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Procedia - Social and Behavioral Sciences 40 (2012) 86 – 93

**Procedia**  
Social and Behavioral Sciences**Analysis of Market-Based Approach on the Customer Value and Customer Satisfaction and Its Implication on Customer Loyalty of Organic Products in Indonesia**Hasnelly<sup>1</sup>, Eddy Yusuf, <sup>2</sup><sup>1</sup>Department of Food Technology, Pasundan University, Bandung, Indonesia<sup>2</sup>Department of Industrial Engineering, Pasundan University, Bandung, Indonesia(e-mail: [hasnelly.sriyono@gmail.com](mailto:hasnelly.sriyono@gmail.com))**Abstract**

*Objectives research to obtain empirical evidence and find phenomenon clarity about variable market-based to customer's value and also customer's satisfaction which influencing customer loyalties, and digging the product marketing problems organic products in Indonesia. Methods of data analysis used to test the hypothesis is path analysis. The proper methods to carry out descriptive and verification method through field data collection are descriptive survey and explanatory survey. The result of the review obtained from the research objectives above are expected to make an approach which is applicable in solving the problems faced by companies, especially the organic products companies, and other similar companies in general, especially those dealing with the market-based customer's value and satisfaction, also the customer's loyalty.*

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**Keywords – customer loyalty; customer satisfaction; customer value; market-based; organic products**

**I. INTRODUCTION**

Section of 3 Nobelium republic of Indonesia law number 41 Year 2009, protection of agricultural land of food of continuation carried out with a purpose to for example protecting food agricultural land and area on an ongoing basis ,guarantee the land food agricultural land ready of on an ongoing basis, realizing independence, resilience, and sovereignty of food : protect ownership of agricultural land of food of property of farmer, increase prosperity and also prosperity of public and farmer, increase protection and enable of farmer, increase employment inventory for competent, life, keep balance is ecological, and realize agriculture revitalization.

The green generation what is point push whos ever (individual) and also the group) to be involved active in the effort making earth as balmy and better place to be dwelt, and also the climate change pushing the happening of global warm-up inspiring writer to conduct research in environmental friendly product.

The Environment Ministry of Indonesia, green product represent product which is with vision of environment, Jansen and Jager express that green product represent owning environmental impact lower. Bishop proposes design of green product represent the way of prevention and minimization yielding of waste and also management of material/recycle product [1].

Governmental standard about product of food decanted in Standard of National Indonesia 01-4493-1980 that is Product smell normal, free of pest and disease, free from chemicals, optimal physiological ripe and the clean condition, and also the special condition among weight, reject product, rate of water, rate of fiber and extract rate, protein rate, rate of fat depended by type of its product.

Standardization or certification about green food product in Indonesia under of SNI 01-6729-2006 about System of Organic Food, through authority competence of organic agriculture have been released by various inspection guidance, certification, and the applying best quality of organic agriculture and also some institutes of organic certification of goodness of national and foreign have operated in Indonesia region [2].

Consumption of green food product represent long-range health investment as well as earning to follow to take care of environment around us. Consumers generally do not yet enough understand for the importance of this organic guarantee, though without precisely known about it the consumer also to be harmed, as for farmer very understand that by cultivation organic agriculture commodity, can get more earnings for them. Farmer generally knows the importance of organic certification agriculture product but they do not know how to strat it, whereas the government not yet focused to till organic agriculture through the governments succession of go organic in the year 2014, the other challenge of green food product development still the immeasurable it the understanding about green food product agriculture, product quality which not yet good and the technical constraint dissimilar like organic available limitation and also the capital and certification capiralization which is costly enough [3].

Applying of organic agriculture will improve amount of agro product in national, if this matter is happened, hence the organic agriculture can become one of solution to overcome crisis of food in Indonesia. Organic agriculture seen from aspectproducts and market; as a product which is beyond rules mainstream, organic agriculture have facility to look for from which snugly to fulfill the development target in some paths newly expand and the alternative are suchas those which happened in organic agricultural sector trade-offs of importance beforehand expand (mainstream) so that there is opportunity to develop and test opinion [14]. Unhappily, supports of this sector do not increase by significant from year toyear so that contribution as solution to threaten of food and life not yet been seen by significant [2].

This research analyses about competition strategy and globalization phenomenon the organic food product, through approach market based strategy is expected able to be careful of globalization and conduct resettlement Indonesia marketing strategy expecially international.

Peter Drucker [4], creating a theory that the customer represent the single value of customer and decision which is formed by early strategy policy. Business is developing by assumption to environment, so that the company has to recognize its environment and assumption to its envirinment will not be wrong.

Strategy of product with high-value-perception strategy is needed by the product to remain to be enthused the customer and evew can grad competitor market, so it's needed to recognize existing perception of the customer and these are realizing with offering the goods or service with appropriate value. The company have to convincing of that sacrifice given by a customer to get proportional product with perception of customer about the value which got [5].

Strategy which creates high valuable product has to be supported by effectiveness and cost efficiency. Management has to be principled of released cost have to come up with precise target (cost effectiveness), that is create value customer which has meaning that the released cost is trully will be enjoyed by customer and the company have to eliminate all activities which do not add product value (non-value added activities). Marketing as process in which companies create values for customers and build strong relationships with customers in order to capture values from the customers in returns in the form of sales, profits, and the customers equity in long term period. Marketing represents process manage relation of customer profiting and two marketing targets, drawing

new customer using a promise which is excellence assess, take care of and grow existing customers by given the satisfaction [6].

[5], market based business has a strong market orientation all that functions and employees of the organization reffect. While the marketing personnel have the primary responsibility for creating marketing excellence in a market-based business all members of the organization are market oriented. All members are sensitive to customers needs, are aware of competitors moves, and well across the organizations structure and market based businesses with a strong market orientation are more profitable.

Blue ocean strategy is a new which creates new market space without competitors and let the competitor is no longer relevant by following a strategic logic called value innovation. Value innovation occurs when a company combines the innovation with utility (benefits, price and cost position, it means that a company which tries to create blue ocean strategy pursue the differentiation and the low cost simultaneously while creating values for buyers. Blue ocean strategy is an approach system which not only requires each strategic element to operate correctly, but also requires the integration of the elements in an intergral system so that it can generate values innovation [7].

Superior customer value as the objective of an organization is a medum objective in achieving other goals [8]. The firm's values increase; for its shareholders, they will need to create; communicate and deliver superior customer value (SCV) to be maintained with respect to the minimum level that must befulfied by any other attributes. Management of the organization can choose one of three ways Tracy and Wiersema in [9] they are best product (product leadership), best total cost (operational excellence), or best total solution (customer intimacy).

[8], expose it in a marketing map. The hierarchy of the generic objective of an organization can be described as follows that the only way to increase the corporate values of shareholders is to deliver the superior customer value, it indicates that the role of marketing can be strengthened if we take a notice on the (interface) between marketing (customer) and financial (financial performance). According to [10] in value-based marketing that marketing is the management process that seeks to maximise returns to shareholders through developing relationships with valued customers and creating a competitive advantage.

[11], Satisfaction is a person's feeling of pleasure or disappointment resulting from companing a products perceived performance (or outcome) in relation to expectation , if the performance or expectations fall short, the customer is dissatisfied, if the performance matches the expectations, the customer is satisfied if the performance exceeds expectationn, the customer its highly satisfied or delighted.

[6], state that the essence of marketing is to create greater values than those are created by competitors. The customers satisfaction will be obtained if the marketing performanceneeds the customers expectations and they will be dissappointed if the marketing performance is below the expectations or values supplied by a company to its customers is very low (inferior customer value). Customers will br satisfied if the marketing performance exceeded the expectations or provides more value than the competitors (superior customer value), if the company provides more superior value than the competitors, if means the company has a competitive excellence

This research will report culmination customer loyalties product of organic food product. During conducting to research into this, writer will test manager product of green food specially the industry product of organic food.

Customer loyalties will happen if the company continuously assigns value; what is expected by customer. Value for the certain market segment of related by design and the product appearance and now shift to related value perception with connected to elementary function of product at the price of reached [12,15].

Organic food products are based on the Indonesian National Standard (SNI) of Organic Agriculture which is approved by the National Standardization Agency through BSN SNI 01-6729-2002. This standard is based on inter-state agreements contained in the Codex Alimentarius Guidelines for the Production, Processing, Labelling, and Marketing of Organically Produced Foods. The Indonesian government has provided facilitation for the

certification and labeling of organic agriculture with the basis of SNI 01-6729-2006, about the organic food system. The Agricultural Department launches a program “Go Organic 2014”, which aims to respond the large potency market and since there is a large organic agriculture development potency.

Identify problem of pursuant at above problem definition and background, hence the research problems can be formulated : how the approach base on market organic food product; How the customers value of organic food product; How the satisfaction of customers to organic food product; How the customers loyalties of organic food product; How the influence of base on market to customers value of organic food product partial and also simultaneous; How the influences of base on market of organic food product to customers satisfaction partial and also simultaneous; How the influences assess customers to customers loyalties of organic food product; How the influences of satisfaction of customers to customers loyalties of organic food product; How the influences assess customers value and customers satisfaction to customers loyalties of organic food product either through partial and also simultaneous.

## II. METHODOLOGY

Framework of thought that underlies this research is the elaboration of general theory, namely the theory of organizational behavior and management strategies. The proper methods to carry out descriptive and verification method through field data collection are descriptive survey and explanatory. Methods of data analysis used to test the hypothesis is path analysis. The first step must be done in path analysis is to translate hypotheses into a diagram form called a path diagram it shows the relationship patterns of several dependent variables influence against independent variables. Causal relationship between variables under study in the form of mathematical equations, path analysis can also be displayed in the form of equation which is called structural equation. Path diagram above can be made of structural equation model consisting of substructures. Processing of data used SPSS computer program.

The research was conducted to get a review of approaches used to determine the implications posed by market-based, customer value and customer satisfaction with the object of research is on companies, especially organic food products in West Java, Jakarta, Banten and Yogyakarta. Researchers chose the manager as working population. Working population is a population element which will be sampling targets. Places of choosing the locations selected based in cluster area sampling area of cluster sampling is determined by taking into account the geographical location of organic food products.

The variable market-based approach is a business process approach in generate and used information about customers and utilizing its resources and funds to solve customer problems. Dimensions used are product, customer attitudes perceptions.

Customer value variable is all of the benefits or the quality obtained by the consumer to sacrifice, mathematically customer value is the total benefit or the quality divided by price. The dimensions used were product quality service quality, price and image.

Customer satisfaction variable is determined by the difference between what is expected by individuals from the marketing performance. Customer will be satisfied of the marketing performance exceeded expectations or provide more value than the competitors. Dimensions used are customer needs, information needs and the needs of transformational.

Customer loyalty variable is a customer which is not measured by how many bought, but from how often repeated purchases, include recommending someone else to buy. Dimension used is the value of spirituality, emotional value and functional value.

### III. RESULTS

#### **Descriptive analysis of respondents characteristics of organic food**

The unit of observation is the manager of organic food products companies located in West Java, Jakarta, Banten and Yogyakarta. The questionnaires are returned to the researcher as much as 80 questionnaires and its that are processed and worthy of 65 questionnaires. Results descriptive analysis of data obtained from these respondents.

Composition of respondents who have chosen a organic food product business aged between 41 to 50 years, this is assumed reflecting the composition of the managers on the basis of age and in general they have been environmentally conscious. According to research results in McKeiver : Pets and Gadenne (2005), at that age they pay great attention to environmental issue. Age, gender and education have an impact on environmental attitudes.

The number of male respondents 72.30% presumably because of two things: first organic food products business performed both male and remembers, and seconds this business requires strong physical and mentally strong. According Accut and Geno in McKeiver and Gadenne (2005), gender gives impact on attitude of environment consciousness.

Status shown that 87.7% of respondents are married status suspected that the respondents who have chosen a organic food product business because this business requires perseverance and patience and they are responsible to feed their families and increase family welfare, the business of organic food products are very promising to increase their family life in the future.

Educational level that 48.10% of respondents having graduate educational level, it can be assumed that the respondents were aware about the environment and shows health attitude consciousness, and not just think of profit. Educational background also supports the implementation of strategy management of market-based that will enhance customer value, customer satisfaction and customer loyalty in organic food products.

Position in company that 44.60% of respondents are as owners although there are also production manager and marketing person. Some of respondents are employees who have and are working in an agency. The respondents invested that funds for the production of organic food products with the hope to increase their funding in the future.

Agency shown that 72.30% of respondents have attempted organic food products from an individual it indicates the proportion of agencies involved. The brightness of the business in the future will increase the organic food products investment every year individually.

Organic food prices shown that the diversity of organic food product prices are produced and generally ranged from Rp. 20.000 – Rp. 100.000 is 35.40% of respondents. The price premium offered illustrates that the price of organic food products quite expensive when compared to similar products. The price of organic food products above including rice, fruits, and vegetables as well as the animal products like eggs, milk and meat.

Latest production shown that 86.20% of respondents produce organic food products to date. This shown that enterprises in organic food product has great prospect for the future.

#### **Descriptive analysis of market-based**

Market-based variables that describe the perceptions of the owners and managers consist of seven dimensions and eighteen measurement items. These empirical findings are supported by Norver and Slater in [13]. Relationship of performance and orientation marketing was positive, these components which are involved are marketing orientation, customer orientation, and competitor and also a coordination between functions to determine the tendency of variable increasing that is measured from 65 respondents of questionnaire. The location that less of strategy is a constraint in the ease of getting products and lack of information about what kind of

products that customers needed, lack of information about what unit of products that customers needed lack of information causes the lack of clarity about the difference of organic food products with other organic food products causes the perception of customers which is an different.

### **Analysis of descriptive characteristic of customer value**

Variable value which is perceived by managers consists of 13 dimension and 27 measuring items. Price comparison with non organic food products cause a customer offered by these products is low, this is caused by the premium prices though the organic products is terms of benefits and health is high value the other thing is the consistency of the quality of organic products that are not stable and charge depending on the natural conditions and weather . Geographic distribution of products that are not scatered and less breadth of products which are known by the public because of limited information and publications which are not consistent cause level of prestige organic food service is low.The other thing is the lack of protected branch due to the cost of conflication which is quite expensive it takes more optimal empowerment and facilitation by the government and an aid to access the venture capital and network of marketing.

### **Analysis of descriptive characteristics of customer satisfaction**

Customer satisfaction variable according to the perception of managers consist of 4 dimensions and 15 measurement items. These empirical findings, inaccordance with the opinion of [6], and [10], that customer satisfaction will be obtained if the marketing performancemeets the customer expectations and customers will be disappointed if the marketing performance is below the expectations or values which are given by the company and customers will be satisfied if the marketing performance expended the expectations or provide more value than the competitors so that the company has a competitive advantage to know the tendency of increasing variables are measured from the questionnaire score of 65 respondents. Organic product is one of the envirommentally friendly product but according to the customers, the contribution to improving the environmental conditions less in affect anything this is due to the lack of production process information and the content of material about the product.

### **Analysis of descriptive characteristics of customer loyalty**

The result which shaws the customer's attitude is not conductive due to the level of sacrifice is not comparable to that received and what manager has expected even though those products are higher value but the quality of the products are not consistent and premium prices cause the customers to be not loyal, even they are loyal that is baccuse of compulsion and the need of those products.

### **Hypothesis Testing Research**

The hypothesis states that the market based have positive influences on customer value and customer satisfaction so it impacts to the customers loyalty, test are carried out by simultaneously and partial. The effect of the customer value and the customer satisfaction to the customer loyalty variables , give is positive impact that is equal to 83.57%, these things were caused by the customer loyalty in the organic food product of the company that is affected by the marked-based and anather variables which are not in reseached are affecting the variables of the customer loyalty.

#### IV. DISCUSSION

The result of research showed that the strategy of the market-based significantly affect the customer value and the customer satisfaction which has significant impact to the customer loyalty in organic food products it has a same line with the vision, mission of the market-based management is one of element which determines in achieving the vision, the mission, and the objectives of the organic food products and those are:

- a. The existence of a strong commitment in the ranks of managers to make the company leading organic food products in the local area, regional and international.
- b. The existence of strong desire of the managers which can do a high customer value and an optimal customer satisfaction to binding a lifetime customer.
- c. The customer of strong desire of the managers in making the organic food product company as a model of an environmentally customers company which is characterized by low or minimalists programs in using the chemicals.
- d. The existence of a strong indicator of the managers to achieve a market capitalization that is market by an increasing in the qualities and also the services and the rapidity in responding the customer complaints.

The market- base consists of raw material base dimension the content of the additional material, the used of the processing methods, producing the ecological products, the strategically locations the needs for the healthy functions, the needs for the sense of security products the needs of the products for the personal satisfaction, the trust on the products the sensation when the customers see and listen to the products, the differences between the products the limitation of the differences between the products, subconscious perceptions between the products, the company's services level and the quality of organic products. The results of research , the dimension which shows the answer tend to a strongly agree is an additional material content, the quality of products, the products trust, personal satisfaction and easiness of getting the products, the limit of the difference between the products, companies services the agree answer is on the dimensions of the product processing methods the ecological products, the strategically locations products for the healthy function, the products on the needs of security-sense products, the answer which allegedly give the positive contribution on the customer value is the content of additional material the quality of products and the easiness of getting the products and also the needs for personal satisfaction.

The customer value and the customer satisfaction simultaneously impact significantly to the customer loyalty. The contribution of the impact of the customer value and customer satisfaction variable to the customer loyalty is in amount of 83.58% and the rest is 18.42% influenced by the other factors which are not examined in this research. The customer of organic food products which enhance the value is the loyal customers emotionally and will be stronger and more durable that the customer loyalty because of the customs, the customers those are strongly bound want to make purchase in an ongoing basis, recommended it and protect the choses from anothers [11].

The contribution of the influence of customer value variable to the customer loyalty directly and indirectly is in amount of 40.07%. The function value was created only to provide a competitive advantage which can not be sustained for long. The contribution of the influence of the customer satisfaction variable directly and indirectly is in amount of 45.51%. The customer satisfaction levels are influenced by image, trust and the importance of a relationship with the customer.

## V. CONCLUSION

The influence of customer value to the organic food product have a significant influence to the customer loyalty of the organic food products. The influence of customer satisfaction to the organic food products have a significant influence to the customer loyalty of the organic food products. The influence of customer value to the customer loyalty of the organic food products have a significant influence either partially or simultaneously.

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