The Role of Customer Loyalty on Customer Retention in Retail Companies

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ABSTRACT: Retail can be seen from two sides, namely traditional retail such as grocery stores and community businesses, most of which do not use professional management and modern retail which can be seen as stores with professional management. Emerging competition makes companies have to carefully set strategies and manage companies so that companies are able to remain competitive and survive. Maintaining customer loyalty is one of the company's strategies to survive with the existing competitive conditions. This research uses a qualitative descriptive method, which describes the data collected and analyzed. The subject of this research is the role of consumer loyalty on customer retention in retail companies using literature review of secondary data. Based on the results of the study, it can be explained that the role of consumer loyalty on customer retention in retail companies that are developing in the form of department stores in Indonesia, namely with this loyalty, a retail company can compete with other retail businesses. Loyalty definitely has an impact on customer retention, and consumers choose retail businesses for their daily needs. Similar forms of competition between modern retail companies include segmented market competition, service system competition, price competition, product quality competition and so on.

KEYWORDS: Loyalty, Consumer, Customer Retention, Retail.

INTRODUCTION
In modern times and the influence of globalization is very strong like today, the development of retail businesses in Indonesia is triggered by the rapid competition in the end consumer market and social factors. Changes in lifestyle and shopping patterns and habits of the Indonesian people also affect the development of retail businesses, especially in urban areas where the tendency of consumers to choose to shop in modern markets reaches 41%. Retail businesses are divided into four categories, namely based on sales volume, type of products sold, form of business ownership and based on the operating methods used. The classification of retail businesses based on sales volume can be divided into large, medium and small-scale retail. Large-scale retail formats such as department stores, chain stores, warehouse stores and hypermarkets can be grouped more specifically based on the types of products sold that are food-oriented. (Sulistyowati & Indrian, 2020).

The world of retail is a world that is always actively growing and developing. Etymologically, retail means breaking down goods and services in accordance with consumer needs (Utami, 2010: 5). Retail can be seen from two sides, namely traditional retail such as grocery stores and community businesses that mostly do not use professional management and modern retail which can be seen as stores with professional management. The concept of growth and development can be interpreted by the increasing number of retailers opening outlets / stores. These conditions on the other hand can be seen as the potential market that needs to be tapped and the need for companies to increase the volume of their companies to achieve economic conditions. Seeing this fact, competition in the retail world can be said to be tight and targeting various segments and changing consumer behavior in terms of shopping in modern markets.

The tight competition that arises makes companies have to carefully set strategies and manage the company so that the company is able to remain competitive and survive. Maintaining customer loyalty is one of the company's strategies to survive with the existing competitive conditions. Loyal consumers can be understood as company assets to develop and compete with similar companies. Facts reveal that currently it is increasingly difficult for companies to gain a competitive advantage due to rapid product imitation, short product life and the amount of information available to consumers and consumers' negative response to advertising. Besides the fact that the minimum barriers to switching make consumers easily move from one store to another. These findings do make companies have to be more careful and smart in managing the market because of the higher similarity of products and services and easy access to information so that the company's strategy must be built in such a way and one way is...
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to build a better brand, proficiency in building long-term relationships with consumers and proficiency in the excellence of the company's offerings. (Suhartadi, 2013).

Therefore, companies need to always improve their marketing strategies in order to be the foremost and best in providing services to consumers, so that consumers continue to have high loyalty to the products or services produced by the company. Thus it can be said that the success of a company is determined by the loyalty of its customers. The longer the loyalty of a customer, the greater the profit the company can get from this one customer. In general, loyalty is defined as continuous repurchase of the same brand, or in other words, it is the action of someone who buys a brand, pays attention only to certain brands and does not want to look for information related to that brand. Loyalty is a repetitive purchasing behavior that has become a habit, where there is already a high level of connection and involvement in his choice of a particular object, and is characterized by the absence of external information searches and alternative evaluations. (Mizana, 2010).

Customer loyalty is paramount to the survival of a retail company in a competitive environment and is a critical component of a retail company's growth and performance. Companies must design customer-driven marketing strategies and build the right relationships with the right customers to maintain customer loyalty. Loyalty can be obtained or achieved if customer satisfaction is met, customer satisfaction is a key factor for hypermarket and supermarket retail businesses by creating friendly relationships between staff and customers. there are at least 6 (six) important factors for retail customer satisfaction, among others: (1) The location or place where the retail store is located has a certain attraction to customers; (2) The completeness of the goods sold in retail not only helps retail businesses attract more customers but can also motivate customers to buy other goods in the store; (3) Price is an important factor in the retail business because the competitive price of goods can provide satisfaction to retail customers. (Supar & Suasana, 2017).

Currently, the loyalty program is something that many companies are doing which aims to increase customer retention, namely through efforts to increase satisfaction and value to certain customers. This is done with the consideration that increasing customer satisfaction and loyalty has a positive influence on the company's long-term financial performance. Customer retention is largely determined by the intensity with which customers use the services provided. The more often customers use the services of a business, the more often customers will make repurchases. In an effort to create customer retention, companies need to pay attention, track, and study customer satisfaction. Because most companies are only fixated on standard standards that are considered sufficient to satisfy customers without looking for innovations that might have the potential to increase customer satisfaction. (Esti et al., 2013).

RESEARCH METHODS
This research uses a qualitative descriptive method, which describes the data collected and analyzed. The subject of this research is on the role of consumer loyalty on customer retention in retail companies using literature review of secondary data. This secondary data is obtained from literature, previous research journals, magazines and company document data needed in this study.

The data collection technique used in this research is through documents which are formal records, books, articles and other information materials that have relevance to the problem or archive. Data analysis used in this research uses a qualitative approach, namely by collecting or describing data from the field which is useful for providing an overview of the research and as a discussion of the research results. The data used is the result of collection from field research which is compared with the theoretical basis obtained from library materials to be able to solve existing problems and then compiled into a research result in order to produce a new conclusion.

RESULTS AND DISCUSSION
A. The Role of Consumer Loyalty on Customer Retention in Retail Companies in Indonesia.
Consumer loyalty is consumer loyalty to companies, brands and products. Loyalty is a favorable attitude towards a brand which is presented in consistent purchases of that brand over time. According to Kotler, customer loyalty will increase when customers feel satisfied after making a purchase. Customer satisfaction is an important indicator in determining customer loyalty.
Several factors that can affect customer loyalty are explained as follows:

a. Customer satisfaction
If the company can provide services that exceed customer expectations, then customers will be satisfied. Satisfied customers will definitely have high loyalty to the product compared to unsatisfied customers.

b. Customer retention
Customer retention is the length of the relationship with the customer. The customer retention rate is the percentage of customers who have fulfilled a certain number of repeat purchases over a limited period of time.
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c. Customer migration

Customer switching continues to occur even though customers are satisfied, with the products and services provided by the company and with the loyalty program provided by the company.

d. Customer enthusiasm

Loyalty is not only in the mind, remembering and using the product, referring and recommending usage to others, but also has become part and parcel of the customer as a whole. (Thendywinarno et al., 2020).

Oliver (2014) explains that customer loyalty is a form of commitment from customers to always use products in the form of goods or services in the future. Customer loyalty has an impact on the company's success. Customer loyalty is shown through the positive attitude of customers to a product who buy goods continuously and do not change even though times change. Having customer loyalty is one of the efforts to win the market competition strategy. Griffin (1995) explains that customer loyalty is an activity of regularly buying a product and not being interested in products from other brands. Customer loyalty is carried out with an attitude, behavior, and composite approach. In addition, customer loyalty as an action to reduce customer retention (Arif Rachman Putra et al., 2022).

The experience gained when making a purchase allows consumers to decide on a product that gives them satisfaction. The basic level of customer satisfaction is important for business continuity, because satisfied consumers can recommend products or services to people, or even generate a desire to make repeat purchases. When consumers are already at the repurchase stage, they will become repeat consumers, and even further become loyal customers. (Fitriani et al., 2022).

Shopping activities carried out by customers at a retailer are inseparable from interactions with employees, such as when customers have to request additional information about products that are not available on display shelves, or when customers make payments at the cashier. This interaction embodies customer transaction satisfaction that arises as a reward for transaction performance and interactions that occur when the main part of the service is delivered to the customer. The existence of relational relationships occurs if customers accept exchanges with sellers as potential past and future interactions that are realized through the formation of relational outcomes. Relational outcome is the existence of sustainable long-term relationships and can be indicated by the development of trust, commitment and relationship satisfaction.

Oderkerken et al.’s (2003) research only shows the results of a significant influence between the implementation of relational strategies on customer commitment and trust, but it has not been proven how customer commitment and trust will be able to build customer retention to retailers. Several relational marketing studies prove that customer commitment is a key factor determining the level of customer retention. Some academic views believe that the importance of relational marketing practices as well as service quality and consumer perceptions of relational outcomes that are well built by retailers will have an impact on customer retention behavior. (Sulistyowati & Indrian, 2020).

In Indonesia itself, currently the level of market competition in the retail world is very tight and there are already too many players involved with very large capital, to deal with market competition that is too tight it is necessary to have a different strategy concept with other competitors who have very large capital. The right strategy to enter the market with a different marketing concept is a social business strategy, and grows to involve the community, where the company tries to make a profit but also to solve social problems using business methods. Therefore, retail companies will compete to gain customer retention through customer loyalty to the products and services of their business.

Customer retention is a form of loyalty related to loyal behavior which is measured based on consumer buying behavior which is indicated by the high frequency of consumers buying a product. Customer retention will also be a manifestation of potential loyalty. Improving companies by increasing customer retention by 5% can result in a 25-95% increase in long-term profits. Customer retention in turn generates a good business reputation and opens up new markets, Customer retention is the best evidence of the quality of products and services provided to consumers. Customer retention is the link between customer loyalty and profitability. (Hafif, 2014).

Companies need to build a good image in line with developing services for customer satisfaction. A good image can be built by synergizing with the marketing team to market and introduce products and innovative features of the company to attract more purchases from consumers. In general, the term marketing means something that includes the entire system related to the aim to plan and determine prices to promote and distribute goods and services that can satisfy the needs of actual and potential buyers. The scope of marketing is clearly broader than sales, because marketing involves all activities ranging from product research and planning, preparation of brands and packaging, preparation of distribution channels and agents, to the preparation of aftersales services. Marketing requires imagination, but more importantly marketing activities also require responsibility and awareness of the company concerned about the need for Public Relations activities. In supporting the operation of Public Relations, on the one hand has the similarity of having the power to form public opinion and the other has a difference. Public
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Relations emphasizes the function of gaining understanding between the institution it represents and the public which is the target target. (Situmeang, 2013).

B. Implementation of Consumer Loyalty towards Customer Retention in Developing Retail Companies in the Form of Department Stores in Indonesia.

Retail is an important link in the distribution process of goods and is the last link in a distribution process. Through retail, a product can meet directly with its users. The retail industry here is defined as an industry that sells products and services that have been added value to meet the needs of individuals, families, groups, or end users. The products sold are mostly the fulfillment of household needs including nine basic necessities. The retail industry in Indonesia makes a large contribution to the Gross Domestic Product (GDP) and also absorbs a large number of workers. As a developing country, the growth rate of Indonesia's retail industry is influenced by the strength of people's purchasing power, population growth, and also the need for fulfillment of consumer products.

The presence of the modern retail industry basically utilizes the shopping patterns of people, especially the upper middle class, who do not want to jostle in traditional markets that are usually muddy or not neatly organized. Although the presence of modern retail is highlighted to kill traditional markets because it has advantages in many factors, its own development can be said to be unstoppable. If observed further, the retail business competition is increasingly unhealthy. The government tends to sell licenses to big players, even hypermarkets, even though the market is already saturated. As a result, in some cities, large retail outlets have begun to close, while in housing estates and villages, grocery merchants are threatened by mini-market franchises. (Solih, 2008).

In an unhealthy business climate, the law of the jungle applies. Whoever is strong is the winner. Maybe Indonesia is not that bad yet, but if it is not addressed immediately, the potential for the law of the jungle to apply is just a step away. Local governments as regional authorities should know the potential of their regions. What is the purchasing power of the people and how many retailers are operating. So far, there is a tendency for local governments to never object to giving licenses to investors who want to open retail outlets. According to the Indonesian Retailers Association (APRINDO), the retail business in Indonesia began to develop in the 1980s along with the development of the Indonesian economy. This came about as a result of the growth of the middle class, which led to the demand for supermarkets and department stores (convenience stores) in urban areas.

This trend is expected to continue in the future. Another thing that drives the development of the retail business in Indonesia is the change in lifestyle of the upper middle class, especially in urban areas who tend to prefer shopping in modern shopping centers. Changes in shopping patterns that occur in urban communities are not only to fulfill shopping needs but also to travel and seek entertainment. The development of businesses in the retail industry is also followed by increasingly fierce competition between a number of local and foreign retailers that have sprung up in Indonesia. The retail industry in Indonesia is currently growing with the construction of more and more new outlets in various places. The eagerness of retailers to invest in the construction of new outlets is not difficult to understand. With economic growth averaging above 3% since 2000 and inflation under control, they have reason to believe that Indonesia's economy will strengthen again in the future. (Solih, 2008).

There are several retail companies in Indonesia in the department store category, namely PT Matahari Department Store Tbk (Matahari Department Store) which was established on October 24, 1958, PT Mitra Adi Perkasa which owns Sogo Department Store, which opened in 1990 in Jakarta, PT Ramayana Lestari Sentosa Tbk (Ramayana Department Store) which was established 1978, and PT Metropolitan Retailmart (Metro Department Store) which was established 1991. Among the four retail companies in the department store category, two of them have online sites, namely Matahari Department Store and Sogo Department Store.

Initially, the Lippo Group has opened an e-commerce called MatahariMall on September 9, 2015, which has hundreds of thousands of product choices with the best prices from all needs, ranging from women's fashion, men's fashion, health & beauty, cellphones and tablets, laptops, gadgets, electronics, lifestyle, hobbies, household needs, and others. However, on November 9, 2016 PT Matahari Department Store Tbk (MDS) also opened an ecommerce called MatahariStore, although initially MDS had a special page on MatahariMall, this was done by MDS because the MatahariStore site only wanted to focus on fashion. However, when customers open the MatahariStore website, they are automatically connected to MatahariMall because the transaction flow at MatahariStore will be handled directly by MatahariMall.com, starting from content, payment, to delivery of goods. MatahariMall.com provides the best service facilities to support customers in shopping online safely and reliably with various ease of transactions, such as bank transfer, credit card with 0% installment, COD and O2O system (Online-to-Offline and OfflinetoOnline).

Meanwhile, Sogo Department Store owned by PT Mitra Adi Perkasa currently also has an e-commerce called MAPEMALL. As a leading brand, Sogo not only provides Sogo clothing and Sogo accessories for the fashion of its consumers, but also a variety of home appliances that will ease daily activities. In fact, there are attractive offers in the form of Sogo vouchers that allow...
customers to shop Sogo products more economically. Ordering Sogo products through online media is also available at MAPEMALL. Not only that, the payment method at MAPEMALL is also very easy through bank transfer, BCA Klikpay, or credit card. Customers can also make payments directly on the spot with the COD (Cash On Delivery) system which certainly makes it easier for consumers to get original and high quality products.

Of the two online department store sites, namely MDS and Sogo, Matahari Department Store, which uses the O2O system, has an advantage in the payment and collection system. O2O is a service that allows customers to physically pay for and then pick up products that they have ordered online. Customers can also make payments and pick up goods at: (1) Matahari Department Store of the customer’s choice, (2) O2O Kiosk (Instant Pick Up), (3) E-locker, (4) POS Restan, (5) Indomaret Pick Up Point, and (6) E-Store. (Tedjakusuma et al., 2020).

With services that make it easier for consumers, it will certainly make it easier for a retail company to get consumer retention and loyalty. Competition between modern retail and traditional retail is increasingly unbalanced by the long opening hours of modern retail (especially minimarkets), even up to 24 hours. Other advantages of modern retail are comfortable conditions, cleanliness, elite impression, good service, and goods sold are cheap, complete, and of high quality. The next retail business competition occurs between fellow modern retail companies both in the same category and indirectly because they are in different categories. In terms of competition among traditional retailers, the research above states that in contrast to modern retailers who in determining their location always consider the number of consumers, accessibility and feasibility, for traditional retailers, location does not affect their daily sales turnover. Each traditional trader already has their own customers. The absence of a price agreement among traders creates competition among them, so they try in their own way to attract customers. (Tri Joko Utomo, 2010).

Another implementation of the role of consumer loyalty on customer retention in developing retail companies in the form of department stores in Indonesia is that with this loyalty, retail companies can compete with other retail businesses. With loyalty, of course, it will have an impact on customer retention, where consumers will choose the retail business to meet their daily needs. Competition between fellow department stores such as Sogo, Metro, Rimo Matahari, Ramayana, and Pojok Busana which continue to actively expand. The form of competition that occurs between fellow modern retail companies in the same category is in terms of the struggle for market segments, service systems, price competition, and product quality. Meanwhile, competition between modern retailers in different categories often becomes irrelevant because each has placed itself in a different market segment.

In addition, modern markets also face social issues such as alleged violations of zoning regulations, market monopoly practices, and several other issues. These violations certainly have a negative impact on the modern market. To dismiss these issues, modern markets are advised to increase compliance with established regulations. Regulations that have been made to regulate harmonization between modern market retailers and traditional retailers should be responded wisely by all related parties so that the government's goal of realizing harmonization between all parties involved in the retail industry in Indonesia can be realized. (Utami, 2017).

In a world of competition, when choices become unlimited, power moves from producers to consumers. So consumers become everything, because what is a business without consumers. That is why companies or producers need to reinvent the relationship with consumers. From not just knowing and understanding the needs of consumers, but producers need to enter into a deeper circle by creating intimacy (involvement) of consumers through polite and respectful relationships. This strategy is also carried out by PT Matahari Putra Prima, Tbk.

As happened at Matahari Department Store Java Mall, many customers who shop at Matahari have been registered as MCC members for at least one year. They are interested in shopping at Matahari and register as MCC members because there are so many rewards given by PT Matahari to its customers, as well as because of invitations from people around them. For them, being an MCC member is very beneficial, so they often shop at Matahari Department store. The average shopping intensity of customers at Matahari is at least two to three times a month with expenditure in each visit is at least one hundred thousand rupiah. Customer loyalty can occur by optimizing the relationship that occurs between the company and its customers, so that there will be an exchange of benefits between the customer and the company and vice versa. (Mizana, 2010).

Competition from the larger supermarket category, namely Alfa, Hero, Super Indo, Matahari and Rench 99 Market is also fierce. Similarly, competition between hypermarket giants such as Carrefour, Giant and Makro is equally fierce. It is not uncommon for them to have a conspicuous price war between them. For example, through mass media, banners or advertisements in catalogs. Competition between department stores is also fierce, with Sogo, Metro, Rimo Matahari, Ramayana and Pojok Busana all expanding aggressively. From the above research, it can be seen that similar forms of competition among modern retail companies are market segmentation, service systems, price competition, and product quality competition. However, competition
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between different categories of modern retail companies often becomes irrelevant, as each company positions itself in different market segments (Tri Joko Utomo, 2010). (Tri Joko Utomo, 2010).

CLOSING

Based on theory, relevant articles, books or literature studies and discussions, it can be concluded that direct competition in the retail business occurs between modern and traditional retailers, between fellow modern retailers, between fellow traditional retailers, and plus competition between suppliers. Retail business competition that occurs between fellow modern retail companies occurs both in the same category and indirect competition because it is in a different category. Competition is in a reasonable condition when it occurs between fellow modern retailers, between fellow traditional retailers, and between suppliers. However, imbalances occur in competition between modern and traditional retailers, because under certain conditions the victims are on the side of traditional retailers. Competition between suppliers is triggered by equal opportunities from many suppliers to supply their products to modern retail companies. The tightness of this competition is exacerbated by the great interest of the producers themselves to have their products sold through modern retail, namely to establish the existence of their products and brands in consumers from the target segment of a modern retail.

The role of consumer loyalty in customer retention in developing retail companies in the form of department stores in Indonesia, namely with this loyalty, a retail company can compete with other retail businesses. Loyalty definitely has an impact on customer retention, and consumers choose retail businesses for their daily needs. Similar forms of competition between modern retail companies include segmented market competition, service system competition, price competition, product quality competition and so on. Competition between department stores is also quite intense, such as Sogo Department Store, Metro, Matahari, Ramayana, etc. which continue to grow aggressively. From the above research, it can be seen that similar forms of competition among modern retail companies are market segmentation, service system, price competition, and product quality competition.

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