The Effect of Differentiation Strategy on Consumer Loyalty in UD Trans Jaya Kasokandel Majalengka District

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Abstract

The Effect of Differentiation Strategy on Consumer Loyalty at Ud Tran Jaya Kasokandel, Majalengka Regency. Ud Tran Jaya Kasokandel is a retail business in Majalengka Regency that seeks to increase consumer loyalty for the company's UD (trading business) Tras Jaya Kasokandel is a retail business in Majalengka Regency that strives to increase consumer loyalty for the company's long-term survival. UD Tran Jaya Kasokandel has always made efforts to increase consumer loyalty; among them is the differentiation strategy that UD Tran Jaya Kasokandel always develops to bind consumers. The problem of this research is to find out if there is an influence of differentiation strategy on consumer loyalty. The population of this study was all consumers of Ud Tran Jaya Kasokandel with sampling technique using random sampling using the slovin formula to produce 96 people. The nature of this research is descriptive and verification. The data analysis methods are regression analysis, correlation, determination, and t-test. Based on the analysis results, there is an influence between the differentiation strategy and consumer loyalty; this is proven through hypothesis testing using the t-test so that it can be count is greater than t table (9, 8724 > 1.66123). The correlation value between differentiation strategy and consumer loyalty at Ud Tran Jaya Kasokandel Majalengka Regency based on research data is 0.7103. So the relationship between differentiation strategy variables and consumer loyalty at Ud Tran Jaya Kasokandel Majalengka Regency is included in the category of a strong relationship. The contribution of differentiation strategy to consumer loyalty is 50,46%, or it can be said that the variance that occurs in the consumer loyalty variable (Y) 50,46 % is determined by the variance that occurs in the differentiation strategy variable (X). The rest, amounting to 49%, factors outside this study determine 54%. The regression equation is: Y = 1, 11 + 0,41 X. It means: b is positive, namely 1,11, meaning that X positively affects Y. The regression coefficient of 0,41 states that every increase (because b is +) 1 unit of differentiation strategy will increase consumer loyalty by 0,41 units.

I. Introduction

Consumer loyalty is the most important thing in the activities of a business. With high consumer loyalty, consumers will make purchases continuously and benefit the company. In general, companies want long-term plans to retain consumers (Kotler, 2017: 167) suggests that consumer loyalty is a condition that can be achieved in the long term as a company goal in strategic planning. The company wants to bind consumers forever for the company's long-term planning in increasing positive attitudes toward every product of

the company; as stated (Dharmmesta, 2014: 27) that loyal consumers have a positive attitude towards a particular product by looking at all the attributes. They are attached to the product. In other words, consumers have a definite commitment to using the selected product. The higher the company's leverage, the company tends to generate less cash, this is likely to affect the occurrence of earning management. Companies with high debt or leverage ratios tend to hold their profits and prioritize the fulfillment of debt obligations first. According to Brigham and Ehrhardt (2013), the greater the leverage of the company, it tends to pay lower dividends in order to reduce dependence on external funding. So that the greater the proportion of debt used for the capital structure of a company, the greater the number of liabilities that are likely to affect shareholder wealth because it affects the size of the dividends to be distributed. (Yanizzar, et al. 2020)

The company to determine the viability of its company, the company seeks to find ways to be able to deal with the problems faced by the company. One way to keep the company afloat from competitors is to implement a differentiation strategy. Differentiation is one competitive advantage owned by a company to win its target market. The company has the right to differentiate its products to be different from the products of its competitors. To keep pace with consumers' changing tastes, companies must always try to develop and modify their products to keep up with the times.

To overcome this, the company must have a strong marketing strategy to market its goods and services to compete in business competition. Conditions of intense competition make consumers vulnerable to change, so every company must follow changes in consumer desires continuously.

The definition of differentiation strategy, according to Hartono (2017:102): "The basis of competitive advantage from a differentiation strategy is the company's ability to offer buyers something different from what is offered by its competitors."

Every company's dream is to survive and thrive in various economic and market situations and conditions that are always changing. Tight competition in the business world, rapid technological change, economic globalization, and ever-changing market tastes are some phenomena that companies must face to achieve their dreams. These phenomena will pose various threats and opportunities for the company and determine its survival and development.

With conditions of increasingly fierce competition between similar companies, every company must be able to compete to keep consumers from switching to competing companies. The company's hope to retain consumers is to stabilize and even increase sales in the period when sales are declining, so the company needs customer loyalty in its marketing strategy.

It is well recognized that the differentiation strategy can affect consumer loyalty. However, until now, the marketing channels provided cannot be said to be able to satisfy consumers, which will later make consumers loyal to the company. A differentiation strategy is a way or many ways that can be assessed by customers so that it affects customer choice. A differentiation strategy is often, but not always, associated with higher prices because the increase makes the price less appropriate for consumers. Apart from being based on a low-cost advantage, the strategy's success will be distinguished in many ways, including by increasing its appearance, quality, prestige, main characteristics, service guarantees, reliability, and product confidence.

The purpose of differentiation is to facilitate the provision of a strong enough value to the product for customers, and it is hoped that customers will realize that value exists, which in turn benefits ultimately must be able to affect customer loyalty. If this

differentiation intent can be seen, it is easily recognizable in size or easily matched or calculated by the customer.

Nowadays, business development in Indonesia is very rapid. Entrepreneurs in big cities such as Bandung, Jakarta, Surabaya, and other big cities continue to improve services and product quality; other goods with various strategies are used, including marketing channels. To win the competition, they get the desired profit and wide market share and produce satisfied and loyal customers.

This research was conducted in one of the retail businesses in Majalengka, UD Tran Jaya Kasokandel, one of the wholesale stores located in the Majalengka area, which is engaged in the retail business where the level of competition between manufacturers selling similar products is very high. By seeing that Majalengka Regency is a potential market share for fashion products and the level of competition between producers is high. With the good promotion, Ud Tran Jaya Kasokandel Majalengka Regency can satisfy and fulfill consumer desires to achieve company goals.

Based on the results of interviews with the owner of Ud Tran Jaya Kasokandel, there was a significant decrease in the number of consumers at UD Tran Jaya Kasokandel, Majalengka Regency. Therefore, there must be a follow-up to increase the resale. Hopefully, the research conducted by the author at Ud Tran Jaya Kasokandel, Majalengka Regency, can help the company solve the problems.

The UD Tran Jaya Kasokandel Majalengka Regency is facing business competition in the fashion sector and has made various efforts to create unique products to attract better attention. Likewise, in creating new products, Ud Tran Jaya Kasokandel, Majalengka Regency has also innovated products with various distinctive and superior designs to attract attention to become a distinct style among consumers.

Based on that, the author conducts research titled "The Effect of Differentiation Strategy on Consumer Loyalty in Ud Tran Jaya Kasokandel Majalengka Regency."

1.1 Formulation of the Problem

Based on the limitations of the problem above, the main problem in this research can be formulated as follows:

a. What is the differentiation strategy in Ud Tran Jaya Kasokandel Majalengka Regency?

b. How is consumer loyalty in UD Tran Jaya Kasokandel? Is there an influence of differentiation strategy towards consumer loyalty in Ud Tran Jaya Kasokandel Majalengka Regency?

II. Review of Literature

2.1 Understanding Differentiation Strategy

According to Kotler (2017: 402), the definition of differentiation strategy is "How to design a series of meaningful differences to differentiate the company's offer from competitors' offerings."

The differentiation strategy lies in the difference in the target market share. Differentiate the company's products or services by creating something new that the industry perceives as unique while formulating different strategies. The main key for service business companies today to increase competitive advantage is to focus on the advantages of quality, design, technology, distribution network, image, weight, materials, or services so that companies can increase prices as high as possible.

2.2 Loyalty

Griffin (2016: 5) stated his opinion about customer loyalty: "The concept of customer loyalty is more associated with behavior than with attitude. If someone is a loyal customer, he shows buying behavior defined as a non-random purchase expressed from time to time by several decision-making units.

Based on several definitions put forward by the experts above, the researchers understood that customer loyalty is a customer's commitment to a brand, store, or supplier reflected or shown by positive behavior, namely making continuous repeat purchases without being affected by marketing by competitors.

2.3 Framework

Customer loyalty is a customer's commitment to continue to buy or prefer the products or services offered by the company. Consumer loyalty to a company is, of course, because a value or advantage distinguishes the company from its competitors. One of the value advantages possessed by the company is the result of the differentiation strategy applied by the company.

One of them is customer loyalty because of a good differentiation strategy. Maintaining commitment with customers to be loyal is shaped by the company's commitment to continue to provide excellence to consumers.

Differentiation is a distinguishing factor that carries superior value from companies to consumers, in which there is a uniqueness that companies are trying to convey to their consumers through the products produced, services provided, personal serving consumers, distribution, and differences in the company image to be conveyed.

The correct strategy has various ways of conveying more value to consumers to believe and are loyal to the company. So that consumers act as advocates (advocates) of the company from competitors and strengthen the company's brand image through demonstration effects (Demonstrator effect) on other consumers, as well as effect recommendations. (Recommended effect) through inviting other consumers.

Differentiation is an effort for products and brands to occupy a unique position in the target market's minds by creating the right value proposition to become the reason for consumers to transact. Differentiation reflects how the target market's perception of the company or how the target market perceives and perceives the company's offering differs from other companies.

In differentiation analysis, the perception of the target market is measured to determine the relative position of various companies in the minds of the target market; these companies' positions reflect similarities and dissimilarities. This information can be used to evaluate competing companies and identify roles that competitors have not entered.

Based on the background of the problem, objectives, benefits of research, theoretical and empirical studies that have been described at the beginning can be used as a basis in making the research framework as follows:

Strategy Differentiation	→	Loyalties

III. Research Method

3.1 Research methods

This study's research method is causal associative (affective relationship). The independent variable, differentiation strategy (X), is the cause of consumer loyalty (Y). The quantitative research approach includes the research method that uses causal associative.

3.2 Population & Sample

This study's population is all consumers of Ud Tran Jaya Kasokandel, Majalengka Regency Majalengka, whose number is unknown with certainty. The number of samples taken will be rounded off from 96. The sampling technique is probability sampling, while the sampling technique uses simple random sampling.

3.3 Data source

The data source is the primary source, namely the data source directly from the respondent. However, to make a questionnaire that refers to the research instrument, it must be based on a theoretical basis. At the same time, the theoretical basis is based on existing books, although only as a source of data in the form of secondary data.

IV. Result and Discussion

4.1 Linear Regression Test Results

To prove the hypothesis in this study, the F-test was used to test the regression coefficient's overall significance and the t-test to test each variable partially. The F-Test determines whether the independent variable significantly affects the dependent variable.

Based on a calculation using IBM SPSS Statistics 25 obtained the following output:

Coefficients [a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.112	1,490		.746	.457
	Differentiation Strategy	.414	.042	.710	9,784	.000

a. Dependent Variable: Loyalty

Discussion of Statistical Calculation Results:

Based on the table of calculation results using SPSS above, the regression model can be analyzed based on its coefficients. The linear regression equation model based on the table above is as follows:

Regression Equation: $Y = 1.112 + 0.414X$

The correlation coefficient can be seen in the following table:

Correlations

		Differentiation Strategy	Loyalty
Differentiation Strategy	Pearson Correlation	1	.710 **
	Sig. (2-tailed)		.000
	N	96	96
Loyalty	Pearson Correlation	.710 **	1
	Sig. (2-tailed)	.000	
	N	96	96

**. Correlation is significant at the 0.01 level (2-tailed).

The result of calculating the correlation value between differentiation strategy and consumer loyalty at Ud Tran Jaya Kasokandel, Majalengka Regency, based on research data obtained, is 0.710. This value shows a strong relationship between the differentiation strategy variable and consumer loyalty at Ud Tran Jaya Kasokandel, Majalengka Regency.

The coefficient of determination can be seen in the following table:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710 a	.505	.499	1.58219

a. Predictors: (Constant), Differentiation Strategy

Thus, the contribution of the differentiation strategy to consumer loyalty is 50, 46%, or it can be said that the variance that occurs in the consumer loyalty variable (Y) 50.46% is determined by the variance that occurs in the differentiation strategy variable (X). The rest, amounting to 49.54%, is determined by factors outside this study.

4.2 Hypothesis Test Results

Based on the above calculations, it can be seen that the t count is greater than the t table (9.8724 > 1.66123); it can be interpreted that the differentiation strategy affects consumer buying interest at Ud Tran Jaya Kasokandel, Majalengka Regency.

V. Conclusion

There is an influence between the differentiation strategy on consumer loyalty because the t count is greater than the t table (9.8724 > 1.66123).

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