



The effect of sales promotion and service innovation toward ovo customer loyalty

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ABSTRACT

This study aims to see however the outline of sales promotion, service innovation, and customer loyalty, furthermore, as determine how the influence of sales promotion and service innovation on customer loyalty. The factors tested during this study are sales promotion and service innovation as independent variables, whereas customer loyalty could be a dependent variable. The analysis ways utilized in this study are descriptive and verification methods. The population in this study were those that used OVO services. The sampling technique used in this study is non-probability sampling and also the quantity of sample in this study is calculated by Bernoulli's formula so that the full variety is a hundred respondents. The analysis method in this study is using multiple regression analysis with the program of SPSS ver.25 for Windows. The results showed that Sales Promotion and Service Innovation affected OVO's customer loyalty. The number effect of sales promotion and service innovation toward customer loyalty is 37%.

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INTRODUCTION

OVO was once the top & most popular digital wallet with the largest transaction from 2018 until now; with a 58.4% fame rate below GO-PAY (Snapcart, 2019). However, with the Covid-19 pandemic, the competition map shifted with the arrival of new players in the top 5 digital wallets, namely Shopee-Pay, which made many digital wallet customers including OVO change use Shopee Pay, this shows OVO's weakness in maintaining brand loyalty to its consumers. OVO is not in a position to benefit from not having its e-Commerce like its competitors. However, according to the Head of Digital Economy of the Indonesian E-Commerce Association (IDEA), predicting the consolidation of digital wallets and e-Commerce platforms from year to year is increasingly a recipe for success to boost market leadership opportunities (Al-arsy&Afian, 2022). In this context, OVO must further facilitate people's online shopping experience. In addition to an effective and efficient shopping experience, OVO must integrate with many online shopping platforms and also provide attractive promos that can increase customer loyalty to the OVO digital wallet (Hariyanti&Wirapraja, 2018).

The formation of customer loyalty is not easy because we have to make customers have a commitment to a brand as reconciled by Sakinah (Sakinah&Ismunandar, 2022). Customer Loyalty is a commitment that is held closely by customers to buy or prioritize a product in the form of goods or services consistently. In previous research on the object of e-wallet 2 variables influenced customer loyalty, research by Adizka that sales promotion affects customer loyalty from DANA customers and mobile payment research found that service innovation has a positive effect on customer loyalty from Shopee-pay Indonesia customers (Adizka, 2019). The sustainability of company will depend on how much revenue is generated and consistently increases by having a loyal customer base which is certainly a lot of benefits over new customers whose acquisition costs are more expensive (Khadka&Maharjan, 2017). Customers become loyal, of course, there are many factors such as promotion, innovation, and quality that make the value of a product or brand worth considering and buying continuously to meet a need (Shiffman&Kanuk, 2018).

Marketing is an integral part of every organization and term marketing communications was initially seen to be a managerial task. Most marketing communication methodologies are focused on advertising, sales promotion, direct marketing, and public relations (Kotler&Armstrong, 2018). The new technological innovations provide an opportunity to enhance the visibility products and promotions (Biaudet, 2018) & (Pavlou, 2018). Innovation is the act of innovating and creating a process or something new, which promotes disruption of an outdated economic system while allowing new things to emerge (Ganzer, 2018). Schumpeter's notion describes what is called "creative destruction." Since the start of 4.0 industrial revolution era which focuses on the use of technology and internet in industry, many countries have begun to focus on creative and innovative economies (Sugiarto, 2018). Since 2015, Indonesian government has focused on developing Indonesia's creative industries, where this industry is an industry that relies on creativity as its main resource (Hasnan, 2019). Creativity and innovation are linked by a creative process with aim of producing something of value that can be traded, developed and exploited commercially (Taylor, 2018). The term innovation is also related to problem solving, where innovation is often used as a solution to new problems or new solutions to old problems (Stenberg, 2018).

According to Griffin, customer loyalty is behavior purchases that are defined as nonrandom purchases and disclosed from time to time by several collection units decision (Griffin, 2018). Non-random keywords explain that a loyal buyer will not randomly make a purchase. The buyer is only loyal to a company or a brand in mind. Kotler on Kurniawan's research defines loyalty as a firm commitment to buy again or subscribe again to certain products or services in the future even if there are situations driver and marketing efforts that have the potential to cause behavioral shifts (Kurniawan, 2020). The key to generating high customer loyalty is giving up high customer value. As stated by Kotler on Heryandra's research, companies must stimulate a proposition superior value directed at specific market segments, with support a superior value handover system (Heryndra&Hussein, 2020). The formation of customer loyalty is not easy because we have to make customers have a commitment to a brand as reconciled by (Hudaya, 2021). Customer loyalty is a commitment that is held closely by customers to buy or prioritize a product in the form of goods or services consistently (Naini, 2022). In previous research on the object of e-wallet 2 variables influenced customer loyalty, sales promotion affects customer loyalty from DANA customers and mobile payment research found that service innovation has a positive effect on customer loyalty from Shopeepay Indonesia customers.

RESEARCH METHOD

The quantitative approach in this research used the survey method, and the questionnaires were distributed using the Likert scale with primary data, then the respondents' perceptions were tabulated (Sugiyono, 2019). The inspecting strategy in this think about, to be specific Nonprobability testing, could be a examining procedure that does not give rise to openings for each component or part of the populace to be chosen as a test. The measure of the test in this consider was calculated

utilizing Bernoulli's formula so that the calculation of the overall test taken was 100 respondents who were inquired to fill out the inquire about survey. The opinion of Sekaran&Bougie, also explains that existence of external variables indicates that there is a variable which exists in the implications of other variables, thus the main variable is suitable as writing material (Sekaran&Bougie, 2020). The different straight relapse procedures are utilized to decide the size of the impact of the sales promotion and service innovation factors on the customer loyalty.

RESULTS AND DISCUSSIONS

This research also presents validity and reliability tests by presenting the convergent validity of data as in table 1.

Table 1. Validity and Reliability Test Results

Construct	Correlation Value	Description	Cronbach's Alpha	Description
Sales Promotion				
X1.1	0,719			
X1.2	0,583			
X1.3	0,777	Valid	0,710	Reliable
X1.4	0,668			
X1.5	0,607			
Service Innovation				
X2.1	0,810			
X2.2	0,731	Valid	0,676	Reliable
X2.3	0,708			
Customer Loyalty				
Y1.1	0,695			
Y1.2	0,685	Valid	0,614	Reliable
Y1.3	0,641			
Y1.4	0,614			

Source: Data Analyzed by SPSS

The result about of survey were analyzed utilizing different relapse strategies to decide the impact of sales promotion and service innovation factors on the customer loyalty. The calculations from the SPSS 25 Application will give a diagram of numbers that will be sketched out within the number direct relapse as show condition which can be seen within the table underneath.

Table 2. Multiple Linier Regression

Coefficients ^a						
Model	Unstandardized Coefficients			Standardized Coefficients		
	B	Std. Error		Beta	t	Sig.
1 (Constant)	6.561	1.469			4.466	.000
TOTAL_X1	.366	.073		.467	5.038	.000
TOTAL_X2	.230	.096		.222	2.390	.019

Source: Data Analyzed by SPSS

$$Y = 6,561 + 0,366X1 + 0,230X2 + e$$

The constant value of 6.561 implies that the variable quantity that may be a customer loyalty variable is value 6.561 if the sales promotion and service innovation variable thought of constant. In alternative words, if the worth of sales promotion and repair innovation doesn't change, the value of the customer loyalty variable also does not change. If the value of the regression coefficient of the promotion variable is 0.366, this means that the sales promotion variable increases by one (1) and another independent variable, the service innovation variable, is considered constant (value 0). The variable whose dependent variable is the customer loyalty variable is 0.366. A positive sign for the

value of the regression coefficient indicates that the sales promotion has a positive effect on customer loyalty. That's the higher promotion, the higher customer loyalty and vice versa. If the value of the regression coefficient of the service innovation variable is 0.230, this occurs when the service innovation variable is increasing (1) and another independent variable, the sales promotion variable, is assumed to be constant. The tied variable, the customer loyalty variable, increased by 0.230. A positive sign for the value of the regression coefficient indicates that service innovations have a positive impact on customer loyalty. In other words, the better the service innovation, the higher value of customer loyalty and vice versa.

Table 3. Simultaneous Hypothesis Testing

		ANOVA ^a				
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	134.025	2	67.012	28.489	.000 ^b
	Residual	228.165	97	2.352		
	Total	362.190	99			

Source: Data Analyzed by SPSS

Based on the examination within the table over, based on the noteworthy esteem within the taking after case on the off chance that it is below < 0.05 is called an impact. Within the table over, it can be seen that its important esteem is 0.000. Hence, from the esteem of its significance, we will conclude that deals advancement and benefit development influence client dependability at the same time.

Table 4. Coefficients of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608 ^a	.370	.357	1.53369

Source: Data Analyzed by SPSS

From the results shown in the table above, the square of R in the study was 0.370 or 37%. This means that customer loyalty is affected by sales promotion and service innovation by 37%. The remaining 63% or 0.630 were influenced by other variables or factors not studied.

CONCLUSION

Based on the results obtained, the variables of promotion and service innovation affect the loyalty of OVO customers, so it is better than all strategic decisions of the company to pay attention to the elements of promotion and service innovation. Based on the results of multiple linear regression analysis, with a constant value of 6561, it means that if sales promotion and service innovation are equal to zero, the value of customer retention is 6561. The coefficient direction of sales promotion, which affects the loyalty of OVO customers resulted in a regression coefficient (b) of 0.366 with a positive sign. Based on these results, it can be concluded that the loyalty of OVO customers increases with increasing or increased sales promotion.

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