

# **THE INFLUENCE OF SHOPPING EXPERIENCE, COMPANY IMAGE, AND REFERENCE GROUPS ON CUSTOMER RETENTION AT TELKOMSEL IN SURABAYA**

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## **ABSTRACT**

Technology is evolving as time goes by. The sophistication of technology has made people dependent on the internet. Mobile phones are also growing, as well as the internet network. Telkomsel is the number one telecommunications company in Indonesia. There are many factors that influence why many customers prefer Telkomsel over other products. In this study, a study will be conducted to determine the significant relationship between shopping experience, company image, and reference group on customer retention at Telkomsel in Surabaya. The number of respondents needed is 100 people using quantitative research. Data obtained from distributing questionnaires using multiple linear analysis techniques.

Keywords: shopping experience, company image, reference group, customer retention

## **Introduction**

Humans have made various discoveries to change civilization on earth. Many studies have been carried out and produced new technologies that did not exist before. Then, the technology was developed to be more sophisticated by other researchers. Until now, human life has become easier with the presence of super-sophisticated tools accompanied by the internet that has been widely circulated throughout the world. Technology is increasingly developed, making humans inseparable from technology. Technology is like human life itself. Now, humans cannot be separated from the internet. Wherever you are, the internet is a source of information to find out information in this world.

Mobile phones or commonly called cellphones are already owned by individuals. Humans use cellphones to exchange news with others, read

news, even for work and education. To access it all, an internet connection is required. So, along with the development of mobile phones, telecommunications technology is also growing to keep up with the times. Telecommunication companies in Indonesia are increasingly competing to attract customers with their respective advantages.

One of the telecommunications companies in Indonesia is Telkomsel. Telkomsel was established in 1995 and is the largest telecommunications company in Indonesia. Entering the digital era, Telkomsel continues to develop its products by embracing remote areas, outer islands, and border areas of the State. Telkomsel was the first to bring 2G, 3G, 4G LTE, and 5G networks in Indonesia. In addition, Telkomsel has a mission to provide digital services and solutions that exceed the expectations of users, create more value for shareholders and support the nation's economic growth.

Of course, it's not easy to be number one in Indonesia. Telkomsel has various factors so that it can be like this. Customer retention is one of the factors that make Telkomsel the choice of customers. Khalifa and Liu (2007) say that extra effort is needed from customer retention to strengthen the development of shopping habits or experiences, turning customers into repeat buyers because it can increase profits for the company. Therefore, Telkomsel's efforts in retaining customers are a top priority. By improving and adding services, it will make customers feel at home using Telkomsel.

An interesting shopping experience was created by Telkomsel so that customers feel the superiority of Telkomsel products over other products. According to Liang and Huang (1998), customers who have a high experience will have a great opportunity to continue shopping. The shopping experience is created by establishing a good relationship between the customer and the company. Telkomsel continues to innovate its products and services to foster a good experience for customers.

A good corporate image is also another factor that makes Telkomsel a top brand in Indonesia. According to Worcester (2009), corporate image is an important factor in the success or failure of almost all companies. Company image includes impressions, beliefs, feelings, and knowledge that customers have about the company. Telkomsel has fostered a good image of the company to customers. Thus, customers believe in the quality of products and services from Telkomsel.

The next factor is the reference group. Schulz (2015) reveals that individuals often make consumption-based decisions that are influenced by their membership in various reference groups. The influence of invitations and recommendations from people around, tends to make other individuals feel influenced. Telkomsel, with all its advantages, cannot be separated from the feedback of its customers. The reference group factor is a big influence on the company.

The telecommunications industry as one of the sectors that continues to grow, requires service provider companies to continue to understand and meet the needs and expectations of customers. Telkomsel, as one of the players in this industry, is committed to maintaining customer satisfaction and expanding its customer base. Thus, this study aims to reveal the extent to which shopping experience, company image, and reference groups have a significant impact on Telkomsel customer retention in Surabaya city.

## **Research Methods**

This study uses a population of Telkomsel users in Surabaya. According to Hair et al. (2014), the number of samples used is at least 50-100. Therefore, the researcher took a sample of 100 respondents using quantitative research. Quantitative research is conducted by distributing questionnaires and processing numerical data using SPSS.

Shopping experience is when customers feel satisfied, happy, and happy after purchasing a product (Pentina et al., 2011). Shopping experience is measured using indicators according to Zia and Azam (2013), as follows: 1) assistance; 2) recognition; 3) a place to enjoy; 4) store service quality; 5) returns and exchanges; 6) shopping convenience; 7) reliability; 8) transactions; 9) merchandise; 10) product variety; 11) store appearance.

According to Tran et al. (2015) company image is a good thing from all the experiences, impressions, beliefs, feelings, and knowledge that a person has about the company. The company's image can also be described by a group of people based on personal experience and promotion of a company. Indicators of corporate image are put forward by Javalgi et al. (1994), namely: 1) good products or services; 2) good management; 3) make money; 4) involved in the community; 5) respond to consumer needs; 6) a good company to work for.

Reference groups do not only consist of groups that individuals frequently interact with such as family members, friends, relatives. However, it also includes groups that do not have direct contact with a person such as sales who offer a product to potential buyers (Hawkins et al., 1998). Park and Lessig (1977) explain the indicators of reference groups, as follows: 1) informational; 2) utilitarian; 3) expressive value.

The level of customer retention can determine to some extent the level of achievement of a company. Hanaysha (2017) says that customer retention is the trust and commitment of customers to a product who then recommend it to others. There are three indicators of customer retention according to Ahmad and Buttle (2002), namely: 1) service marketing; 2) industrial marketing; 3) general management.

This research was conducted by distributing questionnaires measured on a Likert scale. The data obtained will be analyzed using multiple linear regression analysis through validity tests, reliability tests, and classical assumption tests.

## **Results and Discussion**

This research requires 100 respondents. The results obtained can be seen that there are 11 male respondents, while the remaining 89 respondents are female. Respondents have different ages, namely <20 years as many as 16 respondents, 20-25 years as many as 80 respondents, 26-30 years as many as 1 respondent, 31-35 years as many as 2 respondents, and >35 years as many as 1 respondent. The respondents also have various educational backgrounds, ranging from high school (38 respondents), D1 / D2 / D3 (8 respondents), and S1 / S2 / S3 (54 respondents). There were 6 respondents who were married, and the remaining 94 respondents were unmarried. Respondents' answers also provided information on their occupations as students as many as 83 respondents, civil servants as many as 2 respondents, self-employed as many as 11 respondents, and entrepreneurs as many as 4 respondents. In addition, the income of each respondent also has a difference. Researchers found that respondents who had an income of <4,499,999 were 92 respondents, and those who had an income of >4,500,000 were 8 respondents.

The validity test data generated through SPSS produces a corrected item value with a minimum amount of 0.3. It is known that the results of the validity test on 22 statements for the shopping experience variable resulted

in a corrected item value above 0.3 and proved to be valid. There is also a corrected item value on the company image variable that exceeds 0.3 and is said to be valid. The company image variable which has a corrected item value above 0.3 which means valid. In addition, the reference group and customer retention variables also produce a corrected item value above 0.3, which means valid.

The results of the reliability test can be seen from the Cronbach alpha value which must exceed 0.6. Shopping experience produces a Cronbach alpha value of 0.935 and is declared reliable. The company image also produces a Cronbach alpha value of 0.935 and is proven reliable. In addition, the reference group variable produces a Cronbach alpha value of 0.912 and is declared reliable. Customer retention is also proven reliable because the Cronbach alpha value produces a value of 0.891.

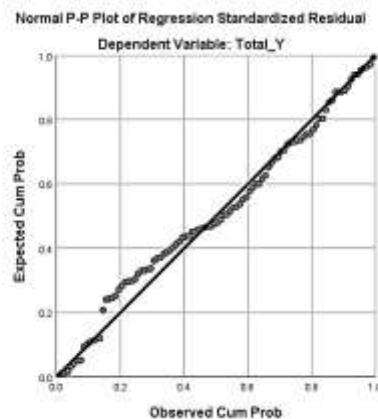


Figure 1. Normality Test

The normality test on the P-Plot graph as shown above shows that the resulting data is around the diagonal axis. So, it can be concluded that this research can be said to be normally distributed.

Next, the autocorrelation test is carried out using Durbin Watson. In Durbin Watson autocorrelation, the limit of the predetermined value is between -2 and 2. Researchers found that the Durbin Watson value was 1.938 which proved that there was no autocorrelation. In addition, a multicollinearity test is carried out which is seen from the VIF value of not more than 10 and the Tolerance value of more than 0.1. This study stated that there was no multicollinearity.

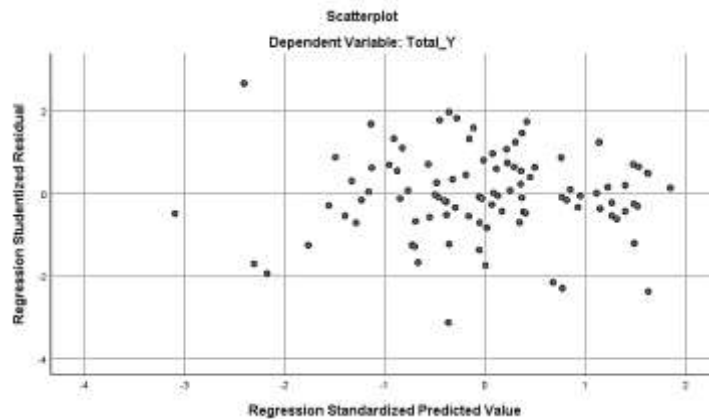


Figure 1. Heteroscedasticity Test

The image of the results of the heteroscedasticity test shows that the data distribution points are evenly distributed on the Y axis and do not stack on top of each other. So, it can be concluded that this study does not experience heteroscedasticity.

Table 1. Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.838 <sup>a</sup>	.702	.693	3.229	1.938

The Adjusted R Square value is 0.693. Shopping experience variables, company image, and reference groups have a contribution by generating customer retention of 69.3%. However, there are other factors that generate customer retention but are not involved by 30.7%.

Table 2. ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	2361.924	3	787.308	75.512	.000 <sup>b</sup>	2361.924
	1000.916	96	10.426			1000.916
	3362.840	99				3362.840

The F test was conducted to determine the role of the independent variables on customer retention together. The results of data processing show that the significant value of the F test is 0.000. The significant value obtained meets the criteria of not more than 0.3. Therefore, shopping experience, company

image, and reference group have a significant influence on customer retention together.

Table 3. Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	4.671	2.522		1.852	.067	4.671
	.065	.030	.204	2.188	.031	.065
	.230	.052	.440	4.433	.000	.230
	.212	.050	.303	4.262	.000	.212

In the t test, the limit for the significant value is below 0.05. The results of data processing on the shopping experience variable show a significant value of 0.031 and can be said to be significant to customer retention. Furthermore, the company image variable and reference group are proven to be significant to customer retention because they have a value of 0.000.

Based on linear regression analysis, it is explained by the model  $Y = 4.671 + 0.065X_1 + 0.230X_2 + 0.212X_3$ . If the value of shopping experience, company image, and reference group is zero, the value of customer retention is 4.671. A change in the value of shopping experience by one unit will change the value of customer retention by 0.065 with the assumed value of customer retention fixed. However, the value of customer retention will increase by 0.230 or decrease by 0.212 if the value of corporate image increases or decreases by one unit and the value of the reference group remains fixed.

The results of the study prove that shopping experience has a significant effect on customer retention (Khalifa & Liu, 2007; Moeller et al. 2009). A good experience will attract customers and retain customers. Customers will feel satisfied with a product and will continue to make repeat purchases. The interactions made with the product certainly produce a sense of pleasure and joy.

Company image has a significant influence on customer retention (Nguyen & Leblanc, 2001; Langat et al. 2021). Customers have a perception of a company that is recorded in the customer's memory and is used as a basic perception in choosing a product. The company's image will influence the customer's mind through advertising, word of mouth, and even actual experience while using the product. The company's image is an important asset for the company and will continue to be well maintained.



Furthermore, reference groups have also been shown to have a significant relationship with customer retention (Gelatt, 2013; Bodouva, 2015). An individual will influence other individuals and influence one's behavior. Reference groups can come from friends, family, neighbors, and other well-known figures. That way, it will be easy for companies to promote their products.

## Conclusion

This study proves that shopping experience, company image, and reference group have a significant effect on customer retention. For a long period of time, Telkomsel cannot be fixated on the success it has achieved to date. Because the times are growing, telecommunications companies will continue to compete to attract customers. Therefore, Telkomsel must continue to innovate for the future. Improving services that had harmed customers will also be an added value for Telkomsel.

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