THESIS

THE EFFECT OF MARKETING MIX AND RETAIL MIX ON CONSUMER LOYALTY OF GELAEL SUPERMARKET IN MAKASSAR CITY

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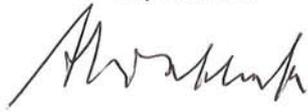
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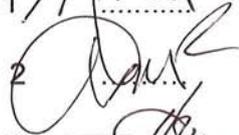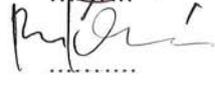
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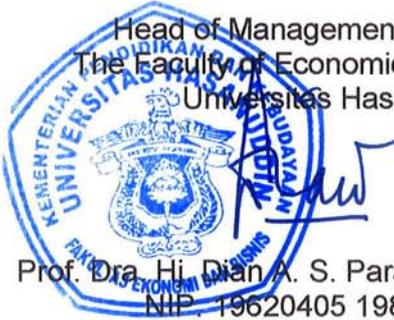
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Makassar, 7th August 2020

Who make the statement,

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PREFACE

This thesis is a final work as partial fulfilment for the degree of Bachelor of Economics (SE) at the Department of Management, Faculty of Economics and Business, Hasanuddin University.

I would firstly like to thank God for His blessings until this thesis research is completed. I also like to thank all people who were involved in this research for their help, I would like to thank the following persons in particular:

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Lastly, I hope that this thesis will be beneficial for my next batches and for those who are related to this topic.

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Annisa Mauliandini

ABSTRACT

The Effect Of Marketing Mix and Retail Mix on Consumer Loyalty of Gelael Supermarket in Makassar City

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This research aims to determine the effect of marketing mix and retail mix on consumer loyalty. This research conducted in the company of PT. Gelael Indotim Makassar. The data used in this study were obtained from a questionnaire (primary). The sampling method uses purposive sampling method. The number of samples used was 160 customers from different gender, age and occupation. The analytical method used is Structural Equation Modeling (SEM) using Smart-PLS 2.0 for Windows. The research findings show that the variables of Marketing Mix has a positive yet not a significant effect on Consumer Loyalty of Gelael Supermarket, meanwhile Retail Mix has positive and significant effect or indirect effect.

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PRELIMINARY

1.1 Background

Retail business is the whole activity of selling goods or services directly to consumers that are used to meet their personal needs and are not used for business purposes or further processing. Every company that sells directly to end consumers, producers, wholesalers and retailers, can be said to act in the retail or retail business.

The retail business in Indonesia is currently experiencing a pretty good development. Indonesia is included in the Top 10 Global Retail Development Index (GRDI) 2019 released by consultancy A.T Kearney The GRDI assessment consists of four criteria, namely market attractiveness, country risk level, market saturation, and time pressure. In 2019, the Indonesia retail market is in 8th position out of 30 developing countries worldwide. In the 2019 GRDI list, Indonesia obtained a score of 55.9 from the highest score of 100. This position is up from the previous year which was ranked 8th.
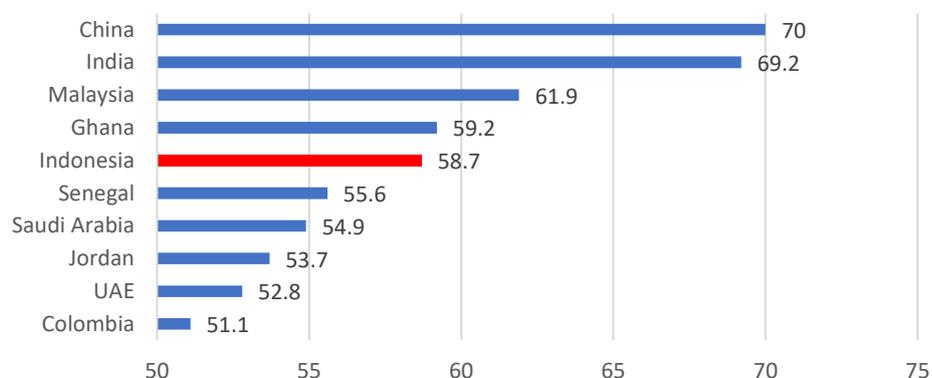
Figure 0.1. 10 Negara dengan Skor Terbesar dalam GDRI 2019

Sumber: A.T. Kearney (2019)

According to Southeast Asia Partner and Head A.T Kearney Soo Ghee Chua, Indonesia has been the target of foreign retailers. The opening of the Negative Investment List (DNI) opens opportunities for foreign investors to enter the domestic retail market, both to dominate supermarkets or e-commerce.

With the development of the retail business in Indonesia, currently the number of supermarkets and supermarkets in Indonesia is also growing rapidly, including one in the city of Makassar. Gelael Supermarket is one company that utilizes the retail business market opportunities. Gelael Supermarket has an advantage among other supermarkets in Makassar, namely Gelael Supermarket is the first supermarket in Makassar that has survived until now. Therefore, although currently there are many new supermarkets, but Gelael Supermarket still has popularity among the people in Makassar City. Because of the many competitors that have sprung up, Gelael Supermarket must be able to improve its strategy in order to be able to attract and retain consumers.

Basically, the goal in setting up a company is looking for maximum profit. The success of a company in achieving these goals is strongly influenced by the company's ability to market its products. Companies can sell their products at favorable prices at the level of quality expected, will be able to overcome the challenges of competitors, especially in the field of marketing (Swastha and Handoko, 2012: 59).

Increasingly fierce business competition requires companies to be more aggressive in attracting and retaining consumers. Companies must

be directly involved in creating the strength of products produced to win a competitive market. Businesses must be able to do something better than their competitors by providing better products, lower prices and better services. Thus, it is expected that the company can win the competition and attract customers.

Therefore, to attract consumers to make purchases, the company must be able to implement an appropriate marketing strategy in accordance with the market conditions encountered. The success of a marketing strategy is influenced by several factors, namely market research and analysis, product decisions, pricing, promotion and distribution, also known as a marketing mix.

Marketing mix or marketing mix is the main core of marketing activities, which includes 4P (Product, Price, Place, Promotion). The four variables are combinations that have the same role and are a unity to support the company's success. Therefore, product, price, place and promotion can be used by the company concerned to develop a company's basic strategy that can be a reference for developing effective marketing strategies (Swastha and Irawan, 2013).

Retail mix also has an important and influential role in the development of a company. According to Utami (2010: 68), the elements in retail mix include product, price, promotion, place, presentation, and personnel. Applying the right retail mix is expected to build commitment and build customer loyalty. Consumer loyalty has an important role in a company. Maintaining consumers means improving financial performance

and maintaining the survival of the company, where this is the main reason for companies to attract and retain consumers (Utami, 2010: 128).

In this modern era, it has become a necessity for companies to always maintain and increase customer loyalty. One of the main objectives of marketing activities is often seen from the achievement of consumer loyalty through marketing strategies. Because with good customer loyalty, the company can survive against its competitors in all market situations. Consumer loyalty is the most important part of repurchases to consumers (Caruana, 2002).

Consumer loyalty shows behavior related to products or services for the company. Consumer loyalty as a mindset of consumers holds a favorable attitude towards the company, where consumers commit to buy back the company's products or services and recommend products or services to others (Saravanakumar, 2014).

Research on consumer loyalty is a crucial factor in marketing a company's products. Previous research by May (2012) showed that there was an influence of marketing mix consisting of products, prices, promotions, and distributions on consumer loyalty. In addition, research by Wu and Li (2018) also states that all variables in the social commerce marketing mix significantly influence consumer loyalty. While research by Wahab, Hassan, Shahid, & Maon (2016) shows that product and price variables have a significant effect on consumer loyalty, but place and promotion have no significant effect on consumer loyalty.

Other research by Irawati and Subagio (2014) shows that retail mix has a significant effect on consumer loyalty. This is also supported by the results of research by Supriyanto (2015) which also shows that there is a significant influence between retail mix on customer loyalty, however, research by Terblanche (2017) states that merchandise value is the only element that has a significant relationship with loyalty consumers in supermarket studies. Whereas in the study of clothing stores and studies of health, beauty, and lifestyle stores, only variable merchandise values and frontline staff have a significant relationship with customer loyalty.

Based on the description above, it is known that there are differences in research results regarding the effect of each element of marketing value and retail mix on consumer loyalty. Therefore, researchers are interested in conducting research with the title "The Effect of Marketing Mix and Retail Mix on Consumer Loyalty of Gelael Supermarket In Makassar City".

1.2 Formulation of Problem

Based on the background that has been stated, the problem formulation in this research is as follows.

1. Does the marketing mix significantly influence consumer loyalty to Gelael Supermarket?
2. Does the retail mix significantly influence consumer loyalty to Gelael Supermarket?

1.3 Research Purposes

Based on the problem formulation above, the objectives to be achieved in this study are as follows.

1. To test whether the marketing mix has a significant effect on customer loyalty at Gelael Supermarket.

2. To test whether the retail mix significantly influences consumer loyalty to Gelael Supermarket.

1.4 The Benefit of The Research

This research is expected to provide the following research uses:

1.4.1 Theoritical Use

This research is expected to enrich the knowledge as a contribution to thinking in the form of discourse about the effect of marketing mix and retail mix on customer loyalty.

1.4.2 Practical Uses

1. Academic

The results of this study are expected to provide benefits and references for further research in the field of marketing management, and sustainable development on the effect of marketing mix and retail mix on consumer loyalty.

2. Corporation

The results of this study are expected to provide information or as useful input to assist companies in taking steps in the marketing mix and retail mix strategies to increase consumer loyalty.

1.5   Research Scope

The scope of this study includes the variable studied, the population or subject of the study and the location of the study. In this study the author used two variables as independent variables namely marketing mix and retail mix, then one dependent variable is consumer loyalty. Population is a generalization area that consists of objects or subjects that have certain qualities and characteristics determined by researcher to be studied and then drawn conclusions. In this study, the population is the Geael Supermarket's consumers.

1.6 Systematical Writing

This research is organized into five chapters with the following details:

CHAPTER I. PRELIMINARY

This section contains a description of the background that underlies the importance of conducting research, identifying and formulating problems, explaining the purpose of the research, the usefulness obtained from research and writing systematic.

CHAPTER II. LITERATURE REVIEW

This chapter exlains the theories that discuss the marketing mix, retail mix and consumerr loyalty. In addition, this chapter also contains relevant previous research, conceptual frameworks, and the formulation of research hypotheses.

CHAPTER III. RESEARCH METHODOLOGY

This section explains the research variables and operational definitions, the study population and the way in which research samples are collected the types and sources of data used, the methods of data collection, and the methods used in data analysis.

CHAPTER IV. RESEARCH RESULTS AND DISCUSSIONS

This section describes the description and discussion of the results of the analysis of research data.

CHAPTER V.   CONCLUSIONS AND SUGGESTIONS

This section outlines the main points of conclusions along with sggestions that needs to be conveyed to those who are interested in the results of the research.

CHAPTER II

LITERATURE REVIEW

2.1 The Foundation of Theory

2.1.1 Marketing Mix

a. The Definition of *Marketing Mix*

Marketing activities are very important for every company that wants to develop their business. Doing the right marketing activities will greatly help in achieving company goals, one of which is to increase sales volume. According to Kotler and Keller (2016: 5), the purpose of marketing is to identify and meet human and social needs. One good and concise definition of marketing is "meeting needs in a profitable way". According to AMA (American Marketing Association) in Kotler and Keller (2016: 5), marketing is an organizational function and a series of processes to create, communicate, and provide value to customers and to manage customer relationships by benefiting the organization and its stakeholders.

Meanwhile, according to Daryanto (2011: 1), marketing is a social and managerial process where individuals and groups get their needs and desires by creating, offering and exchanging things of value to each other. Based on some of the definitions above, it can be said that marketing is an individual, group, or company activity in creating and communicating, and offering goods or services to consumers, where these activities can meet the needs and satisfaction of consumers through the exchange process.

Marketing requires a program or marketing plan in carrying out its activities in order to achieve the goals desired by the company. The marketing program consists of a number of decisions about the marketing tool mix called the marketing mix, better known as the marketing mix. Marketing mix is also a policy used by companies to be able to market their products and achieve profits.

Kotler and Keller (2016) define marketing mix as a set of controlled marketing variables that are used by companies to produce company-controlled responses from their target markets. The marketing mix consists of everything a company can do to influence the demand for its products, known as "4P", namely product, price, place, and promotion.

The four strategic variables greatly affect marketing, so all of them are important as a unified reference or mix strategy. To achieve the company's goals in the field of marketing, guidelines that can be relied on by the company's leaders are important. Therefore, a marketing strategy (Marketing Mix) that uses elements of the fourth variable is very necessary in marketing activities (Assauri, 2015: 181).

Based on these definitions it can be concluded that Marketing Mix is a variable used by company guidelines to move the company to achieve the goal of satisfying consumers.

b. The Dimention of *Marketing Mix*

McCarthy in Kotler and Keller (2016:24) classifies these activities as a means of marketing mix of four broad types called 4P's of marketing, namely: product, price, promotion, and place.

1. Product

Understanding the product (product) according to Kotler & Armstrong (2016) is anything that can be offered to the market to get attention, bought, used, or consumed that can satisfy the desire or need. Conceptually the product is a subjective understanding of the producer of something that can be offered as an effort to achieve organizational goals through meeting the needs and activities of consumers, in accordance with the competencies and capacity of the organization and market purchasing power. In addition, products can also be defined as consumer perceptions described by producers through their production results. Products are seen as important by consumers and are used as the basis for purchasing decisions. While Tjiptono (2015) revealed that the product is a subjective understanding of the producer of something in an effort to meet the needs and desires of consumers. Product levels according to Kotler & Armstrong (2016) in planning products or what they want to offer to the market, marketers need to think through five product levels in planning market offerings. The five product levels consist of:

a. Core Benefit

Core benefits are services or fundamental benefits that are actually bought by costumers.

b. Basic Products

Marketers must convert core benefits into generic products, which are the basic version of the product.

c. Expected Products

A set of attributes and conditions that are usually expected by the buyer when they purchase the product.

d. Augmented Product

Additional services and benefits that differentiate a company's offer from their competitors.

e. Potential Product

Potential products include all the improvements and transformations that the product will eventually experience in the future. Product classification can be done from various perspectives. Based on durability or intangibility, products are classified into three groups of Tjiptono (2015), namely:

1) Non-durable Goods

Non-durable goods are tangible items which are usually consumed within one or several times of consumption.

2) Durable Goods

Durable goods are tangible items that can usually last a long time.

3) Service

Services are activities, benefits or satisfaction offered for sale.

Based on the definition above, it can be concluded that the product is anything offered by a person or organization that has benefits, either in the form of tangible objects or abstract or intangible objects whose purpose is to satisfy the desires and needs of consumers. The product

offered by the company should be an attractive product, has a good physical appearance and is better to be known, recognize and remember and so on.

2. Price

Tjiptono (2015) states that prices can be expressed in a number of terms, such as rates, rents, interest, premiums, commissions, wages, salaries and so on. From a marketing point of view, price is a monetary unit or other measure (including goods and services) exchanged in order to obtain ownership or use rights of an item or service. Price is the only element of the marketing mix that provides income or income for the company, while the other three elements (products, distribution, and promotion) cause costs (expenses). In addition, price is a mixture element that is flexible, meaning that it can be changed quickly (Kotler and Armstrong, 2016). Meanwhile, according to Alma (2017), producers must be good at determining price policies, high or low prices set must be guided by:

a) The condition and the quality of the goods.

b) Targeted consumers, high, medium or low income consumers, urban or rural consumers.

c) Market atmosphere, whether the product has just been introduced to the market or the product controls the market, the products is inherent in the hearts of consumers or many competitors.

3. Promotion

Promotion is one of the determining factors for the success of a marketing program. Tjiptono (2015) revealed that promotion is all activities intended to convey or communicate a product to the target market, to provide information about privileges, uses and most importantly about its existence, to change attitudes or to encourage people to act. The marketing promotion mix according to Tjiptono (2015) consists of two kinds, namely:

a) *Personal Selling*

Personal selling is a direct communication (face to face) between sellers and prospective buyers to introduce a product and form an understanding of the product to potential customers so that they are willing to try and buy it.

b) *Mass Selling*

Mass selling is an approach that uses communication media to convey information to the general public. Mass Selling consists of:

1) Advertising

Advertising is a form of indirect communication, which is based on information about the advantages or advantages of a product, arranged in such a way as to cause a sense of fun that will change people's minds to buy.

2) Publicity

Publicity is a form of presentation and dissemination of non-personal ideas for goods and services..

3) *Sales Promotion*

Sales promotion is a form of direct persuasion through the use of various incentives that can be arranged to stimulate product purchases immediately or increase the amount of goods purchased by customers.

4) *Public Relation*

Public relations is an overall communication effort of an organization to influence the perceptions, opinions, beliefs and attitudes of various groups towards the organization.

5) *Direct Marketing*

Direct marketing is an interactive marketing system that utilizes one or several advertising media to cause measurable responses or transactions in any location.

Kotler & Armstrong (2016) states that companies must divide the total promotional budget for the main promotional tools, namely fisheries, individual sales, sales promotions and public relations. Companies must carefully determine the size of each promotional tool to become a coordinated promotional mix. According to Kotler & Armstrong (2016) factors that influence the development of the promotion mix are:

a) Product or Market Type

Differences in promotion tools vary between consumer markets and industrial markets. Consumer goods companies usually allocate more funds for advertising, following sales promotions, individual

sales, and public relations. Instead industrial goods companies provide more funds for individual sales followed by sales promotions, advertisements, and public relations.

b) Push and Pull Strategy

The push strategy is a promotion strategy that uses salespeople and trade promotions to push products through distribution channels. While the pull strategy is a promotion strategy that uses a lot of costs for advertising and consumer promotion to foster consumer demand.

c) Buyer Readiness Phase

The influence of promotional tools varies for different stages of buyer readiness. Advertising, together with public relations, plays a major role in the awareness and knowledge stage, rather than the role of "surprise visits" from salespeople.

d) Product Life Cycle Stage

The effect of different promotional tools also varies according to the product life cycle stage. The introduction, advertising and public relations stages are good for generating high awareness, sales promotions are beneficial for promoting initial sales. Growth, advertising and public relations stages continue to have a strong influence, while sales promotion can be reduced. The adult stage, sales promotion becomes relatively important compared to advertising.

4. Place

According to Alma (2017), place means where the location is, how the distribution channel is, how many channels, and the condition of the distributors needed. Kotler & Armstrong (2016) revealed that a distribution channel is an interdependent organizational device in providing a product or service for use or consumption by consumers or business users. Whereas Kotler and Keller (2016) define distribution channels as a series of organizations that are interdependent and involved in the process of making a product or service ready for use for consumption. According to Kotler and Keller (2016), marketing channels carry out the task of moving goods from producers to consumers. This overcomes the time, place and election gaps that separate goods and services from those who need or want them. Kotler and Keller (2016) revealed that members of marketing channels carry out a number of key functions:

a) Information, i.e. collection and dissemination of marketing information about customers, competitors and other current and potential actors and forces within the scope of marketing.

b) Promotion, namely the development and dissemination of persuasive communication designed to attract customers to the offer.

c) Negotiations, i.e. attempts to reach final agreement on prices and other conditions so that a transfer of ownership can be made.

d) Ordering, i.e. communication from members of the marketing channel to producers regarding their interest in buying.

e) Financing, i.e. the acquisition and allocation of funds needed to finance inventories at various levels of marketing channels.

f) Risk taking, namely risk management related to the implementation of the function of the marketing channel.

g) Physical selection, i.e. continuity of storage and driving of physical products from raw materials to the final customer.

h) Payment, i.e. the buyer pays the bill to the seller through banks and other financial institutions.

i) Property rights, namely the transfer of actual ownership of the organization or person to another organization or person.

2.1.2 Retail Mix

a. The Definition of Retail Mix

According to Levy, Weitz, and Grewal (2012), retailing is a series of business activities to add value to goods and services sold to consumers for personal or household consumption. Thus, consumers who are targeted by retailing are final consumers who buy products for their own consumption.

According to Berman and Evans (2010), retailing is a business venture that seeks to market goods and services to end consumers who use it for personal and household purposes. Products sold in the retailing business are goods, services or a combination of both.

Then according to Kotler and Keller (2016), retailing, namely retail sales includes all activities that involve the sale of goods or services to end consumers for personal, not business use..

Based on the definitions above, it can be concluded that the definition of retailing is all business activities involving the sale of goods and services to end consumers for use as personal and household needs, not business..

The definition of retail mix according to Levy, Weitz, and Grewal (2012: 22) is:

> "*The retail mix is the combination of factors retailers use to satisfy costumer needs and influence their purchase decision. Elements in the retail mix include the types of merchandise and services offered, merchandise pricing, advertising and promotional programs, store design, merchandise display, assistance to costumers provided by salespeople, and convenience of the store's location*".

The retail mix is a combination of elements to satisfy customer needs and influence purchasing decisions. The retail mix element includes the type of merchandise and service offer, the price of merchandise, advertising and promotional programs, store design, showing merchandise, providing services to provide assistance to customers, and a pleasant store location.

While the definition of retail mix according to Utami (2010: 57) is a combination of product elements, price, location, personnel, promotion, and percentage or appearance-to sell goods and services to end consumers who are the target market.

Understanding retail mix according to Marsson and Mayer in Foster (2008: 51) are all variables that can be used as marketing strategies to compete in selected markets. Meanwhile according to Foster (2008: 49). Retail mix consists of strategic elements that are used to encourage buyers to conduct business transactions with certain retail traders. From the definition of Foster (2008: 49) explained that retail mix is a strategic element to encourage consumer interest. So that the retail mix is one of the factors that influence buyer behavior and consumer purchasing decisions.

According to Dunne and Lusch (in Foster 2008: 51), a combination of merchandising, pricing, advertising and promotion, customer service and sales, as well as store atmosphere and store design are used to satisfy consumers. From the above definition, retailers can combine store location factors, operating procedures, goods / products offered, pricing strategies, store atmosphere, customer service, and promotion methods that can be developed into unique marketing strategies.

b. The Dimensions of Retail Mix

There are several dimensions of the retail mix proposed by Lamb, Hair, and McDaniel (2017), namely:

1) Product

The product mix offered to consumers by retailers is also called product assortment or merchandise mix.

2) Promotion Strategy

Promotion strategy is a form of sales method in marketing goods or services by advertising, public relations and publicity, and also as a sales promotion that aims to gain an competitive advantage.

3) Location

Location is a long-term resource that can reduce the flexibility of the future, which is influenced by economic growth and stability, and competition.

4) Price

Price is the most important thing in conducting competition so that it can give a position or gain a competitive advantage, the most important thing in pricing is an efficient and timely purchase.

5) Presentation

The presentation is an overall impression conveyed by the physical layout of the store, the decoration, and the surrounding environment.

6) Personnel

Personnel or customer service is a form of service provided to customers by providing what they want so that customers feel satisfied, which can also persuade customers to make purchases.

2.1.3 Consumer Loyalty

a. Understanding Consumer Loyalty

Loyalty can be interpreted as loyalty. This loyalty is taken without coercion, but arises from one's own awareness in the past. Efforts made to create consumer satisfaction are more likely to influence consumer attitudes. While the concept of consumer loyalty is more explained to the

buyer's behavior. The commitment that accompanies repeated purchases is a situation where consumers do not want to move even though the product or service is scarce in the market and consumers voluntarily recommend the product or service to colleagues, family or other consumers.

According to Rangkuti (2018: 60), consumer loyalty is consumer loyalty to companies, brands and products. Loyal consumers are still committed to buying the same brand, are willing to pay a higher price for a product or service brand and always promote the brand (Natarajan & Sudha, 2016). According to Tjiptono (2015: 110), consumer loyalty is a customer's commitment to a brand, store or supplier based on the very positive nature of long-term purchases.

From the various meanings above, it can be concluded that brand loyalty is obtained because of a combination of satisfaction and complaints. While customer satisfaction comes from how much the company's performance to generate satisfaction by minimizing complaints in order to obtain long-term purchases made by consumers.

b. Types of Consumer Loyalty

According to Griffin (2010) there are four types of loyalty that arise when low and high attachments are cross-classified with repurchase patterns, low and high. The types of consumer loyalty are:

1) Without Loyalty

For various reasons, there are some consumers who do not develop loyalty or loyalty to a certain product or service. A low level of

engagement with a low repurchase rate indicates the absence of loyalty. Basically, a business must avoid this no loyalty group to be the target market, because they will not become loyal consumers.

2) Inertia Loyalty

Inertia loyalty is a type of consumer loyalty where there is a low attachment with a high repurchase. Consumers who have this attitude usually buy based on habits. The basis for purchasing a product or service is due to site convenience. This kind of loyalty usually happens to a product or service that is often used. An example of this loyalty can be seen from the activities of purchasing gasoline carried out by consumers near his home area and so on. Buyers with weak loyalty are vulnerable to switch to competing products that can show clear benefits. Even so, the company still has the possibility to change this type of loyalty into a form of higher loyalty through an active approach to customers and increase the value of positive differences received by consumers of the products or services offered to him compared to those offered by other competitors. This can be done through increased hospitality in the services and facilities provided to consumers.

3) Laten Loyalty

This type of hidden loyalty is a relatively high level of loyalty or attachment accompanied by a low repurchase rate. Consumers who have a latent attitude of repurchase loyalty are also based on the influence of situational factors rather than their attitudes. For example, a husband likes European cuisine, but has a wife who does not like

European cuisine. So the husband only occasionally visited European restaurants and more often went to restaurants where the dishes offered could be enjoyed together.

4) Premium Loyalty

This loyalty is what happens if a high level of engagement goes hand in hand with repurchase activities. Every company certainly expects this type of loyalty from any business of high preference. An example of the type of premium loyalty is the pride that arises when consumers find and use the product or service and are happy to share their knowledge and recommend it to friends, family and others.

c. Characteristics of Consumer Loyalty

Customer loyalty is a reliable measure for predicting sales growth and customer loyalty can also be defined based on consistent buying behavior (Griffin, 2010). Here are five characteristics of consumer loyalty that need attention:

1) Make regular purchase

Consumer makes purchases continuously on a particular product.

2) Buy between product lines and services

Consumers not only purchase main products and services but also product lines and services from the same company.

3) Referring to other people

In which consumers do word of mouth communication about how they are pleased with the product.

4) Indicates immunity against the competitors

Consumers refuse to use alternative products or services offered by competitors.

Loyal customers are assets for the company, this can be seen based on the characteristics it has. Therefore, consumer loyalty is a reliable tool for predicting future growth for a company.

d. Consumer Loyalty Indicator

According to Tjiptono (2015: 110) consumer loyalty is a consumer's commitment to a market based on a positive attitude and reflected in consistent repurchases. Indicators of consumer loyalty are:

1) *Trust* is a response to consumer trust to the company.

2) *Emotion commitment* is a psychological commitment of consumers to the company.

3) *Switching cost* are consumer responses about the burden received when changes occur.

4) *Word of mouth* is the publicity behavior of consumers towards the company.

5) *Cooperation* is consumer behavior that shows the attitude of cooperating with the company.

2.2. Prior Research

Research on the effect of marketing mix and retail mix on consumer loyalty has been done by previous researchers. Research by May (2012) regarding the effect of marketing mix on consumer loyalty of imported supplements from the USA in Bantul District shows the results that there is simultaneously the influence of marketing mix consisting of products,

prices, promotions, and distribution on consumer loyalty of imported supplements from the USA in Bantul Regency , and partially product, price, promotion, and distribution variables affect consumer loyalty of imported supplements from the USA in Bantul Regency.

Research by Irawati and Subagio (2014) discusses the effect of retail mix on consumer loyalty with customer satisfaction as an intervening variable in Giordano Ciputra World Surabaya. The results showed that retail mix had a significant effect on customer satisfaction, then customer satisfaction had a significant effect on consumer loyalty and retail mix had a significant effect on customer loyalty.

Supriyanto (2015) examined the effect of retail mix on customer loyalty through satisfaction as a mediating variable on customers serving audio & accessories in Karanganyar. The results showed that there was a significant influence between the retail mix on customer loyalty, retail mix on customer satisfaction, customer satisfaction on customer loyalty, and customer satisfaction had mediated the influence between retail mix on customer loyalty.

Wahab, Hassan, Shahid, & Maon (2016) conducted research on the relationship between marketing mix and consumer loyalty in the hijab industry with customer satisfaction as a mediating variable. The results of this study indicate that product and price variables significantly influence consumer loyalty, but place and promotion do not significantly influence consumer loyalty.

Terblanche (2017) examines the relationship between retail mix elements on consumer loyalty in various types of retail. The results showed that merchandise value is the only element that has a significant relationship with consumer loyalty in supermarket studies. Whereas in the study of clothing stores, merchandise values and frontline staff have a significant relationship with customer loyalty. Then in the study of health, beauty, and lifestyle stores, merchandise values and frontline staff also have a significant relationship with customer loyalty.

Research by Wu and Li (2018) analyzes marketing mix, customer value, and consumer loyalty in social commerce. The results of the study mentioned that all variables in the social commerce marketing mix significantly influence customer value, where customer value significantly influences customer loyalty.

Based on the description above, the following is a summary of the results of previous studies regarding the effect of marketing mix and retail mix on consumer loyalty.

Takashi I and Moriuchi E (2016) analyse that satisfaction trust and loyalty of repeat online consumer within the Japanese online supermarket trade. The results of the study mentioned In the online context, it is important for managers to be aware of the usefulness of consumers' satisfaction and trust because they will create attitudes and brand loyalty regarding e-vendors and prevent brand-switching behaviors. The former focuses on the marketing mix attributes and shopping experiences of online consumers, and the latter concentrates on actual repeat purchases.

Furthermore, if loyalty is gained through causal relationships of the attributes of the marketing mixes and shopping experiences, e-satisfaction, and e-trust, it will create a strong reputation for the e-vendor.

Kara A and Orel FD (2013) conducted research on Supermarket self-checkout service quality, customer satisfaction, and loyalty: Empirical evidence from an emerging market. The results of this study show that SCS service quality positively influences loyalty through the customer satisfaction path. Managerial and research implications of the findings are discussed.

Kajenthiran .K (2018) examined Retail Service Quality and Its Impact on Customer Loyalty in the Supermarkets in Jaffna District, Sri Lanka. This empirical study indicated that, Retail service quality contributes significantly to Customer loyalty (F= 68.194; P < 0.05) and predicts 48.2 percent of the variation found. Further, Problem Solving, Personal Interaction and Policy contribute significantly to customer loyalty.

Lars Grønholdt, Anne Martensen & Kai Kristensen (2013) analyse The relationship between customer satisfaction and loyalty: cross-industry diVerences. The results of the study mentioned that customer satisfaction aVects customer loyalty; and diVerences across industries have been investigated.

Ramesh Neupane (2015) conducted research the effects of brand image on customer satisfaction and loyalty intention in retail super market chain UK. This study asserts that the overall brand image has significant effects (P = 0.000 and β = 0.880) on customer satisfaction. Similarly, the

overall brand image has significant effects (p = 0.000 and β = 0.780) on overall customer loyalty intention; and also customer satisfaction has significant positive effects (p = 0.000 and β = 0.859) on customer loyalty intention in an organisation. However, this study considered just five variables of brand image and five variables of customer satisfaction. There may have other important factors which may influence the findings. A small sample size of just 120 customers from just six stores of the main retailers may not represent the vision of all retail customers. Thus, it is recommended that a large scale research with more variables, large sample size with more stores from different parts of the UK to validate these findings.

Carmen Abril dan Belén Rodriguez-Cánovas (2016) examined Marketing mix effects on private labels brand equity. These results highlight the importance of the store as a key driver for the private labels brand equity creation. As opposed to manufacturer brands we find no effect of advertising on the private labels brand equity and an opposite effect of the perceived price. This study is a pioneering contribution in the domain of private labels brand equity research exploring a more comprehensive and in-store specific set of marketing mix initiatives as sources of brand equity. The results suggest important implications for retailers when managing their own brands.

Tabel 2.1 Prior Researches

| No.	Authors	Research Topic	Result
1.	Mei (2012)	Pengaruh Marketing Mix terhadap Loyalitas Konsumen Suplemen Impor Dari USA Di Kabupaten Bantul	Simultaneously there is the influence of marketing mix consisting of products, prices, promotions, and distribution on consumer loyalty of imported supplements from the USA in Bantul Regency, and partially product variables, price, promotion, and distribution have an effect on consumer loyalty of imported supplements from the USA in the Regency Bantul.
2.	Irawati dan Subagio (2014)	Pengaruh Retail Mix Terhadap Loyalitas Konsumen Dengan Customer Satisfaction Sebagai Variabel Intervening Di Giordano Ciputra World Surabaya.	Retail mix has a significant effect on customer satisfaction, then customer satisfaction has a significant effect on customer loyalty and retail mix has a significant effect on customer loyalty.
3.	Supriyanto (2015)	Pengaruh Retail Mix terhadap Loyalitas Pelanggan melalui Kepuasan sebagai Variabel Mediasi pada Pelanggan Djikan's audio & accessories di Karanganyar.	There is a significant influence between the retail mix on customer loyalty, retail mix on customer satisfaction, customer satisfaction on customer loyalty, and customer satisfaction has mediated the influence between retail mix on customer loyalty.
4.	Wahab, Hassan, Shahid, & Maon (2016)	*The relationship between marketing mix and customer loyalty in hijab industry: The mediating effect of customer satisfaction*	Product and price variables have a significant effect on consumer loyalty, but place and promotion have no significant effect on consumer loyalty.
5.	Terblanche (2017)	*Customer interaction with controlled retail mix elements and their relationships with customer loyalty in*	Merchandise value is the only element that has a significant relationship with consumer loyalty in supermarket studies.

No.	Authors	Research Topic	Result
		diverse retail environments	
6.	Wu dan Li (2018)	*Marketing mix, customer value, and customer loyalty in social commerce*	All variables in the social commerce marketing mix significantly influence customer value, where customer value significantly influences customer loyalty.
7	Takashi I and Moriuchi E (2016)	Satisfaction trust and loyalty of repeat online consumer within the Japanese online supermarket trade	The results suggest that to determine an online repeat shopper's e-satisfaction, companies need to focus their attention on their promotional activities, pricing and shopper's experience. On the other hand, when companies are seeking to determine an online repeat shopper's e-trust, companies need to focus their attention on product, promotional pricing and shopper's experience. Most importantly, the results show that between e-trust and e-satisfaction, e-satisfaction has a more significant impact on repeat online shoppers' loyalty.
8	Fatma Demirci Orel a,n , Ali Kara (2013)	Supermarket self-checkout service quality, customer satisfaction, and loyalty: Empirical evidence from an emerging market	The results of this study show that SCS service quality positively influences loyalty through the customer satisfaction path. Managerial and research implications of the findings are discussed
9	Kajenthiran .K (2018)	An Empirical Investigation on Retail Service Quality and Its	This empirical study indicated that, Retail service quality

No.	Authors	Research Topic	Result
		Impact on Customer Loyalty in the Supermarkets in Jaffna District, Sri Lanka	contributes significantly to Customer loyalty (F= 68.194; P < 0.05) and predicts 48.2 percent of the variation found. Further, Problem Solving, Personal Interaction and Policy contribute significantly to customer loyalty
10	Lars Grønholdt, Anne Martensen & Kai Kristensen (2013)	The relationship between customer satisfaction and loyalty: cross-industry diVerences	The newly developed methodology behind the Pan-European customer satisfaction measure- ment instrument ECSI has been applied in Denmark, and there are interesting results providing insight about how customer satisfaction aVects customer loyalty; and diVerences across industries have been investigated
11	Ramesh Neupane (2015)	The effects of brand image on customer satisfaction and loyalty intention in retail super market chain UK	This study asserts that the overall brand image has significant effects (P = 0.000 and β = 0.880) on customer satisfaction. Similarly, the overall brand image has significant effects (p = 0.000 and β = 0.780) on overall customer loyalty intention; and also customer satisfaction has significant positive effects (p = 0.000 and β = 0.859) on customer loyalty intention in an organization
12	Carmen Abril, Belén Rodriguez-	Marketing mix effects on private labels brand equity	The results indicate thatthe most efficient marketing mix tools for

No.	Authors	Research Topic	Result
	Cánovas (2016)		private label brand equity creation are private labels in-store communications, private labels distribution intensity and the perceived price. These results highlight the importance of the store as a key driver for the private labels brand equity creation. As opposed to manufacturer brands we find no effect of advertising on the private labels brand equity and an opposite effect ofthe perceived price.

2.3 Conceptual Framework

The following is a framework that describes the relationship between variables in this study.
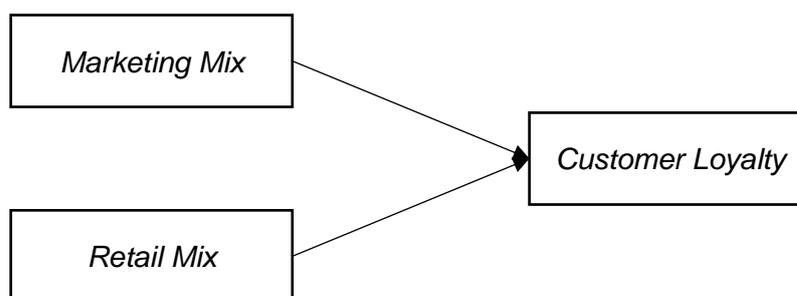
Picture 2.1. Conceptual Framework

2.4 Hypothesis

The following are the hypotheses formulated in this study.

H1: Marketing mix has a positive and significant effect on Gelael Supermarket customer loyalty.

H2:   Retail mix has a positive and significant effect on consumer loyalty at

Gelael Supermarket.