilavarasan, & Dwivedi, 2018; Shareef, Dwivedi, Kumar, & Kumar, 2017). But far from that, the behavior after making a purchase is a matter that is often noticed by companies, to find out the success of marketing strategies used (Alalwan, 2018; Dwivedi, Kapoor, & Chen, 2015). Every company expects that customers will buy back their products, and provide recommendations to others about the benefits and advantages of these products (Altuna & Konuk, 2009; Bart et al., 2014). If that happens, then the company managed to create loyal customers from its success in implementing its marketing strategy (Huang, Chou, & Lin, 2010; Park & Morton, 2015).

One effective marketing strategy is advertising. In this activity, the company will try to introduce its products to the public, by displaying the advantages and benefits for consumers. Of course, this promotion process must be carried out with a good strategy, so
that the success of creating loyal customers can occur (Utami, 2008). The ad displayed must be able to provide complete information about the benefits of its products. In addition, advertising as much as possible can persuade consumers to make purchases of a product. Furthermore, advertisements must be able to remind customers of products in order to make repeat purchases and provide recommendations for others to buy the same product (Utami, 2008).

When advertising promotion is carried out, it shows who you are and they will trust you, so hopefully, they will be loyal to you (Sharma et al., 2010; Sasikumar et al., 2010). That is part of the philosophy of advertising promotion strategies. With that it can be said that one that can create loyal customers is by advertising promotion strategy. If the advertising promotion strategy is successful, by itself consumers will be loyal to the company.

Explicit strategy statements are the key to success in dealing with changes in the business environment. The strategy provides unity of direction for all members of the organization. If the concept of strategy is not clear, then the decision taken will be subjective or based on mere intuition while ignoring other decisions. Promotion strategies are the planning, implementation, and control of communication from an organization to consumers and other targets, including advertising, personal selling, sales promotion, and public relations (Craven, 1996).

There is significant evidence that customer satisfaction is an important driver of company profitability and there is still largely disregarding the two results between customer satisfaction, namely advertising a company and promotion efficiency and human resource performance. Based on the analysis of large-scale secondary longitudinal data from various sources it was found that customer satisfaction increases the efficiency of future advertising and investment promotions (Xueming & Homburg, 2007). In the same case, Kotler (2015) states that the promotion mix consists of sales promotion, advertising, sales force, public relations / public relations, and direct marketing.

If the advertising promotion strategy is successful then customer loyalty is an incentive from it. Tanner (1998) explains, after making a purchase, there are several possible customer actions that need to be evaluated, namely not buying again, buying again repeatedly, and inviting others to buy the product. Repurchasing is done by the customer if they are satisfied, and if the performance of the product/service is improved in accordance with customer expectations, then, in the end, the customer will have high loyalty to the product/service (Horovitz, 2012). Hawkins, Best & Coney (2007) stated that the rating measurement of customer satisfaction is very dissatisfied, dissatisfied, slightly dissatisfied, somewhat satisfied, satisfied, and very satisfied.

Despite this actual behavior, recent research in the field of loyalty behavior has shown that loyalty is consistent at all times as stated by De Kimpe (1998) "However, with regards to actual behavior, recent research in loyalty behavior has shown that loyalty is fairly consistent over time." This means that a behavioral approach to loyalty may not produce broad insights into the underlying reasons for loyalty, instead it is the disposition of customers with respect to choices or intentions that play an important role in determining loyalty.
5. Conclusion and Suggestion

The results showed a strong relationship between advertising promotion strategies and customer loyalty of 0.524. Meanwhile, the magnitude of the influence of advertising promotion strategies on customer loyalty is 27.5%, so that 72.5% is influenced by other factors not examined in this study. The conclusion that can be drawn is that advertising promotion strategies can create loyal customers. For this reason, it is recommended that modern retail businesses implement appropriate promotional strategies in order to create loyal customers.

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