

The Influence of Marketing Program of JIF's Brand to Face National and International Company toward Customer Loyalty

Meriza Hendri, Sari Dewi Oktari
Widyatama University, Bandung, Indonesia

Abstract

Cibaduyut has been known as center of shoe producers. But, a lot of shoes from national or international company offered to Bandung people. Consequently, shoe industry has high competition but there is a small company offers JIF's Brand. This micro enterprise is owned by a house wife. She has a unique marketing program to win competition and until now, she has loyal customers. Unfortunately, competitors had able to influence JIF's customers. The goal of this research is to know and analysis how is the marketing program, customer loyalty and it's influence on customer loyalty. Research objects are individual costumer of JIF'S. This study uses descriptive-verify method with descriptive and explanatory survey. Sample is 50 customers. Path analysis is used to analyze data. Marketing mix gives positive influence on customer loyalty. Simultaneously, product, price, place and promotion influence customer loyalty of JIF's. It's too small with 17.8%. Based on analytical to this data, most of factors influence customer loyalty is personal of JIF's owner. In a micro business, owner becomes the most important factor influence customers to buy products. Partially, price becomes the only one factor that influence customer loyalty. Product, place and promotion do not give influence.

Keywords: micro business, marketing mix, customer loyalty

1. Introduction

Indonesian government concerns on shoe industry which had been introduced since 2008 by involving Mr. Jusuf Kalla, former Indonesian Vice President to drive national shoe industry as one of Indonesian main industry. Indonesian is encouraged to use national shoe brand than imported branded ([http://www.sctv.co id](http://www.sctv.co.id)).

One of shoe center that was developed is Cibaduyut in Bandung and to make it real, Mr. Jusuf Kalla allowed his name to be a brand of shoe that are produced by Cibaduyut shoe makers. ([Http://www.kompas.com](http://www.kompas.com)).

From the history, Shoe industry has been known in Bandung and other cities in Indonesia. Every visitor will come by to Cibaduyut when they come to Bandung. Unfortunately, competitions among shoe brands in Bandung have been becoming higher and higher. It is also caused by implementation of ASEAN China Free Trade Area in 2010. Shoe makers and other shoe business owners have to face tight competition from foreign business men especially from China that has been known for their cheaper products.

Local government of Bandung has focused to develop Bandung by appointing Cibaduyut as shoe center. The goal of this program is to increase and to introduce that Bandung has

shoe center and Bandung people should come to this area as well as tourist. One of local micro company which runs shoe business is JIF's. It is owned by a house wife and she set up it in 1999 when she was still a student in one of private University, in Bandung. She was inspired by demand of her environment on shoes, especially her friends and lecturers.

She realizes that her company is a micro scales, she uses unique business strategy that is suited to her capability. One of unique strategy is she has no factory and no store to display her products. The only one she has is only her small car that accompanies her to offer her products everywhere. Meanwhile, her house is used for making design, print and delivery it to the customers.

Another uniqueness of JIF's business is the way she produces her products. She cooperates with one of home industry and order to produce shoes based on her request. It does not need big investment to run business like this.

Third uniqueness is the marketing program. Even it is a small company, but the owner uses marketing concept to market her products.

Philip Kotler dan Kevin Keller said that marketing is about identifying and meeting human needs. One of the shortest good definitions of marketing is "meeting needs

profitably” (Kotler and Keller, 2009: 45). Marketing program can be divided into product, price, place and promotion. All of these variables are used by JIF’s to market the product.

Product offered by JIF’s is shoe for man and ladies and it is made of best quality material. Design of shoe is latest mode and consumers can order based on their need and want.

Colors of the shoe can be chosen by customers because JIF’s offers more than 20 kinds of colors. It is different from other company that offers limited alternatives. Sometimes, they just offer what they have produced and cannot fulfilled each customer demand. Other advantages of JIF’s shoe are quality sew of the shoe. Even the shoe was often watered when rainy days, the shoe won’t be broken.

added while owners offer the product to customers.

Promotion is not the main tools for owners to introduce products. No advertisement, no catalog, no publicity and no sales promotion. The only one promotional activity is personal selling that is executed directly by owners from campus to campus and office to office. Another way is by using facebook to communicate the product.

Until now, amount of JIF’s customers are 276 that is recorded on JIF’s book. They are from different jobs, different ages and different educational background. They buy JIF’s product not only one pair but also more than one pairs.

Unfortunately, owner faces a competition from other products that are offered by distributors to the same customers. They offer with lower price but quality is worse than



Source: Kotler, 2009: 246

Figure 1. Consumer Behavior Model

Price of JIF’s shoe is competitive compared to other brands. Shoe for man is from Rp. 200.000 to 250.000, while for woman is from Rp. 175.000 to Rp.225.000/pair. The differences of this shoe to others are product quality, designs and models. Those variables are better than competitors. Payment of shoe is not directly when consumer orders the products. They can pay a week after receiving the product and it becomes an interested point for the customers to buy JIF’s shoe.

Distribution is one of the most important things that is considered by JIF’s owner. Customers do not have to pick up the shoe but it will be delivered to the customers. Delivery system is very important and become value

JIF’s shoe. Implication of this condition is some existing customers moved to competitors and do not buy JIF’s Shoe. But, it didn’t take for long time because after a month, they moved back to JIF’s again and order the product.

This condition is supposed related to customer loyalty on JIF’s shoe and there for, research question are how is the consumer response on marketing mix program, how is consumer loyalty and how is the influence of marketing mix toward customer loyalty.

The goal of this research are to know and analysis marketing program, customer loyalty and the influence of marketing program toward customer loyalty.

2. Relevant Theories

Marketing Management is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchange that satisfy individuals and organizations goals.” (http://www.marketingpower.com/library/dictionary). Kotler dan Keller said that marketing is an organizational function and a set of process for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (Kotler & Keller, 2009: 45).

Marketing Mix is the set of marketing tools that the firm uses to pursue is marketing objectives in the target market (Kotler, 2006 : 425).

Marketing program becomes marketing stimuli at the customer purchase decision.

Post purchase behavior is loyalty and loyalty is defined as non random purchase expressed over time by some decision making unit (Griffin, 2002).

Lovelock said that loyalty is a customer’s commitment to continue patronizing a specific firm over an extended period time (Lovelock, 2007: 629)

Griffin describes four characteristic of loyal customer:

- Makes regular Report Purchase.
- Purchases across product and service lines.
- Refers other
- Demonstrates ammmunity to the full of the competition (Griffin, 2002: 31).

Based on the literature review, research paradigm can be seen below

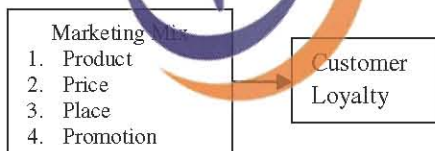


Figure 2. Research Paradigm

Hyphoteses of this research is marketing mix has positive influence on customer loyalty simultaneously. While minor hypothesis are

- Product has positive influence on customer loyalty
- Price has positive influence on customer loyalty
- Place has positive influence on customer loyalty

- Promotion has positive influence on customer loyalty

3. Design, Model, and Implementation

Research object is JIF’s customers who consist of Lecturers, students and employees in Bandung. Management of JIF’s is also research object.

This study uses descriptive-verbatimive method with descriptive and explanatory survey. Path analysis is used to analyze data. Sampling technique is simple random sampling with amount sample will be based on 276 populations and uses formula to calculate sample:

$$n = \frac{N}{N(d)^2 + 1}$$

N : Amount of population

n : Sample

d : Precision

$$n = 276 / [(276 \times (10\%)^2) + 1] = 49.6$$

Minimum respondent is 50 customers.

Based on questioner distribution and calculated by SPSS 15, validity of each indicator is above 0.3 which means the instruments are valid. While the reliability is above 0.7 and it indicates questioners are reliable.

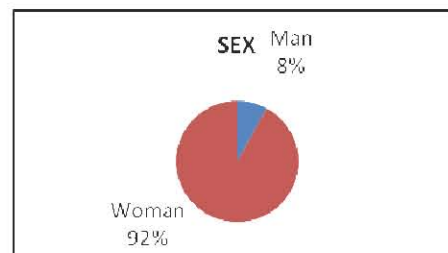
4. Implication/Result

4.1 Profile

Profiles of respondents are based on sex, ages, job, monthly income and outcome.

4.1.1 Sex

It consists of male and female of respondents:



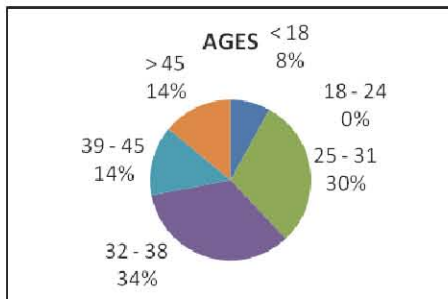
Source: Data collection, March-April 2010.

Graphic 1. Sex

92% of respondents are female and 8% are male. It indicates majority of JIFS customers is female who buys shoes. But, they also buy shoe for their husband, brother or son. While 8% of respondents are man buys shoes for their wives.

4.1.2 Ages

Ages is based on some groups, namely age under 18 years old, 18-24 years old, 25-31 year old, 32-38 years old, 39-45 years old and more than 45 year old.



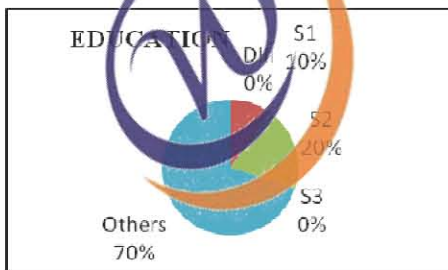
Source: Data collection, March-April 2010.

Graphic 2. Ages

Majority of customers is 32-38 years old and they are 34%. It is followed by customers 25-31 years old, 30%. It indicates that customers are from adult group.

4.1.3 Educational Background

Customer's educational background can be seen from some groups, as graphic below:



Source: Data collection, March-April 2010.

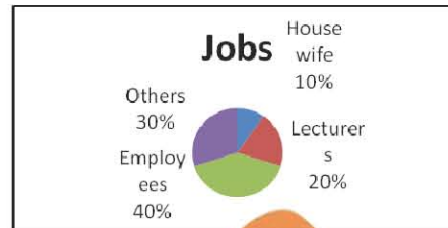
Graphic 3. Educational Background

Most of respondent's educational background is others, with quantity 70%. Based on interview with JIF's owners, they are Senior High School and Diploma. It is not stated in the questioners. The rest is graduated with 20% of respondents. No respondent with

educational background Diploma III and under-graduated.

4.1.4 Jobs

Respondent jobs are housewife, lecturers, employees and others.



Source: Data collection, March-April 2010.

Graphic 4. Jobs

40% of respondents are employees of banks, government offices and private corporate in Bandung. 20% are lecturers at Widyatama University, Padjadjaran University and Komputer University while 10% are housewives. The rest of respondents are others and based on interview with JIF's owners, they are business women with small or business scale who have been existing customers since JIF's was small.

4.1.5 Monthly Income

Monthly income of Respondents can be seen in the graphic below:



Source: Data collection, March-April 2010.

Graphic 5. Monthly Income

Monthly income of respondents are 62% is from Rp. 2.500.001 to Rp 4.000.000 and it indicates how the income of JIF's customers. 28% is over Rp. 4 million and only 10% is below Rp. 1.000.000.

4.2 Marketing Mix

4.2.1 Product

Product is a bundle of physical, service and symbolic attributes designed to satisfy a customer's want and needs (Boone and Kurtz, 2005: 305).

Product of JIF's will be seen from some indicators related to JIF's. Some of them are model, design, raw material, brand name, packaging and services. All of these indicators are used to describe JIF's product. Customer's response can be seen at table below:

Table 1. Customer's Response on JIF's Product

No.	Indicators	Score	Meaning
1	Suitability of products with customer's need	221	very suit
2	Product's model	216	very interested
3	Suitability of size	207	Suits
4	Product's design	213	very interested
5	Easiness to remember JIF's brand	206	Easy
6	Service	215	very interested
7	Durability of products raw material	213	very durable
8	Durability of product sewing	208	durable
9	Conformance	213	very comfort
10	Packaging	191	Interest

Source: Data collection, March-April 2010.

Respondent said that product and their need is very suit. Suitability is related to their need to the shoe which generally is used for working. While size is only responded suit to them. Product model, product design and service offered by JIF's owner are supposed very interested. Customers can order shoe model as well as design based on their interest. Besides that, JIF's owner also offers latest model and design to the customer. It's the reason why customers are very interested to the model and design. Unfortunately, packaging is only responded as interested and it's the lowest score. Based on our interview to JIF's owner, she does not pay attention to packaging because she thinks that the most important to the customers is product quality, design and model.

Customer is easy to remember JIF's brand. When they hear or see JIF's brand, they directly remember product quality offers JIF's. Durability of JIF's shoe is responded very

lasting for the raw material while durable for shoe sew. Quality is the key point for JIF's to compete with others. All JIF's products are guaranteed by JIF's owners since the beginning.

4.2.2 Price

American Marketing Association: price is the formal ratio that indicates the quantities of money goods or services needed to acquire a given quantity of goods or services (www.marketingpower.com). Customer respond to price is

Table 2. Customer's Rresponse on JIF's Price

No.	Indicators	Score	Meaning
1	Price	179	cheap
2	Achievability of price	200	achievable
3	Suitability of price and quality	210	suits
4	Clearness of price	21	very clear
5	Discount	126	not clear
6	Payment period	216	very interested
7	Payment method	215	very interested

Source: Data collection, March-April 2010.

Respondents said that the price of JIF's is cheap and they can buy it. JIF's price suits to the product quality Compared to quality of raw material and sew. Payment period and payment method is responded to be very interested since customers do not have to pay directly but a week after they order the shoe.

Information about price is very clear to customers because they know how much the costs of each pair. Unfortunately, discount is supposed not clear to them. After doing and interview to JIF's owner, she does not give discount to every customer but to anyone who wants to help her becoming a connector to new market. That's why most of customers do not know about discount.

4.2.3 Place

Marketing channels are set of interdependent organizations involved in the process of making a product or service available for use or consumption (Kotler & Keller, 2009: 787). Customer respond to place is

Table 3. Customer's Response on JIF's Place

No.	Indicators	Score	Meaning
1	Easiness of getting products	183	easy
2	Delivery system	210	interest

Source: Data collection, March-April 2010.

Respondents said that they feel easy to get JIF's product and also interested in the delivery system. JIF's owners deliver the product directly to the customers.

4.2.4 Promotion

Promotion means "to move forward" and in marketing, promotion has a similar meaning, namely to motivate (or move, in a sense) customers to action (Shimp, 1993: 6). The objectives of promotion are

1. Informing prospective customers about the product, services and terms of sale
2. Persuading people to prefer particular products and brands, shop in certain stores, attend particular entertainment events, and perform a variety of other behavior
3. Inducing action from customers such that buying behavior is directed toward the marketer's offering and is undertaken immediately rather than delayed (Shimp, 1993:7)

JIF's management only uses personal selling and face book for promotion and the response can be seen below:

Table 4. Customer's Response on JIF's Promotion

No.	Indicators	Score	Meaning
1	Personal selling	216	very interested
2	Promotion through facebook	135	less interest

Source: Data collection, March-April 2010

Customer is very interested on personal selling of JIF's owners. Unfortunately, promotion through facebook is responded less interested since it is new and has not been familiar yet to the customers.

4.3 Customer Loyalty

JIF's customer loyalty can be seen through four indicators

Table 5. Customer Loyalty

No.	Indicators	Score	Meaning
1	Repeat purchase	210	agree
2	Buy other products	209	agree
3	Recommendation to others	210	agree
4	Refuse competitor's products	132	less agree

Source: Data collection, March-April 2010.

Respondents agree that they do repeat purchase. It indicates that customers buy JIF's product after they buy the first product. They also buy product besides shoe such as sandals that offered by JIF's.

Recommendation to others is also executed by respondents. Based on interview with JIF's owners, customers often do word of mouth among customers and to others. Most of them recommends to friends and family.

Unfortunately, they less agree on statement that they refuse competitor's product. It means that they will buy other competitor product and it will harm JIF's.

4.4 The Influence of Marketing Mix towards Customer Loyalty

4.4. The Influence of Marketing Mix towards Customer Loyalty Simultaneously

Hypotheses:

H₀: Marketing mix does not give positive influence on customer loyalty

H₁: Marketing mix gives positive influence on customer loyalty

By using SPSS 15, the result of questioners:

Table 6. ANNOVA

ANOVA						
Mode	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	.964	4	.241	2.437	.061 ^a
	Residual	4.448	45	.099		
	Total	5.411	49			

a. Predictors: (Constant), x4, x3, x1, x2
b. Dependent Variable: y

Significance level is smaller than 0.05, so H₀ is rejected and H₁ is accepted. It means marketing mix gives positive influence on customer loyalty.

The influence of marketing mix toward customer loyalty can be seen from determination coefficient (R square).

Table 7. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.422 ^a	.178	.105	.31439

a. Predictors: (Constant), x4, x3, x1, x2

R-square = 0.178. Customer loyalty is influenced by marketing mix 17.8%.

4.4.2 The Influence of Marketing Mix towards Customer Loyalty Partially

H₀: Product does not give positive influence on customer loyalty

H₁: Product gives positive influence on customer loyalty

H₀: Price does not give positive influence on customer loyalty

H₁: Price gives positive influence on customer loyalty

H₀: Place does not give positive influence on customer loyalty

H₁: Place gives positive influence on customer loyalty

H₀: Promotion does not give positive influence on customer loyalty

H₁: Promotion gives positive influence on customer loyalty

Table 8. Coefficient

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.676	.822		2.039	.047
	x1	.049	.175	.040	.278	.782
	x2	.374	.185	.325	2.024	.049
	x3	.104	.114	.134	.912	.366
	x4	.020	.074	.039	.266	.791

a. Dependent Variable: y

Significance level of product, place and promotion is bigger than 0.05. It means H₀ is accepted and H₁ is rejected which means product, place and promotion does not give influence to customer loyalty. Only price has

significance level smaller than 0.05. Consequently, H₀ is rejected and H₁ is accepted which means price give influence to customer loyalty

Trimming should be done to calculate price toward customer loyalty and by using SPSS 15, the result is

Table 9. Coefficient

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.027	.591		3.428	.001
	x2	.459	.152	.399	3.015	.004

a. Dependent Variable: y

Based on trimming process, the result is price influences customer loyalty with value 0.399 = 0.159.

Statistical calculation indicates that simultaneously, product, price, place and promotion influence customer loyalty of JIF's. It's too small with 17.8%. Based on analytical to this data, most of factors influence customer loyalty is personal of JIF's owner. Since 1999, JIF's owner has been known by customers and they trust to her. Her name becomes a warranty for the quality. In a micro business, owner becomes the most important factor influence customers to buy products.

Owner said that she tried to understand what customer need, want and demand as well as customer's characteristic. Peter Drucker "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy (Kotler & Keller, 2009: 45).

Partially, price becomes the only one factors that influence customer loyalty. Product, place and promotion do not give influence.

Based on observation, high product quality becomes an obligation for JIF's and so does place. A product is anything that can be offered to a market to satisfy a want or need. Products that are marketed include physical goods, services, experiences, events, persons, places, properties, organizations, information and ideas (Kotler and Keller, 2009: 789). Place also becomes and obligation for the company

to offer. Promotion is not becoming an important variable for marketing program of JIF's. Personal selling and face book are the only way JIF's owner to communicate with customers.

Price is the only one variable the influence customer loyalty. Price is used to communicate with consumer besides product quality. Price also communicates to the market the company's intended value positioning of its product or brand (Kotler & Keller, 2009: 789)

5. Conclusion

1. Customer response product that their need is very suit but size is only suit to them. Product model, product design and service are supposed very interested. Unfortunately, packaging is only responded as interested and it's the lowest score. Customer feels easy to remember JIF's brand. Durability of JIF's shoe is responded very durable for the raw material while durable for shoe sew.
2. Price of JIF's is cheap and customers can buy it. JIF's price suits to the product quality. Payment period and payment method is responded to be very interested. Information about price is very clear to customers. Unfortunately, discount is supposed not clear to them.
3. Respondents feel easy to get JIF's product and also interested to the delivery system.
4. Customer is very interested on personal selling of JIF's owners. Unfortunately, promotion through facebook is responded less interested.
5. Respondents agree that they do repeat purchase. They also buy product besides shoe such as sandals that offered by JIF's. Recommendation to others is also executed by respondents. Based on interview with JIF's owners, customers often do word of mouth among customers and to others. Most of them recommends to friends and family. Unfortunately, they less agree on statement that they refuse competitor's product. It means that they

will buy other competitor product and it will harm JIF's.

6. Marketing mix gives positive influence on customer loyalty. Statistical calculation indicates that simultaneously, product, price, place and promotion influence customer loyalty of JIF's. It's too small with 17.8%. Based on analytical to this data, most of factors influence customer loyalty is personal of JIF's owner. Since 1999, JIF's owner has been known by customers and they trust to her. Her name becomes a warranty for the quality. In a micro business, owner becomes the most important factor influence customers to buy products. Partially, price becomes the only one factors that influence customer loyalty. Product, place and promotion do not give influence.

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