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by Deograsias Yoseph Ferdinand

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Development of Customer Loyalty Convenience Stores in Wonokromo District Surabaya

Deograsias Yoseph Yustinianus Ferdinand¹, Stephanie Astrid Ayu²

^{1,2} Darma Cendika Chatolik University, Surabaya - Indonesia

Abstract

Grocery stores are businesses that require precise strategies to develop effectively. In order for a grocery business to run well, a good management concept is needed, namely customer orientation, coordinated business effort, goal orientation. Besides that, it is necessary to increase customer satisfaction and maintain customer loyalty. This development of loyalty has developed well in minimarkets that grow around grocery stores so that the development of grocery store loyalty requires attention and in-depth understanding. This research is a qualitative descriptive study. The results of this study are from 3 Kotler formulations that cause the creation of customer loyalty is still difficult to apply by grocery stores due to the low management of information which is the basis of the database due to the traditional grocery store management.

Keywords: Customer Loyalty, Customer Satisfaction, Grocery Stores

I. INTRODUCTION

Grocery stores are businesses that require precise strategies to develop effectively. In order for a grocery business to run well, a good management concept is needed, namely customer orientation, coordinated business effort, goal orientation. In addition to this, it is necessary to increase customer satisfaction and maintain customer loyalty. In its implementation this is difficult to do due to the lack of a deep understanding of the governance of the grocery store itself. There are internal aspects such as business and external actors such as suppliers and consumers who need a deep understanding and need to be synergized. The involvement of universities is needed to be able to provide maximum understanding and synergize various aspects so that grocery stores can develop optimally and this can be realized one of them is if the grocery store loyalty can be increased.

This loyalty development has developed well in minimarkets that grow around grocery stores so that the development of grocery store loyalty requires in-depth attention and understanding. The government, both the Central Government and the Regional Government, is trying to organize this, one of which is by issuing a Regulation of the Minister of

Trade of the Republic of Indonesia Number: 70/M-DAG/PER/12/2013. This is followed up with the emergence of a very strict Local Regulation in setting regulations to prioritize growth the flower shop But the Grocer is still not developing significantly.

As a result, the view that the fate of grocery stores is increasingly apprehensive began to emerge. This view is increasingly strong, especially in big cities where growth in various sectors takes place rapidly. The existence of a grocery store slowly but surely will be eliminated from the tumult of urban modernization that marks the end of an era of grocery stores. Therefore, so that this does not continue, the concept of retail management needs to be implemented thoroughly. If the orientation to consumers, coordinated business ventures, and goal orientation can be implemented and synergized with government protection through favorable regulations, the expected grocery store economic growth can be realized.

The development of grocery store loyalty will be able to improve performance and reduce several problems which include several aspects: 1) Human Resources (HR) aspects, 2) Merchandise Aspects, 3) Retail Information Technology Aspects, 4) Promotional Aspects, 5) Exterior and Interior Aspects, 6) Standard Operational Procedure (SOP), and 7) Managerial. The seven aspects have not been well developed by grocery stores. Therefore, a thorough research is needed on the development of grocery store loyalty, which in turn can increase the competitiveness of grocery stores, so that the grocery store business growth can increase which impacts on increasing people's welfare as well. The research objects include the development of grocery store loyalty in Wonokromo sub-district Surabaya.

II. THEORETICAL BASIS

Grocery store is a shop that is managed with more traditional management compared to modern stores. Items sold in grocery stores are almost the same as those found in modern stores. There are providers of goods and services with more quality and better service to consumers who the presence of modern stores has caused many people to turn to modern stores for shopping for daily necessities (Wijayanti and Wiranto 2011).

Retail includes business activities including selling goods and services to consumers: both individuals, families, or household needs to end customers. (Berman and Evans, 2017). This means that retail customers are the last users and their use is private and not for resale. Retail is the last link in the distribution of goods from producers to consumers.

Retail is very important to learn and develop because retail has a very influential impact on the economy. Retail functions as a distributor in relation to suppliers and end users. Every business activity, both businesses that sell goods and that sell services are basically providing services to consumers. Likewise, in the retail business. In general, these services include how quickly we are in service, comfort provided, ease of location, reasonable and competitive prices, to the knowledge of salespeople (Sopiah and Syahabuddin, 2008: 3).

So that the retail market can develop rapidly, a good strategy is needed. Retail strategy is reporting on identification, target market and retail format (target market for retail businesses, retail business plan formats to meet market needs and satisfaction, and build a strong foundation for building sustainable competitive advantages (Levy and Weitz, 2004: 148).

As is the case with products, retail organizations also have a life cycle. The wheel of retailing business cycle is a hypothesis that explains the existence of new retail institutions, and the reduction of old retail, which is then replaced by newer retail institutions. According to this hypothesis, new retail institutions will enter the market with low-margin, low price, and low-status positions. They place business facilities in areas with low rental costs, and require little service for consumers. Its existence is a challenge for conventional retailers who have costs and prices that move up from time to time (Sopiah and Syahabuddin, 2008: 122).

In retail, sales are the main factor that will greatly affect the growth of managed retail. To be able to create sales according to the target set, business actors must know the main factors determining sales, namely availability of inventory, price, assortment (variety of items sold), and customer service (Guswai, 2013: 41). This is very important to be known by retail businesses because retail businesses have important functions to increase the value of the goods and services they sell to consumers.

Many retail businesses then cannot operate again because they cannot compete with new business actors who offer more modern systems that are more biased by the market. Therefore, if the retail business wants to grow and develop rapidly, differentiation is needed, which is a series of meaningful differences to distinguish the company's offer from competitors' bids. In the retail business, the slightest opportunity must be utilized properly. If the retail business wants to grow, it requires a maximum growth strategy and is possible to achieve,

namely market penetration, market expansion, retail format development, and diversification (Levy and Weitz, 2004: 148). The grocery store must have an effective strategy formulation in order to increase high competitiveness and develop in accordance with the targets that have been planned.

According to Kotler and Keller (2012), loyalty comes from meeting the expectations of consumers, while expectations themselves come from previous customer buying experiences, opinions from friends and relatives, promises or information from marketers or competitors. There are reasons to develop long-term relationships with consumers. Here are the things that cause customer loyalty:

- a. Creating products, services and superior experience for fans
- b. Organizing and accessing information base data about needs, preferences, relationships, frequency of purchase and satisfaction of customer satisfaction
- c. Make it easy for customers to reach out to businesses and gain access in expressing needs, perceptions and customer complaints.

According to Kotler and Keller (2012) loyalty is a customer's commitment to stay in depth to re-subscribe or re-buy selected products / services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause customer behavior to shift. There are 3 indicators of customer satisfaction, i.e.

- a. Complaint handling and consumer advice
A consumer-oriented company will provide consumers with ample opportunities to submit suggestions and complaints, for example by providing a suggestion box, a comment card and others.
- b. The company survey system reputation
In general, research on consumer satisfaction is carried out by conducting surveys through various media both through telephone, post, or with direct interviews.
- c. Consumer analysis system
The company will contact its customers or at least find out which customers have made transactions and stopped buying products or who have moved suppliers, so that the reasons why these customers run away are known.

III. RESULTS AND DISCUSSION

Loyalty to customers arises because consumers perceive a product can produce a product that has a number of benefits and uses at an appropriate price. Brand loyalty is also an indication of brand strength, because without brand loyalty, brand strength will not be created. This can be seen in brands that are leaders in the market, it is certain that

the brand has loyal customers to the brand (Giddens, 2002). The foregoing emphasizes that consumer loyalty can generally be interpreted as a person's loyalty to a particular product, both goods and services.

Consumer loyalty is a manifestation and continuation of consumer satisfaction in using the facilities and services provided by the company, and to remain a consumer of the company. Loyalty is proof that consumers are always consumers, who have the strength and positive attitude towards the company.

Consumer loyalty to a certain brand of goods or services depends on several factors: the amount of cost to move to another brand of goods or services, the similarity in quality, quality or service of the type of substitute goods or services, the risk of changing costs due to the replacement goods or services and changes in the level of satisfaction obtained from the new brand compared to the experience with previous brands that have been used.

Consumers in meeting their needs and desires, will buy products with certain brands. If the brand chosen by consumers can satisfy their needs and needs, consumers will have a deep memory for the brand, in these circumstances consumer loyalty will begin to arise and develop. And in the next purchase, the consumer will choose a product with a brand that has given him satisfaction, so that there will be repeated purchases of that brand.

a. Creating superior products, services and experience for the target market

In creating superior products, services and experience for the target market, grocery stores in Surabaya do not yet have adequate capabilities due to their ability to adjust themselves to the desires of customers who continue to grow. In the point of view of the grocery store, information received from external parties is still limited due to the absence of a system of criticisms and suggestions that can accommodate information that is useful for growing consumer loyalty in grocery stores.

b. Organize and access a data base of information about the needs, preferences, relationships, frequency of purchases and individual customer satisfaction

The grocery store database model is very simple. So in an effort to organize and access a data base of information about the needs, preferences, relationships, frequency of purchases and individual customer satisfaction, it still needs deep mentoring. For the grocery store this information is very useful for them. This is what they need in order to grow and compete with modern stores that already do this. Besides that, because those who are directly involved in serving customers are grocery store owners, they are very overwhelmed to conduct surveys.

c. Make it easier for customers to reach the company and get access to express customer needs, perceptions and complaints.

One of the efforts made by a grocery store in making it easier for customers to reach the company and get access to express the needs, perceptions and complaints of customers is the mouth-to-mouth system. This can actually be very effective if it can be done with good management and the information provided to customers can attract customers to be loyal to the grocery store. But in fact the information provided by the grocery store to the customer is very wild and unmanaged so that it cannot bind the customer to return to shop at the grocery store.

IV. CONCLUSION

From the results of this study it can be concluded and suggestions for grocery stores:

- a. The grocery store must have a system of criticisms and suggestions that can accommodate complete information from customers.
- b. Completeness of the product must be provided so that consumers will not run to modern stores.
- c. Give bonuses / promotions for purchasing products in his shop. This information should be informed as soon as possible to customers by word of mouth.
- d. In determining the price of emotion, you can compete with modern stores because some interviews show higher prices.
- e. In setting the product should be organized and visible to consumers so that consumers easily see the completeness so that consumers can easily choose the desired product.
- f. There must be a role for the government as the owner of regulatory power to be able to parse and find solutions to solve the competitive attributes of grocery stores and modern stores so that it can benefit both parties.
- g. There needs to be cooperation in establishing synergy with modern stores, not by facing each other to attack each other.

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