



## **THE BUILD OF CUSTOMER LOYALTY BY POLICY OF PRICE ON SALES PROMOTION**

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### **Abstract**

The research project to determine the influence of price policy and sales promotion on customer loyalty at home industri Beef Wagyu on Serang City. The research method using direct observation by survey method and quantitative approach. The sample was done be taken by 66 respondent of customer beef wagyu. The technique analysis data using multiple regression analysis to explore the influence between variable independent and dependent variable. The result of this research is the price have a negative influence on customer loyalty, sales promosion have positive influence on customer loyalty, and then, there are an influence between a policy of price and sales promotion on customer loyalty. The implication of this research a customer loyalty can be explained by price and sales promotion.

**Keywords** : *Price, sales promotion, customer loyalty*

### **INTRODUCTION**

The global economic situation is currently in a downturn due to the impact caused by the coronavirus, better known as Covid-19 or corona virus, which has spread to various parts of the world. The impact of the Covid-19 pandemic has not only been on the manufacturing sector, but also on the Micro Small Medium Enterprises (MSMEs) sector since April 2020. One of the efforts to survive the national economy carried out by the government during the Covid-19 pandemic is to encourage the MSME sector, which has an important role in the national economy due to the large number of workers which directly involved.

The business of Beef Wagyu is MSMEs sector that have a success experience to create a customer loyalty. The strategy was undertaken by the Wagyu Beef business in generating customer loyalty includes adjusting prices. Price policy is a very important factor in creating customer loyalty, because each price set by the company will result in different levels of demand for each product sold. In most cases, usually demand and price are inversely related, that is, the higher the price, the lower of demand for the product. Vice versa, the lower of the price, the higher of demand for the product. Therefore, the determination of the right price needs to receive great attention from business actors. Price is a value that is made to be a benchmark for the value of an item. Consumers' evaluation of the price of

a product greatly influences their buying interest in the product, therefore setting the right and competitive price for a product needs to get great attention from the company (Asrul, 2021).

At the marketing activity, a sales promotion become to a value added from a product that encourage consumer purchases, sales effectiveness, or encourage salespeople to attempt sales (Pratama, 2019). Anggraini & Budiarti (Anggraini & Budiarti, 2020) explained that loyalty is formed through the learning process and the results of the experience of a consumer who has made purchases consistently over time.

The researcher be interested on one of a phenomenon about customer loyalty because a researcher found a phenomenon about decreasing amount of customers at Beef Wagyu Business in period of 2019 - 2021. Researchers found the following customer data for Wagyu Beef Business for the 2019-2021 period.

*Table 1. The Data of Customer Beef Wagyu Period 2019-2021*

Period		Number of Customers	Growth
2019	Quarter I	68	-
	Quarter II	68	0%
	Quarter III	71	4%
	Quarter IV	72	1%
2020	Quarter I	75	4%
	Quarter II	56	-25%
	Quarter III	50	-11%
	Quarter IV	41	-18%
2021	Quarter 1	41	0%
	Quarter II	45	10%
	Quarter III	49	9%
	Quarter IV	55	12%

Sources : Beef Wagyu, 2022

Based on the table above, there are the data of customer decreasing at period on 2019 – 2021. there was a decrease in the number of Wagyu Beef customers in the period 2020. This is indicated due to the factor of price policies and sales promotions that are not optimal in 2020. This phenomenon is of particular interest for further in-depth research, is it true that customer loyalty is influenced by pricing policies and sales promotions.

Researchers used customer objects selling Wagyu Beef in Serang City, with a total sample of 66 respondents. several indicators determining the independent variable (X1, X2) and the dependent



variable (Y) have been determined to be processed into a scientific finding related to customer loyalty, pricing policy, and sales promotion.

## **LITERATUR REVIEW**

### **Price and Sales Promotion on Customer Loyalty**

Price is the only element of the marketing mix that generates income or income for the company, besides that price is the most flexible element, which means it can be changed quickly. According to Kotler and Armstrong (2017: 151), price is the amount of money charged for an item or service or the amount of the value of money exchanged by consumers for the benefits of having or using the product or service. Whereas Tjiptono and Chandra (2016: 315), price is the amount of money (monetary unit) and/or other aspects (non-monetary) that contain certain utilities or uses needed to obtain a product.

Promotion is one of the priority components of marketing activities that inform consumers that the company is launching a new product that tempts consumers to make purchases. According to Kotler & Keller (2018: 174) that sales promotion is a form of various short-term incentives to encourage trial purchases of products or services. The forms include sweepstakes, prizes, samples, and others. Sales promotion is a major element in a marketing campaign which is a collection of incentive tools, mostly short-term designed to stimulate faster and larger purchases of certain products or services by consumers or traders (Kotler & Armstrong, 2017: 484).

Customer loyalty is very important for companies that maintain the continuity of their business and the continuity of their business activities. According to Kotler and Keller (2018: 138) define loyalty as a deeply held commitment to rebuy or protect a preferred product or service in the future regardless of situational influences and marketing efforts that have the potential to cause behaviour switching. Tjiptono (2017: 110) explains that, consumer loyalty is a customer's commitment to a brand, store or supplier based on very positive traits in long-term purchases.

H1 : The Price of Policy have a significance influence on Customer Loyalty

H2 : Sales promotion have a significance influence on Customer Loyalty

H3 : The polici of price and Sales promotion have a significance influence on Customer Loyalty.

## **RESEARCH METHODS**

The research method used in this research is survey and quantitative methods. The population of this research is all consumers who make purchases at the Serang Wagyu Beef Home Industry during

the 2021 period with a total population of 190 people. While the sample used is 66 research respondents. According to Sugiyono (2017: 131) The sample is part of the number and characteristics possessed by the population. The sampling technique used in this study is the non-probability sampling technique with the incidental sampling type, where the sampling technique is determined based on the probability of arrival of customers or respondents who accidentally meet at the time of purchase or anyone who purchases during the observation period in the Home Industry. Wahyu Beef. So based on these calculations, the number of samples in this study was obtained as many as 66 respondents.

This research data was obtained directly from the party concerned. In this study, researchers collected data through distributing questionnaires and interviews. The secondary data used in this study is data obtained from books, articles, journals, data from the internet, and other literature that has something to do with the object to be discussed in this study. The variables used in this research are the independent variable (price policy and sales promotion) and the dependent variable (customer loyalty).

The research instrument used in this study used a questionnaire consisting of 14 indicators or 14 questions which were distributed to 66 samples. The questionnaire that has been prepared consists of statements covering each variable. Price (X1) has four statement items, Sales promotion (X2) has five statement items and customer loyalty (Y) has five statement items.

The data analysis technique used is multiple regression analysis. In processing the data obtained from the research results, the authors use the help of a statistical test tool, namely SPSS (Statistical Package for Social Science) software version 26.0 to obtain the results of the data findings. When formulated, the multiple regression formula is as follows:

$$\hat{Y} = a + b_1X_1 + b_2X_2$$

## RESULTS AND DISCUSSION

### Validity and Reliability Test

Table 2. The Result of Validity and Reliability Test

Price			Sales Promotion			Customer Loyalty		
Indicator	Validity	Reliability	Indicator	Validity	Reliability	Indicator	Validity	Reliability
X1.1	0,881	0,783	X2.1	0,635	0,673	Y.1	0,596	0,835
X1.2	0,619		X2.2	0,633		Y.2	0,825	
X1.3	0,724		X2.3	0,632		Y.3	0,853	
X1.4	0,867		X2.4	0,657		Y.4	0,785	
			X2.5	0,744		Y.5	0,818	

Sources : the processing data of SPSS 26.0

Based on the results of the validity test conducted, the instrument data used in this study is valid. So that all instruments can be used in this study. The reliability test obtained has results stating that the measuring instrument used is reliable or can be trusted and relied upon because the Cronbach's alpha value obtained is 0.783 for price, 0.673 for sales promotion, and 0.835 for customer loyalty, which is above 0.60, so the research instrument is feasible to be used in this study (Ghozali, 2011).

#### **Classic assumption test**

Based on the results of the Kolmogorov-Smirnov Unstandardized Residual test, it can be seen that the residual data of the research instrument is normally distributed, and based on the test results at the multicollinearity test stage, the VIF value of Price and Sales Promotion is 1.034 and the tolerance is 0.967 with the test criteria that is if the VIF value is 0.05 then it can be stated that there is no multicollinear relationship between the independent variables in the regression model, so there is no multicollinearity problem in the regression model..

#### **Multiple Regression Analysis**

From the results of the analysis of multiple linear regression tests, it can be explained through the formula of the multiple linear regression equation as follows:

$$\hat{Y} = a + b_1X_1 + b_2X_2$$
$$\hat{Y} = 12,276 - 0,226X_1 + 0,515X_2$$

Based on the multiple regression equation above, it is known that the constant value of the Customer Loyalty variable is 12.276, this means that if the Price and Sales Promotion values are 0 (zero), then Customer Loyalty is still 12.276 units; the gradient coefficient value (b1) of -0.226 means that the Price policy has a negative influence on Customer Loyalty, meaning that if the Price variable increases by 1 unit with a Sales Promotion value of 0, it will reduce Customer Loyalty by -0.226 units; the value of the gradient coefficient (b2) of 0.515 means that Sales Promotion has a positive influence and if the Sales Promotion variable increases by 1 unit and the value of the Price variable is considered 0, then Customer Loyalty is 0.515 units.

Furthermore, based on the calculation of the coefficient of determination, it can be concluded that Customer Loyalty is explained by the Price and Sales Promotion variables of 35.4%, while the remaining 64.6% is explained by other variables not included in this research model.

#### **CONCLUSION**

Based on the result of data, can be concluded that Customer loyalty can be explained by the variable price policy and sales promotion, also can be said that the policy of price has negative influence on Customer Loyalty, sales promotion has a positive influence on Customer loyalty. Although, simultanly the effect of price policy and sales promotion have an influence on customer loyalty. Therefore, Beef Wagyu Serang must be able to see competitors' prices as a reference material so that the price of Wagyu beef is affordable for consumers, and provide a special price for Wagyu beef customers who have been members for a long time so that customers feel valued and remain loyal to home industry products. Wagyu Beef.

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