

Effect of Distribution Channels and Prices on Consumer Loyalty in SPBU SHELL Perbaungan

Debby Ayu

Program Studi Manajemen, Sekolah Tinggi Ilmu Ekonomi LMII, Jalan Kolam Nomor 39 Medan Estate, Sumatera Utara, 20371, Indonesia

E-mail: debbydanbo4@gmail.com

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ABSTRACT

This research was conducted at the Shell Perbaungan gas station engaged in the sale of fuel to meet the needs of public vehicles. The research objective was to determine the effect of partially and simultaneously the influenced of distribution channels and prices toward consumer loyalty. This type of research used associative, with quantitative approaches. The population studied was all consumers at the Perbaungan Shell gas station so that the amount could not be determined with certainty, the sample was taken at random with the Purba formula so that the number of samples taken was 100 respondents. Sources of research data using primary data and secondary data, data collection techniques using library research, questionnaires, interviews and observations. Data analysis techniques using multiple linear regression, test classic assumptions and hypothesis testing. Based on the results of the study showed that simultaneous distribution channels and prices together have positive and significant effect toward consumer loyalty. Partially showed the distribution channel has no significant effect toward consumer loyalty, while the price has significant effect toward consumer loyalty at the Shell Perbaungan gas station. The coefficient of determination showed that the distribution channel and price have moderate (not strong enough) relationship to consumer loyalty. R square coefficient (R²) of 0.170 shows that consumer loyalty could be explained by the distribution channel and the price of 17% and the remaining 83% explained by other variables outside the scope of research that was not done.

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1. Introduction

Nowadays the business world competition is getting tougher and more competitive where many companies are continuously innovating and breaking new ground in the field of marketing. Various attempts were made by the owner of the company so that the continuity of his business can run smoothly and last so that what is desired to obtain operating profit can be achieved optimally. Therefore, the marketing division at the company is basically a vital part regarding the company's survival in the future.

On the other hand, many entrepreneurs see good opportunities and prospects to become a supplier of vital community needs in the field of fuel oil. Every day or even every hour the people will come continuously to buy and refuel oil in their vehicles. In this case, the existence of the price of BBM products becomes the main point in deciding whether to buy or use BBM products from other companies. For most of the middle and lower classes, the existence of product prices is very important and sensitive so that if the price of fuel products is felt to be expensive and the price difference is high enough with the prices of competitors, consumers will prefer competing fuel products at lower prices and obtain the same product benefits.

On the other hand, the existence of product distribution channels to consumers is an important part that must be considered by company leaders. If the company's products can be distributed well to places that are difficult to reach by consumers and the general public, it will make consumers loyal to repurchase

the product. Therefore, before the product is distributed to a predetermined place, the company should first determine the type of distribution channel to be used. This is intended so as not to spend time in product distribution, can save promotional costs, save time delivering products from producers to consumers and avoid distribution conflicts that occur between the two parties.

This research was conducted at the Shell Perbaungan gas station, which is a private company as a supplier or sales of quality fuel oil to consumers. In carrying out its business activities, the company will meet price competition and types of products offered to the public. In order for a company to survive and be able to compete with its competitors, the company must carefully and carefully determine the price for each type of fuel product sold to consumers. The determination of the selling price has certainly been considered by the company on the basis of determining the price of the product from the producer, PT. Shell Indonesia, located in South Jakarta. To get this BBM product, the Shell Perbaungan gas station buys from the head office in Jakarta so that the distribution of fuel products through fuel tank cars is quite large between 8,000 - 16,000 liters.

However, fuel products offered by the company to the public sometimes experience distribution constraints where the fuel provider often experiences delays in supplying fuel to the combined Shell gas station and also the obstacles that occur during unexpected trips. This often happens when fuel supply becomes scarce and makes customers wait to get BBM.

With the above conditions that occur in a long time to make some loyal customers move to competitor products that are easier to obtain. Based on the data obtained by the authors of the company, the following can be presented data on rising prices of Diesel and Super products as shown in the table below for the period 2017-2018 as follows:

Periode	Diesel		Super	
	Harga	Liter	Harga	Liter
01-Jan-2017/25-Apr-2017	9.600	25.218,02	8.100	67.589,36
26-Apr-2017/13-Sep-2017	10.150	33.425,41	8.400	86.248,81
14-Sep-2017/20-Dec-2017	10.600	23.931,23	8.950	40.651,31
21-Dec-2017/05-Jun-2018	11.950	20.562,68	9.300	113.896,49
06-Jun-2018/18-Okt-2018	11.500	22.953,45	10.400	71.562,59
19-Okt-2018/23-Dec-2018	11.950	10.431,76	9.900	41.900,59

Sumber: SPBU Shell Perbaungan, 2019

The table above shows that during 2017-2018 there were 6 times the price changes of Diesel and Super products. The rise and fall of the prices of Diesel and Super products varies with irregular time, this is seen to affect the amount of sales of Diesel and Super products. The distribution channel when supplying fuel which is often late also seems to influence consumer loyalty. As has been announced sometimes the fuel supply at Shell Perbaungan gas stations is often empty at least a day or more, making consumers unable to refuel, especially seeing that prices offered continue to rise and prices are higher than competitors offering products with the same use. This can make consumer loyalty to Shell Perbaungan gas stations reduced because consumers find it difficult to get fuel oil and choose to move to competing products because they can not wait to refuel the fuel used for daily driving needs.

2. Theory

A. Distribution channel

Subroto (2011: 198), direct marketing or distribution channels is a strategy of selling products to customers without using intermediaries, but using salespeople or with or without factory sales branches. According to Sunoto (2012: 172), distribution channels consist of a series of institutions that carry out all activities used to distribute products and their ownership status from producers to end consumers or business users. Manap (2016: 195) states that marketing channels are interrelated institutions to make products or services ready to be used or consumed.

Here are some distribution channel functions that can benefit the company (Manap, 2016: 185), including:

- Research (research) is the gathering of important information for planning and launching exchanges.
- Promotion (promotion), namely the development and dissemination of persuasive communication about offers.
- Contact (contact), which is looking for and establish relationships with prospective buyers.
- Matching, which is to bring together offers according to buyer demand, including activities such as processing, valuing, assembling and packaging.

- e. Negotiation (negotiation), which is an attempt to reach a final agreement on prices and other matters relating to the offer, so that the transfer of ownership rights can be carried out.
- f. Physical distribution (physical distribution), namely transportation and storage of goods.
- g. Financing (financing), namely the request and distribution of funds to cover the costs of the marketing channel.
- h. Risk taking, which is an estimate of risiko in connection with the implementation of the channel's work.

The following can be presented several indicators used to measure distribution channels in product distribution activities in the company (Ardino and Maharani, 2018: 981), as follows:

- a. Lot size
- b. Waiting time
- c. Comfort of the place
- d. Product diversity
- e. Service

B. Price

Adisaputro (2014: 209), explained that the selling price of the product was able to communicate to the market about the positioning value intended by the company of the product or brand. Sudaryono (2016: 216) states that price is an exchange rate that can be equated with money or other goods for the benefits obtained from goods or services for a group of people at a certain time and place. Another opinion from Rahman (2010: 75), price is the value of da profits obtained by a company. An effective price can never compensate for the implementation of a good product, promotion and distribution strategy, but an ineffective price can clearly prevent a company from succeeding.

The following are some of the pricing objectives carried out by the company (Sunyoto, 2015: 170), as follows:

- a. Defending, namely efforts not to take actions that do not increase profits when the company is experiencing unfavorable market conditions.
- b. Maximizing profits, namely determining the price aims to maximize profits within a certain period.
- c. Maximizing sales, namely pricing aims to build market share by selling at an initial price that is detrimental.
- d. Prestige, the purpose of pricing here is to position the company's services as an exclusive product.
- e. Return On Investment (ROI), the purpose of pricing is based on achieving the desired return on investment.

The following can be conveyed indicators used to measure prices used by companies (Yulistiana, et al, 2018: 244) as follows:

- a. Affordability of prices, meaning consumers can reach prices set by the company.
- b. Price match with product quality; price is often used as an indicator of quality for consumers. People often choose a higher price between two goods because they see a difference in quality.
- c. Price competitiveness; consumers often compare the price of a product with other products.
- d. Price match with benefits; the higher the benefits felt by consumers of certain goods or services, the higher the exchange value of the goods or services, the greater the available exchange devices that are sacrificed by consumers.

C. Consumer Loyalty

Priansa (2017: 216), explains that customer loyalty is the commitment of consumers to a brand, store, or supplier which is reflected in a very positive attitude and the form of repurchase behavior that consumers do consistently. Assauri in Yulistiana, et al (2018: 244), stated that customer loyalty is the tendency of customers to choose the value of the organization offered above the alternative offer of competing organizations. Customer loyalty also shows the tendency of organizations to get rewarded from the customer's choice of sustainability over certain offers. Hasan (2013: 121), states customer loyalty is behavior related to the brand of a product including the possibility of renewing brand contracts in the future, how much is the possibility of customers changing its support for the brand, how much is the desire of the customer to enhance the positive image of a product.

3. Research Methods

This study uses associative research, namely research that is to prove and find the relationship between two or more variables (Sugiyono, 2014: 339). Sudaryono (2017: 166), population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are applied by the author to be studied and then conclusions are drawn. The population used to support this research is all consumers in the Perbaungan Shell gas station so that the amount cannot be calculated. Priyastama (2017: 12), a sample is a collection of data taken from the population. Sampling is done because in practice there are many obstacles in the field which makes it impossible to examine the entire population.

In this study, the authors used a simple random sampling method, which is a simple technique where samples are taken randomly without regard to levels that exist in the population, each element of the population has the same opportunity and is known to be chosen as a subject (Noor, 2012: 151). The sampling formula used is the Purba formula (in Sulisty, 2010), namely:

$$n = \frac{Z^2}{4 (\text{moe})^2}$$

Note: n = sample size

Z = 1,96 score at a certain significant level (degree confidence is determined 95%)

Moe = Margin of error, the maximum error rate is 10%

$$n = \frac{1,96^2}{4 (0,1)^2}$$

Thus the study sample was 100 customers who came to buy fuel products at Shell Perbaungan Gas Station. In this research, the collection techniques used by the author are:

- Literature is a data collection technique obtained from reading material, literature, journals, sciences, scientific work, the internet as well as from internet media regarding the variables used in this study, namely distribution channels, prices and customer loyalty.
- Questionnaire, which is a data collection technique by giving a number of statements to respondents to be willing and willing to provide responses on the basis of the statements given regarding distribution channels, prices and customer loyalty.
- Observation, which is a data collection technique that is done by making direct observations of the research object, namely at the Perbaungan Shell Gas Station.
- Interview, which is a data collection technique obtained by the author by conducting question and answer with Shell Perbaungan gas station employees.

Data analysis techniques used by the authors in this study include statistical testing using a statistical data processing program, the SPSS program. Data analysis techniques used are Multiple Linear Regression and Hypothesis Testing.

4. Results and Discussion

Research conducted at the Shell Perbaungan gas station is a company selling quality fuel oil. In order to facilitate this research, the authors spread to respondents, namely consumers who come to buy fuel products at gas stations. The following can be presented the results of statistical tests obtained from the tabulation of the responses of respondents as follows:

A. Multiple linear regression

The following can be presented the results of multiple linear regression testing of respondent tabulation processing with the SPSS application as follows:

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	45.764	8.645			5.294	.000
X1_Saluran distribusi	-.177	.119	-.146		-1.483	.141
X2_Harga	.601	.135	.438		4.462	.000

a. Dependent Variable: Y_Loyalitas konsumen
Sumber: data diolah SPSS, 2019

Based on the results of multiple linear regression testing in the table above, the following can be presented the multiple linear regression equation $Y = 45.764 - 0.177X_1 + 0.601X_2$. The following are the interpretation results of the multiple linear regression equations above, namely:

1. The constant value (a) has a fixed value of 45.764, which means that it will be able to increase consumer loyalty assuming the distribution channel variable and price have a fixed value (zero value).
2. The distribution channel variable has a coefficient value of -0.177 and is negative, meaning that if there is an increase of one point on the distribution channel it can reduce consumer loyalty by -0.177 units assuming the regression coefficient value for the price variable is a fixed value (zero).
3. The price variable has a coefficient value of 0.601 and is positive, meaning that if there is an increase of one point in the price it can increase consumption loyalty by 0.061 units assuming the value of the regression coefficient for the distribution channel variable is a fixed value (zero).

B. Hypothesis testing

Partial Test (t)

The following partial test results can be presented from processing the respondent's answers to the independent variables (distribution channels and prices) to the dependent variable (consumer loyalty) as follows:

Coefficients^a

Model	Standardized Coefficients	t	Sig.
	Beta		
1 (Constant)		5.294	.000
X1_Saluran distribusi	-.146	-1.483	.141
X2 Harga	.438	4.462	.000

a. Dependent Variable: Y_Loyalitas konsumen

Sumber: data diolah SPSS, 2019

Thus it can be concluded, as follows:

1. The distribution channel variable (X1) has no significant effect on consumer loyalty and it can be seen that the significant value is $0.141 > 0.05$ so that the H1 research hypothesis is rejected (H0 is accepted).
2. Price variable (X2) shows there is a significant influence on consumer loyalty and it can be seen that the significant value is $0.000 < 0.05$ so that the H2 research hypothesis is accepted (H0 is rejected).

Simultaneous Test (F)

The following can be presented the results of simultaneous testing of respondent response processing for independent variables (distribution channels and prices) to the dependent variable (customer loyalty) as follows.

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	611.839	2	305.919	9.953	.000 ^a
Residual	2.961.321	97	30.735		
Total	3.593.160	99			

a. Predictors: (Constant), X1_Saluran distribusi, X2_Harga

b. Dependent Variable: Y_Loyalitas konsumen

Sumber: data diolah SPSS, 2019

In the table above the results of simultaneous testing obtained coefficient of $F_{count} = 9.953$ at significant 0,000. Meanwhile. the number of research samples used as many as $n = 100$ where $df(1) = k - 1 = 3 - 1 = 2$ and $df(2) = n - k = 100 - 3 = 97$ obtained coefficient value $F_{table} = 3.09$ at significant 0, 05. From the above table it can be concluded that simultaneous distribution channels and prices significantly influence consumer loyalty at the Perbaungan Shell Gas Station (coefficient value $F_{count} > F_{table}$, $9.953 > 3.09$ at significant $0.000 < 0.05$). Thus, from the results of simultaneous testing it can be stated that the research hypothesis put forward earlier namely H3 is accepted (H0 is rejected).

C. Coefficient of Determination (R^2)

The following are the results of testing the coefficient of determination from the processing of the respondents' tabulation using the SPSS application as follows.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R square	F Change
1	.413 ^a	.170	.153	554.394	.170	9.953

a. Predictors: (Constant), X1_Saluran distribusi, X2_Harga

b. Dependent Variable: Y_Loyalitas konsumen

Sumber: data diolah SPSS, 2019

Based on the test results the coefficient of determination is obtained the value of determination (R) = 0.413, meaning that the distribution channel and price have a moderate (not so strong) relationship to consumer loyalty. The coefficient value of Rsquare (R^2) of 0.170 shows that consumer loyalty can be explained by the distribution channel and the price of 17% and the remaining 83% is explained by other variables outside the scope of the study.

5. Conclusions

Based on the results of the static tests and the explanation given above, the following conclusions can be made, namely:

- Simultaneously shows that distribution channels and prices together have a positive and significant effect on consumer loyalty for fuel products at the Perbaungan Shell Gas Station.
- Partially shows the distribution channel has no significant effect on consumer loyalty, while the price variable has a significant effect on consumer loyalty at the Shell Perbaungan gas station.
- The coefficient of determination shows that the distribution channel and price have a moderate (not so strong) relationship to consumer loyalty. R square coefficient value (R^2) of 0.170 shows that consumer loyalty can be explained by the distribution channel and price by 17% and the remaining 83% is explained by other variables outside the scope of research that is not done such as customer satisfaction, complaints, promotions, brand image, trust and so on.

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