

## THE INFLUENCE OF SERVICE AND PRODUCT VARIANTS ON CUSTOMER LOYALTY OF ADL GROCERY STORES ON PAJENEKANG ISLAND

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### **Abstract**

*The purpose of this research is to determine the influence of service and product variants on customer loyalty at the Adl Grocery Store on Pajenekang Island. The independent variable in this research is the influence of service and product variants, while the dependent variable is customer loyalty. The population in this study was all 325 residents of Pajenekang Island. Meanwhile, the sample in this study was 65 respondents using random sampling techniques. Data collection was carried out by distributing a list of questions (questionnaires) to respondents. The data analysis technique used was multiple regression analysis using SPSS software. Based on the results of the analysis and discussion, it can be concluded that: The service influence variable ( $X_1$ ) has a partial influence on the dependent variable, namely the customer loyalty variable ( $Y$ ). Furthermore, the product variant variable has a partial influence on the variable, namely customer loyalty ( $Y$ ). the same (Simultaneous) effect on the dependent variable, namely Customer Loyalty ( $Y$ ).*

**Keywords:** Service and product variants, Customer Loyalty.

### **INTRODUCTION**

In Indonesia, business competition is becoming increasingly fierce, and entrepreneurs are required to provide the best to customers in order to survive and win the competition. One of the keys to success in business is creating customer loyalty. Loyal customers tend to make repeat purchases, recommend products or services to others, and are not easily swayed by competitors. Grocery stores, as part of the MSME (Micro, Small, and Medium Enterprises) sector, play an important role in the economy.

Grocery stores meet the daily needs of the community, making their existence vital. However, grocery stores also face challenges, such as competition with modern stores and changes in consumer behavior. (Lestari & Novitaningtyas, 2021)

According to (Hapsari & Astuti, 2022), grocery stores, as one of the important pillars of MSMEs in Indonesia, play a crucial role in meeting the basic needs of the community. However, in the modern era with increasingly fierce business competition, maintaining customer loyalty has become a major challenge for grocery stores. Customer loyalty is not just about repeat purchases, but also positive recommendations and long-term trust, which significantly impact business sustainability.

Service and product variety influence customer loyalty in grocery stores and have broad relevance, including in the international context. Good service quality and diverse product variations can enhance customer satisfaction, encouraging them to remain loyal and recommend the store to others in various global markets.

Previous research by Purnama (2019) found that in the era of free trade, every company faces intense competition. Every company, whether a goods-producing company or a service provider, competes to win that competition. For that reason, various strategies and company policies must always be optimized. A company that can achieve significant profits through consumer satisfaction with its products or services will become an outstanding company. The intensity of competition and the increasing number of competitors require companies to always pay attention to customer needs and desires, and strive to meet expectations by providing services that are more satisfying than those offered by competitors.

Thus, only quality companies can compete and dominate the market. Many factors influence customer satisfaction and loyalty, such as service, trust, product suitability, and so on. Therefore, companies must always know what customers want. (Prianto, 2022) states that customers will feel satisfied with what the company provides. This allows those customers to return and use the company's services again. Providing good service quality to customers will certainly be done by every company to retain its customers, including in the retail business. Basically, service quality is a form of consumer assessment of the level of service received (perceived services) compared to the level of service expected (expected services).

The economy in Indonesia is developing to encourage the growth of various types of businesses, one of which is in the fashion sector such as Department Stores. With the growth of Department Store or retail businesses in Indonesia, the competition in the retail business is becoming increasingly fierce. The requirement that must be met for a company to succeed in business competition is that the company or retailer must be able to create and maintain customers.

The abundance of existing businesses provides opportunities for business actors to compete by offering various advantages of their respective businesses. The increasingly intense competition in the retail business will lead to how to create consumer loyalty, which will determine the success of the business (Elianto et al., 2020).

This can be marked by the increasing number of other grocery businesses emerging, with a diverse range of mixed goods. The development of the grocery business on Pajenekang Island is growing very rapidly. This development can occur due to a slight shift in lifestyle and trends among the community, especially among

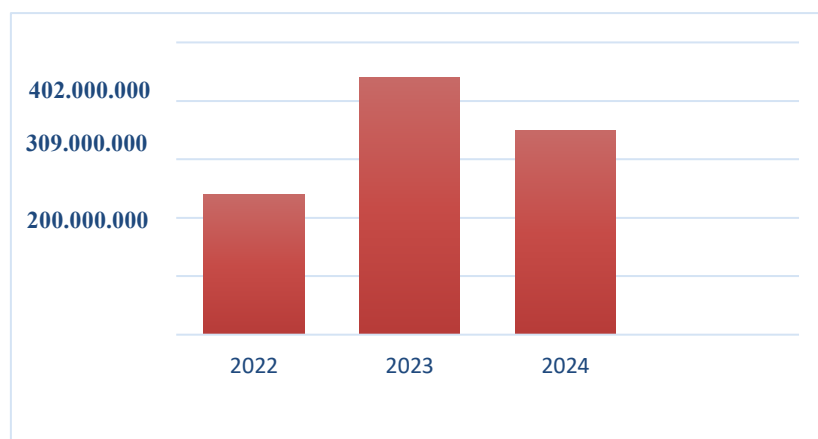
teenagers and adults, for shopping for daily needs. The people of Pajenekang have started to make shopping places a meeting point where they can recommend the easiest way to shop without the hassle of going to Makassar.

Pajenekang Island is a small island located in the Pangkajene and Kepulauan (Pangkep) Regency, South Sulawesi. The geographical and demographic conditions of this island have unique characteristics. The people of Pajenekang Island have a high dependence on grocery stores to meet their daily needs. However, limited access and product variety can be obstacles for grocery stores in attracting and retaining customers.

ADL Grocery Store is one of the grocery businesses operating on Pajenekang Island. In facing competition and challenges, ADL needs to strive to enhance customer loyalty. Two factors that are suspected to influence customer loyalty are service and product variety.

The grocery store on Pajenekang Island is one of the islands that provides a mixed goods pickup service and is widely discussed regarding the service methods implemented by the business operators to enhance customer loyalty. The business owner offers advice by providing loans, but on the condition that customers must be loyal in their shopping.

ADL Grocery Store Sales Data



**Figure 1.1 Sales Data of ADL Grocery Store, Pulau Pajenekang (2022-2024)**

**Source (grocery store, ADL, 2025)**

The diagram shows the sales development of the ADL grocery store on Pajenekang Island from 2022 to 2024. The sales of the ADL grocery store in 2022 amounted to Rp.200,000,000. Subsequently, in 2023, sales increased significantly to Rp.402,000,000, indicating rapid business growth compared to the previous year. However, in 2024, sales decreased to Rp.309,000,000 due to a ship accident, resulting in a loss of Rp.93,000,000. This decline from year to year was caused by differences in the types of goods and their prices.

## RESEARCH METHOD

Descriptive quantitative research and inferential statistics to explain a phenomenon using numbers. The term "descriptive data analysis" refers to the process of describing the data that has been collected. Meanwhile, inferential statistical analysis is a method for analyzing data from a sample and using the results to extrapolate to the entire population. Hypothesis testing is conducted by comparing variable X1 (service), X2 (product variety) with variable Y (customer loyalty).

Quantitative data sources about grocery businesses can be obtained from various types of sources. Here are some examples of sources that can be used to collect quantitative data related to grocery businesses:

Conducting direct surveys on grocery businesses to collect data on daily turnover, the types of products most frequently sold, the number of customers per day, or other quantitative data.

Information derived from concepts and research ideas that have been used to support the research. Secondary data is collected for the research from previous research journals and other internet sources.

Research Variables, which are everything that the researcher decides to investigate, collect data on, and draw conclusions from. In this research, two independent variables and one dependent variable are used. Independent variables are factors that cause the results of the dependent variable. The dependent variable is the variable that is influenced by the independent variables. This research examines the independent variables that influence the dependent variable, such as the impact of Service (X1), product variants (X2), and Customer Satisfaction (Y).

Population is the context of research that refers to the entire group of individuals, objects, or elements that have certain characteristics and become the focus of the research. The population in this study includes all consumers shopping at the ADL grocery store on Pajenekang Island, totaling 325 individuals. According to Delice (2010) in (Firmansyah & Dede, 2022) A sample is a technique (procedure or device) used by researchers to systematically select a relatively smaller number of items or individuals (subset) from a previously determined population to serve as subjects (data sources) for observation or experimentation according to the objectives.

In this study, the determination of the sample size was done using the Malhotra formula by multiplying the number of sub-variables by 3 or 5 times the number of sub-variables, resulting in  $13 \text{ indicators} \times 5 = 65$ . Based on the calculation using the Malhotra formula, the sample for this study consisted of 65 respondents who are customers of the ADL grocery store. The criteria for the sample in this study are individuals who live on Pajenekang Island and individuals who shop at least 3 times a week.

## **RESULTS AND DISCUSSION**

### **1. The Influence of Service Quality on Customer Loyalty at the ADL Grocery Store in Pajenekang Island.**

The analysis results using SPSS 25 on the multiple linear regression test show that service quality has a positive and significant effect on customer loyalty at the ADL grocery store in Pajenekang Island. From the partial test results, the calculated t-value is  $5.698 > \text{the table t-value of } 1.9983$  and the significance value is  $0.005 < 0.05$ , indicating that hypothesis (1) is accepted.

These findings indicate that the higher the quality of service provided by the ADL grocery store, the higher the level of loyalty demonstrated by its customers. Good service quality can create a positive experience for customers, such as employee friendliness, speed in service, availability of needed products, and a comfortable and clean store atmosphere.

Customers who feel valued and satisfied with the service they receive tend to make repeat purchases, recommend the store to others, and are less likely to switch to another store even if there are similar offers.

Theoretically, these results align with the concept of customer loyalty in marketing, which states that one of the determining factors of loyalty is service quality. In the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988), service quality is influenced by several key dimensions, namely: tangibles, reliability, responsiveness, assurance, and empathy. If the grocery store can meet these five dimensions, then customer satisfaction and loyalty will also increase.

Especially in the context of grocery stores in island regions like Pulau Pajenekang, customer loyalty becomes an important factor for business sustainability. The limited geographical location and restricted access make customers have a stronger attachment to stores that can provide the best service and consistently meet their needs.

Therefore, focusing on improving service quality is a highly relevant strategy to maintain and even enhance customer loyalty.

Thus, the results of this study not only provide empirical support for the relationship between service quality and customer loyalty but also offer practical implications for the owners and managers of ADL grocery stores to continuously maintain and improve their service quality as a long-term investment in building strong relationships with customers.

### **2. The Influence of Product Variants on Customer Loyalty at ADL Grocery Store, Pajenekang Island**

Based on the data analysis conducted through multiple linear regression tests using SPSS version 25, it was found that the Product Variant variable had a t-value of 1.721, which is smaller than the t-table value of 1.9983, and a significance value of 0.090, which is greater than the established significance level of 0.05. Based on these results,

it can be concluded that the hypothesis is rejected, meaning that product variants do not have a significant influence on customer loyalty at the grocery store on Pajenekang Island. This means that the diversity or variation of products offered by the business operators is not strong enough to increase customer loyalty in shopping repeatedly at the same place. This result shows that although convenience stores may offer a variety of products, this does not necessarily become the main factor driving customers to remain loyal. There is a possibility that customers consider other factors such as competitive prices, the quality of service provided, a strategic and easily accessible business location, or the interpersonal relationship between the seller and the buyer. In the context of a grocery store that usually serves the local community with daily basic needs, customer loyalty may be more influenced by social closeness, transaction comfort, and trust in the business operator rather than just the variety of products offered. Additionally, these results may also indicate that customers at grocery stores in the area tend to have specific needs and do not demand a wide variety of products, as long as their basic needs are met. Therefore, business operators should not only focus on adding product variations but also need to improve other aspects such as friendly service, competitive prices, and building long-term relationships with customers to create stronger loyalty. The results of this study also serve as important input for micro-entrepreneurs to better understand local consumer behavior and adjust their marketing strategies to the social and economic conditions of the local community.

## **CONCLUSION**

Based on the discussion in this research, the researcher concludes that several research results were obtained as follows:

1. This study shows that there is a "significant" influence of Price on purchasing decisions at Toko Marannu.
2. This study shows that there is a "significant" influence of Service Quality on purchasing decisions at Toko Marannu.
3. This study shows that there is a "significant" influence of Price and Service Quality on purchasing decisions at Toko Marannu.

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