

CUSTOMER LOYALTY FACTORS STRATEGY AT E-COMMERCE HIJAB BUSINESS: FREQUENCY ANALYSIS METHOD

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ABSTRACT

Indonesia as a country with a large Muslim, also contributed a large number of hijab business making this business are in the red ocean realm. The competition is not just going offline but also online (e-commerce). Technological developments, especially in the social media are creating a wide range of business opportunities and business channels itself. This study used a descriptive study using quantitative data on 100 female respondents, randomly selected based on their qualifications, ever buying hijab fashion products through online. The purpose of this study was to formulate a strategy of customer loyalty to the brand hijab through e-commerce in depth based of customer loyalty and the variables in e-commerce that researcher research. Customer loyalty is one of the most important factors for maintaining customer satisfaction and increases their love for the product or service on the brand, especially in e-commerce channel. Consistent implementation of the strategy based on the variables of e-commerce of customer loyalty is paramount to build and develop customer loyalty strategy by companies of hijab fashion in e-commerce.

Keywords: E-Commerce, Customer Loyalty, Muslim Woman Fashion, Customer Loyalty Strategy.

INTRODUCTION

Hijab fashion has now become the lifestyle of Muslim women. Wearing fashionable hijab fashion can participate and motivate them to keep wearing it (Khatri, 2016). As happened in Indonesia, where many hijab fashion brands have grown to meet domestic market demand (Julianto, 2016). The rise of technological and social media developments, making e-commerce (Shadkam & O'hara, 2013) one of the main choices for hijab fashion business owners in selling their products.

The ecommerce hijab fashion business is like the red sea, where many companies sell the same product, it can even be easily copied. Even so, among them there are those who succeed in selling thousands of products per day, just by relying on e-commerce. In its development e-commerce is not just a medium of buying and selling but can be a medium to maintain customer loyalty. Where e-commerce can increase competition on a global scale, and provide opportunities for Micro, Small and Medium Enterprises to expand their markets.

The purpose of this study was to analyze customer loyalty strategies in e-commerce with case studies of hijab fashion companies. Where the benefits of this research can be used as a

reference for future research and theoretical support for SMEs that are actively selling through e-commerce.

LITERATURE REVIEW

Social Media as E-Commerce

Toga (2013), explained that social media has more functions than to share / provide information, namely as a channel for business activities (e-commerce). The development of social media technology has now developed into an e-commerce channel, which can directly interact with customers (Hajli et al., 2014). According to (Chandra 2013) social media functions include pre-sales, sales and post-sales activities. Pre-sales activities have an important role to play in branding or bringing the brand closer to prospective customers. Branding through social media is branding at a low cost. Sales activities, social media can function as a virtual sales channel where social media turns into a virtual store that sells products in real-time. Post sales activities, such as building Customer Relations management, and developing old and new products. These three activities together can build customer loyalty that can bring high sales and high brand awareness.

E-commerce Potential in Indonesia

MSMEs is more likely to involve e-commerce in its business, such as to seek opportunities and compete in the market (Abebe, 2014). Indonesia has promising e-commerce potential, which according to internetlivestats.com (2016), every person in Indonesia has 1-2 SIM cards or on average has more than 1 cellphone. This is in line with the purchasing power of Indonesian people through e-commerce, as in January 2016, there were 27% of customers buying products through online and even 31% of the total population in Indonesia searched for products they wanted to buy online.

Customer Loyalty

Schiffman & Kanuk (2007: 9-10), stated about customer satisfaction types, they are “*loyalist*” who always keep purchasing, “*Apostles*” whose experiences beyond expectations and as positive customer evangelist (word of mouth), and “*Defectors*” who feel only satisfied at a time or neutral; The negative customer satisfaction types are “*Terrorists*” who had e experience that is far from expectations, and as negative customer evangelist, “*Hostages*” are unhappy customers because of monopolistic environment, or difficult and costly to deal with, and last is mercenaries customers who have a high satisfaction but has no ties to the company or brand loyalty. Customer loyalty has an important potential that directly impacts the stability of the company or organization and profitability for SMEs (Wiid et al., 2016). On the pyramid model by Aaker 1991, the highest stage of customer loyalty is committed buyer. Committed buyers are loyal customers who continue to make repeat purchases, do not have high price sensitivity, and acting as a positive customer evangelist in spreading information or promotions in the form of word of mouth. They do not care about the other competitors that offer the same products although with a lower price or low-cost strategy (Schiffman & Kanuk, 2007). Therefore, they have strong ties with the company, and are very willing to spend money, time, energy, and other resources for the purchase of products or services or in consuming a brand. They will volunteer

to join the membership program, receive a variety of information and the latest news, and acts as a good representative of the brand that they love. The merchandise product can also increase customer commitment to continue to be a loyal customer (Keller, 2013). Stable relationships from highly committed customers are keys to achieving valuable results for customers and companies, which will continue to be maintained and developed (Mosavi & Ghaedi, 2012).

METHODOLOGY

This study uses a data frequency approach where the number of samples from respondents uses slovin formula to the population of Muslim women in Indonesia. From Slovin formula, the number of respondents was 100. Researchers then distributed questionnaires offline and online to respondents with criteria, namely Muslim women; subscribe to hijab products online; accustomed to accessing social media or shopping on e-commerce channels. Then the collected data is ranked and adjusted for the keywords they include in the questionnaire we distributed.

$$n=N/(1+Ne^2) = 100$$

Description= n : Amount of samples; N : Amount of population; e^2 : Error tolerance

There are 5 main aspects that we examine to determine key success factors for customer loyalty, namely image display, interactive time, story, customer relationship, and promotion. These 5 aspects are obtained from pre-research on customer loyalty from the perspective of the business owner, which is obtained from deep interview. Each of 5 main aspects has own their key success factor, namely image display (Characteristic of products' brand; Quality of picture & product; Caption of product; The variance of product; Uniqueness # (Hastag), interactive time (Quiz, live streaming, tips and trick), story (Behind the scene of product, owner and team information, company background), promotion (special promo at certain time, discount/reseller program, giveaway, event), and customer relationship (free delivery, fast response, guarantee/return service, free gift, grand prize, and testimonials)

DISCUSSION

Customer Profile

The respondent data shows 86% of the customer is age between 19-21 years old, 90% they are a university student, and 79% domicile in West Java, Indonesia. The most social media used that customer used is instagram (53%). The young generation is familiar with instagram, and they mostly buy the product of hijab fashion in instagram.

The study was conducted by ranking the 5 aspects of the main variables studied as explained in the methodology section. Then, the researchers ranked the average from the highest to the smallest for each sub-variable. The researcher eliminated sub-variables that obtained an average value of less than 3. Each sub-variable has a value of 1-5 given by the respondent.

Customer Loyalty Strategy's model

The results of this data are to find out which sub-variables that support customer loyalty indicated by the frequency data in the perspective of brand hijab customers through e-commerce. In each e-commerce variable studied, each has a sub-variable that influences the success of the customer loyalty factor in each variable. From the results of this study shows not all sub-

variables support customer loyalty. E-commerce variables that have sub-variables that support customer loyalty can be applied and adapted by the company in accordance with the conditions of the company.

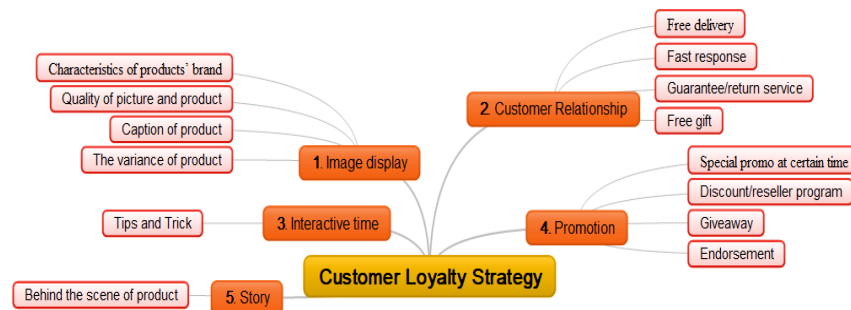


FIGURE 1
CUSTOMER LOYALTY STRATEGY'S MODEL IN E-COMMERCE OF HIJAB FASHION BUSINESS

Figure 1 shows the loyalty strategy model which is the result of this study, where in every 5 major variables not all sub-variables are effective based on the customer's perspective. Therefore, based on the study conducted the first strategy that needs to be done is to pay attention to the image display variable, second by paying attention to the customer relationship that is done, third by paying attention to the interactive time activities carried out, the fourth then paying attention to the promotion aspects, and fifth is by sharing stories about the product produced. By paying attention to each step of the strategy carried out, it can form a customer loyalty strategy where the customer is comfortable to shop online and re-purchase products at that brand.

CONCLUSION

The development of e-commerce is dynamic, growing, and increasingly competitive. Therefore, it takes a different marketing strategy from marketing strategy offline, one of them through customer loyalty strategy. Customer loyalty strategies are applied in e-commerce with the expectation that customers coming from e-commerce transactions can continue to re-purchase, so customers can become loyal customers. Moving in the realm of the red ocean, make the owners of hijab fashion business, to be able to maintain and care for their old customers to be loyal. Loyal customers will be willing to contribute to promote the brand to the switcher buyer, to try and get the perceive benefits based on recommendations and the existing rating. Hence, companies must understand and know in which position the stage of customer loyalty are, and how to treat customers and what is desired and needed by the customers of the stages of switcher buyer to committed buyer. Knowing the customer loyalty strategy required by the company and the customer wants, it can help companies to adapt and compete to gain the market share in e-commerce. From these results, the owner of a business engaged in hijab fashion can follow a strategy of customer loyalty by implementing key factor of sub-variable frequency for each variable shows in Figure 1. Consistent implementation of the strategy based on the variables of

e-commerce of customer loyalty is paramount to build and develop customer loyalty strategy by companies of hijab fashion in e-commerce.

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