CONSUMER LOYALITY ANALYSIS OF COSMETIC PRODUCTS IN INDONESIA

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ABSTRACT

A cosmetic product in Indonesia will survive and even develop because it has loyal consumers. Therefore, research on the analysis of consumer loyalty of cosmetic products in Indonesia is needed in order to find out the influence of the variables of the marketing mix, innovation strategies, satisfaction, and customer loyalty. The population of this study is consumers of Viva brand cosmetic products at Pancasila University, Jakarta, Indonesia. There are 200 respondents who were selected on a multistage basis. The results of the study include marketing mix variables and innovation strategies that have a partial effect on customer satisfaction. The variable of marketing mix and customer satisfaction partially affects customer loyalty. But the innovation strategy has no effect on consumer loyalty. There are 2 paths discovered, the dominant path is the marketing mix-satisfaction-consumer loyalty. In addition, it was found that the satisfaction variable can function as an intervening variable.

Keywords: Marketing Mix, Innovation Strategy, Satisfaction, Consumer Loyalty

BACKGROUND

Viva products have been around for more than 40 years in Indonesia. The company is constantly innovating with high technology to produce the latest cosmetics that are suitable for women's skin in the tropics. Innovation is essentially a conceptualization activity, as well as the idea of solving problems by bringing economic value to the company and social value to the community. So, innovation derives from the activity of opening eyes and ears to listen to the aspirations or complaints of consumers, employees, the environment and society (Kotler and Keller, 2009)

Innovation strategies can lead to customer loyalty (Darlington Onojaefe & Nicholas Nhepera, 2017; Ali Raza Nemati, et all, 2010). Therefore, the company will maintain and develop customer loyalty, because it can provide the benefits needed for the company's sustainability (Kotler and Keller, 2009). In addition, it was explained that maximizing customer value means building long-term relationships including innovation, and marketing strategies that the company runs. The research results of Agus et al (2016), Putu et al (2016), that there is an influence between customer satisfaction and loyalty. The study results of Woro, et al (2019), showed that there was an influence between innovation on customer satisfaction and loyalty.

In marketing there is a marketing strategy called the marketing mix that has an important role in influencing consumers to buy a product or service offered by the company. The elements of the marketing mix consist of all variables that can be controlled by the company to satisfy consumers. According to Buchari Alma (2012) the marketing mix consists of four components or 4Ps, namely product, price, place, promotion. The marketing mix is also a supporting factor for the creation of customer satisfaction and loyalty. This fact, in accordance with the research results of Radiman, et al (2018) that the marketing mix affects customer satisfaction and loyalty.

Research on Viva branded cosmetic products is rarely found, therefore research is needed with the theme of the impact analysis of marketing mix, and innovation on consumer satisfaction and loyalty of Viva cosmetic products (case studies of consumers of Viva cosmetic products at University of Pancasila) with the aim of analyzing the influence of variables of marketing mix, innovation strategies, satisfaction, and customer loyalty.

THEORETICAL BASIS

The elements of the marketing mix consist of all variables that can be controlled by the company to satisfy consumers. According to Huriyati (2012), marketing mix as a set of marketing tools that can be used by companies to achieve their company's goals in the target market. Marketing mix as a combination of variables or activities that are the core of the marketing system, namely variables that can be controlled by companies to influence the reactions of buyers or consumers (Assauri, 2013).

According to Buchari Alma (2012) the marketing mix consists of four components or 4Ps, namely product, price, place, promotion. According to Sumarni and Soeprihanto (2010), a product is anything that can be offered in the market to get attention, demand, usage or consumption that can fulfill a desire or need. Products are not always goods but can also be services or a combination of both (goods and services). According to Tjiptono (2008), price is the only element of the marketing mix that provides revenue or income for a company. According to Sumarni and Soeprihanto (2010), a distribution place is a channel that is used by producers to distribute these products from producers to consumers or industrial users. According to Agus Hermawan (2013), promotion is one of the priority components of marketing activities that inform consumers that a company is launching a new product that tempts consumers to purchase.

Innovation is essentially a conceptualization activity, as well as the idea of solving problems by bringing economic value to the company and social value to the community. So, innovation derives from the activity of opening eyes and ears to listen to the aspirations or complaints of consumers, employees, the environment and society. There are several ways that can be taken to produce innovative products according to Kotler & Keller (2009), namely: developing new product attributes (adaptation, modification, enlarging, minimizing, substitution, rearrangement, turning over, and combining); developing various levels of quality; develop product models and sizes.

Customer satisfaction is a major factor for companies to pay attention to business and win competition among similar companies, although it is not easy to realize overall customer satisfaction, even though each company expects that no customer will feel dissatisfied. However, every company must minimize customer dissatisfaction by providing the best possible service system.

According to Lovelock and Wirtz (2011), satisfaction is an attitude that is decided based on the experience gained. Satisfaction is an assessment of the characteristics or features of a product or service, or the product itself, which provides a level of consumer pleasure related to the fulfillment of consumer consumption needs. Consumer satisfaction can be created through quality, service and value. The key to generating customer loyalty is providing high customer value. Meanwhile, according to Kotler & Keller (2009), customer satisfaction is the level of one's feelings after comparing the performance (results) he feels compared to his expectations". According to Irawan (2009), the factors that can influence consumer satisfaction are as follows: product quality, service quality, product prices, emotional factors, and costs and convenience.

Oliver (1999) defines loyalty as a deeply held commitment to buy or support a product or service that they like in the future even though the influence of the situation and marketing business has the potential to cause consumers to switch. Customer loyalty is a more reliable measure for predicting sales and financial growth. Satisfaction which is an attitude, loyalty can be defined based on the buying behavior. Loyal customers have the following characteristics: make regular repeat purchases, buy between product lines and services, refer others, and show immunity to competition from competitors

According to Oliver (1999) there are four dimensions of loyalty and explain that different aspects of loyalty do not appear simultaneously but sequentially step by step, namely: Cognitive loyalty. In this dimension, consumer loyalty is determined by information related to the features offered and perceived quality which indicates that a brand is more profitable than other brand alternatives; Affective loyalty. In this dimension, there is a bond or behavior towards the brand, which is based on the experience of using that brand; Conative loyalty. This loyalty is obtained when there are repeated positive feelings towards a brand; Loyalty of action. In this dimension, desires created from the previous stage turn into greater action.

Based on the explanation above, the conceptual model and hypothesis of this study are as follows:

Figure 1.Research Conceptual Model
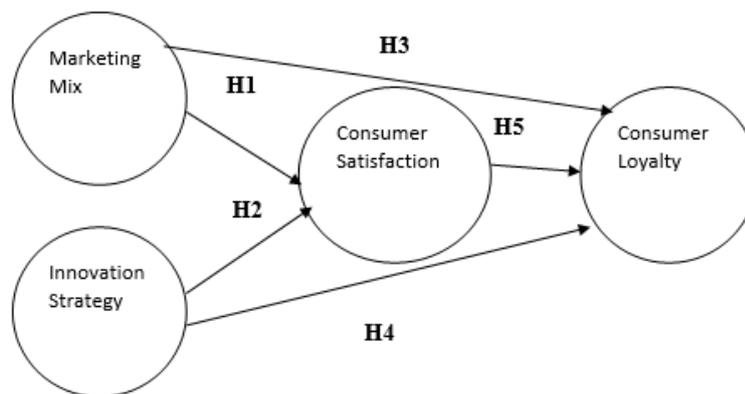
H1 : The influence of the marketing mix on customer satisfaction.
H2 : The influence of innovation strategies on customer satisfaction.
H3 : The influence of the marketing mix on consumer loyalty.
H4 : The influence of innovation strategies on consumer loyalty.
H5 : The influence of consumer satisfaction on consumer loyalty.

RESEARCH METHODS

This research uses a quantitative approach. The data used are primary data and secondary data. The research variables consist of marketing mix, innovation strategies, customer satisfaction and loyalty. This research uses survey method.

The study population was lecturers, employees, and students of Pancasila University who were consumers of Viva brand products. 200 respondents were selected by multistage method. Phase 1, the selection of 4 faculties as random sample units. Phase 2, each faculty selected as a sample unit was assigned 50 random respondents.

The measurement tool for this study was a questionnaire with answers to the statements according to the Likert scale of 1-5, namely 1 = strongly disagree, 2 = disagree, 3 = neutral / doubtful, 4 = agree, and 5 = strongly agree. Descriptive data analysis with the average value category according to the scale range (largest-smallest value)/5 or (5-1)/5 = 0.8. Very low category = 1.00 - 1.80; low = 1.81 - 2.60; moderate = 2.61 - 3.40; high = 3.41 - 4.20; very high = 4.21 - 5.00.

Then the validity test is performed to show the extent to which a question on a questionnaire is able to reveal something that will be measured by the questionnaire. This validity test ensures that each question will be classified in the variables that have been set (construct validity). If a question is able to reveal something that will be measured by the questionnaire or r count ≥ r table, then the data is called valid (Ghozali, 2005). Reliability Tests are used to measure whether a respondent's answers are consistent or stable over time. If the respondent is consistent in answering questions in the questionnaire, then the data is reliable. A construct or variable is said to be reliable if the SPSS statistical test provides a value α > 0.60 (Ghozali, 2005).

The model that will be used in this study is a model of causality or the relationship or influence between variables, the analytical technique used is SEM (Structural Equation Modeling). The hypothesis test uses the T test. According to Ghozali (2005), Structural equation modeling (SEM) is a statistical modeling technique that is very cross-sectional, linear and general. The model formed needs to be tested GoF (Good of fitness).

ANALYSIS AND DISCUSSION

This study uses 4 variables with 36 indicators. The marketing mix variable consists of 17 indicators, the innovation strategy variable consists of 9 indicators, the consumer satisfaction variable consists of 5 indicators, and consumer loyalty variable consists of 5 indicators. Based on the validity test, it is known that all indicators have r count ≥ r tables, so all indicators are said to be valid. Based on the reliability test, it is known that all variables have a Cronbach value ≥ 0.60, so all variables are said to be reliable. So, all indicators and variables are used for this study.

The characteristics of the respondents are as follows: there were 200 respondents in this study from 4 faculties (economics, pharmacy, law, and psychology), each 50 respondents per faculty. All respondents have used Viva cosmetic products. All respondents are female, none of the respondents are male. Because women use cosmetics, while men don't use cosmetics. Based on age, respondents are divided into 4 groups (≤ 20 years old, 21-35 years old, 36-50 years old, and ≥ 51 years old), so most respondents in this study are 20-35 years old (87.5%). The rest, 12.5% of respondents are 36 years old and over. Most respondents in this study are students (82.5%). The rest are employees (10.5%) and lecturers (7.0%).

Based on the means and categories on the scale, it can be said that the level of respondents' perceptions of product variables is high. This is reflected in the product indicators meeting the needs of the skin and are safe for the skin. The level of respondents' perception of the price variable is also high. This is reflected in the indicator of affordable prices and prices in accordance with the benefits provided. The level of respondents' perception of place variable is also high. This is reflected in the indicators of products that are easily obtained and where sales are adequate. The level of respondents' perception of promotion variable is high. This fact is reflected in the promotion indicators on the internet or social media and participating as a sponsorship of an activity. The level of respondents' perception of innovation strategy variable is high. This fact is reflected in the indicators of product development and having a service system that makes it easy for customers. The level of respondents' perception of the customer satisfaction variable is high. This fact is reflected in the indicators of being proud to use the product and being satisfied with the quality of the product. The level of respondents' perception of the consumer loyalty variable is high. This is reflected in the main indicators willing to recommend to anyone and willing to tell anyone.

Based on the results of SEM analysis with the Lisrel Program, the research model obtained is elaborated in Figure 2 and Table 1 below. Two equations are formed, equation 1 explains that the variable of marketing mix and innovation strategy is able to explain the variable of customer satisfaction by 70%. The remaining 30% can be explained by other variables not discussed in this study. While equation 2 explains that the variable of marketing mix, innovation strategy, and customer satisfaction is able to explain the variable of customer loyalty by 53%. The remaining 47% can be explained by other variables not discussed in this study.
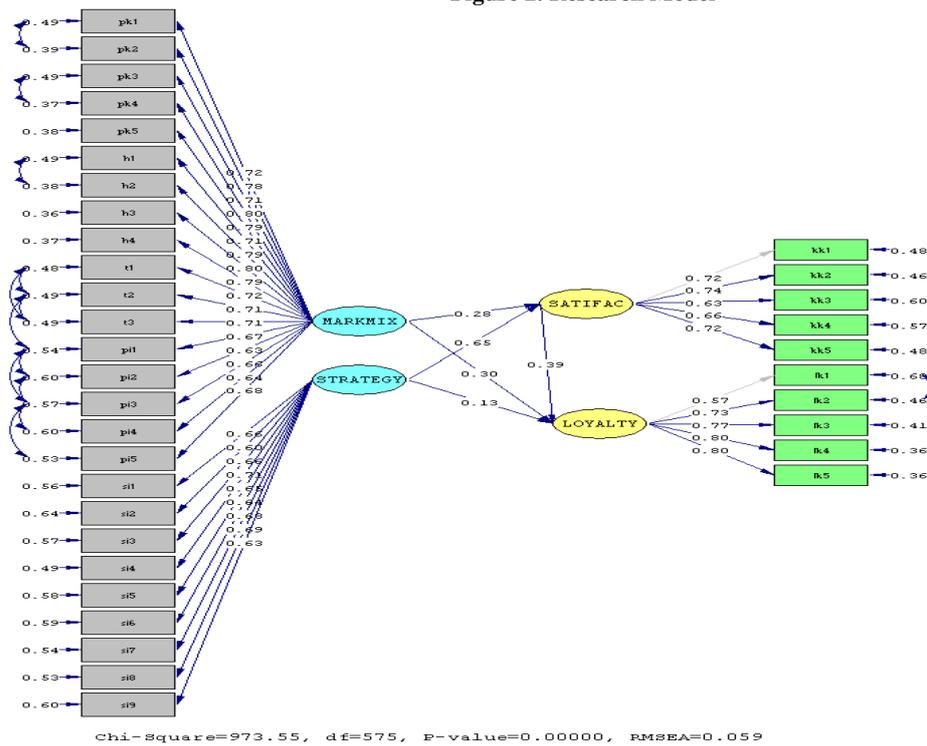
Figure 2. Research Model

Chi-Square=973.55, df=575, P-value=0.00000, RMSEA=0.059

Table 2. Structural Equation

No.	Equation	R^2
1.	SATIFAC = 0.28*MARKMIX + 0.65*STRATEGY	0.70
2.	LOYALTY = 0.39*SATIFAC + 0.30*MARKMIX + 0.13*STRATEGY	0.53

Based on Goodness of Fit Statistics (GoF), it is known that the conditions of several aspects of GoF are as follows: Expected Cross-Validation Index (ECVI) = 5.81(Good), AIC Model = 1155.55 (Good) , CAIC Model = 1546.70 (Good), Parsimony Normed Fit Index (PNFI) = 0.86 (Good), Relative Fit Index (RFI) = 0.94 (Good), Root Mean Square Residual (RMR) = 0.049 (Good), Adjusted Goodness of Fit Index (AGFI) = 0.75 (Good), Parsimony Goodness of Fit Index (PGFI) = 0.68 (Good), then it can be said of the suitability of the model.

Figure 3. T test

Chi-Square=1407.33, df=588, P-value=0.00000, RMSEA=0.084
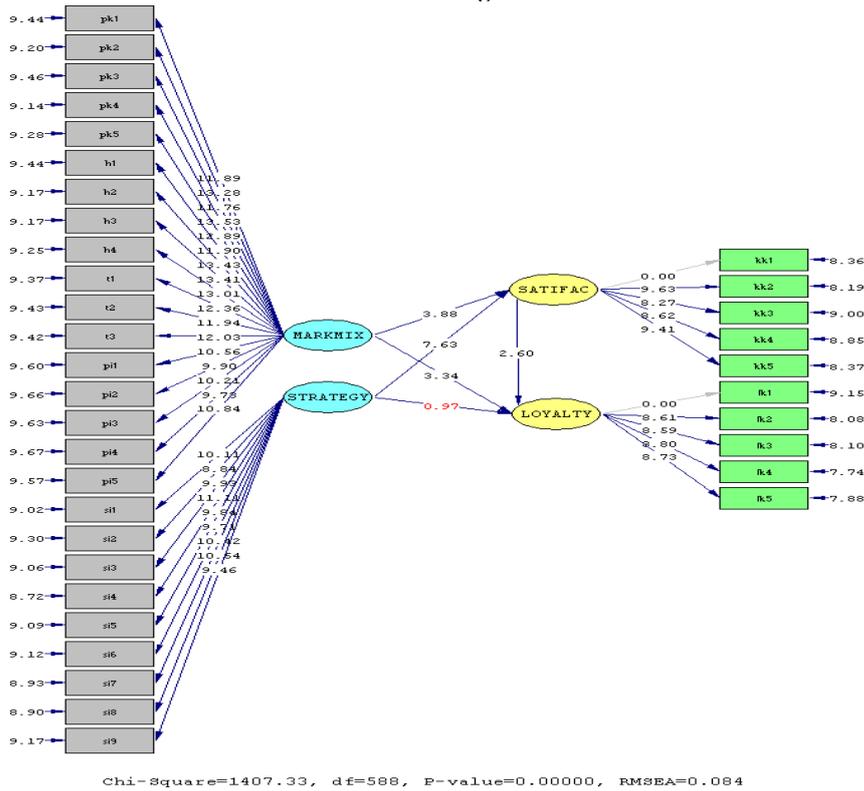
Based on the T test (Figure 3), it can be seen that H_1 is accepted ($t_{1\ count}$= 3.88 ≥ t_{table} = 1,976) it means that there is an influence of marketing mix on satisfaction. The diversity of the values of the indicators on the marketing mix and satisfaction variables can explain the relationship between the two variables. This fact is consistent with the research results of Putu, et al (2016) that the marketing mix affects satisfaction.

It is also known that H_2 is accepted ($t_{2\ count}$= 7.63 ≥ t_{table} = 1,976) it means that there is an influence of innovation strategy on satisfaction. The diversity of the values of the indicators on the innovation strategy and satisfaction variables can explain the relationship between the two variables. This fact is consistent with the research results of Woro, et al (2019) that the process innovation affects satisfaction.

It is also known that H_3 is accepted ($t_{3\ count}$= 3.34 ≥ t_{table} = 1,976) it means that there is an influence of marketing mix on customer loyalty. The diversity of the values of the indicators on the marketing mix and satisfaction variables can explain the relationship between the two variables. This fact is consistent with the research results of Christian (2013) that the marketing mix affects customer loyalty.

It is also known that H_4 is rejected ($t_{4\ count}$= 0.97 ≥ t_{table} = 1,976) it means that there is an influence of innovation strategy on customer loyalty. The diversity of the values of the indicators on the innovation strategy and loyalty variables can explain the relationship between the two variables. This fact is not consistent with the research results of Woro, et al (2019) that the process innovation affects loyalty.

It is also known that H_5 is accepted ($t_{5\ count}$= 2.60 ≥ t_{table} = 1,976) it means that there is an influence of satisfaction on loyalty. The diversity of the values of the indicators on the satisfaction and loyalty variables can explain the relationship between the two variables. This fact is consistent with the research results of Putu, et al (2016), Yunanda, et al (2017), Abdul, et al (2017) that customer satisfaction affects customer loyalty.

Table 4 Direct, Indirect, and Total Effects

No.	Path	Variables between	Effect		
			Direct	Indirect	Total
1.	Marketing mix ⟶ Loyalty	Satisfaction	0.30	0.11 (0.28x0.39)	0.41
2.	Innovation strategy ⟶ Loyalty	Satisfaction	-	0.25 (0.65x0.39)	0.25

Table 4 explains that there are 2 paths formed, namely the path of marketing mix, satisfaction, loyalty and the path of innovation strategy, satisfaction, loyalty. The dominant path is the marketing mix, customer satisfaction, customer loyalty path.

The satisfaction variable can function as an intervening variable, because the effect of the total variable is greater than the effect of the direct variable.

CONCLUSIONS AND RECOMMENDATIONS

The marketing mix and the innovation strategy variables have a partial effect on customer satisfaction. The marketing mix and customer satisfaction variables partially affects consumer loyalty. But the innovation strategy has no effect on consumer loyalty.

The marketing mix and innovation strategy variables are able to explain the customer satisfaction variable by 70%. While the marketing mix, innovation strategy, and customer satisfaction variables are only able to explain customer loyalty variables by 53%.

To accelerate the increase in customer loyalty which is reflected by the willingness to recommend to anyone and the willingness to tell anyone, the implementation of a marketing mix can improve customer satisfaction. Implementation of the required marketing mix in the form of products that meet the needs of the skin and are safe for the skin, affordable prices and in accordance with the benefits provided, ease of getting products and adequate sales places, promotion on the internet or social media and participating as sponsorship of an activity. While increasing consumer satisfaction is reflected in the proud use of the product and satisfied with the quality of the product. In addition, other variables are needed besides marketing mix and innovation strategies that are better able to explain customer satisfaction and loyalty variables.

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