

Effect of Service Quality of Distributors on Loyalty Through Relationship Quality to Retail As Intervening Variables (Study on Anlene Retail in the South Medan Region)

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ABSTRACT

The increasingly competitive competition in the milk processing industry, requires Anlene milk producers by PT Fronterra Brands Indonesia to create strategies and innovations to win the competition. One effort is carried out by implementing a distribution channel effectiveness strategy through cooperation between members of the supply chain to maximize the marketing reach and map potential markets. In order to maximize supply chain performance and productivity, PT Fronterra Brands Indonesia cooperates with PT Singa Asia Perkasa Utama Distributor to maintain the synergy of distribution channels. To support these efforts, distributors are required to implement good distribution services and maintain quality relationships in the exchange of relational interactions with retailers so that strong customer loyalty will provide good performance for the company. The purpose of this study was to find out and analyze the influence of distributor service quality on loyalty through the quality of relationships to Alfamart Retail in the South Medan Region. This type of research is conclusive research and the nature of research is explanatory research. The population in this study is Alfamart Retail PT Singa Asia Perkasa Utama in the South Medan Region. The number of samples in this study were 139 retail. The sampling technique used is nonprobability sampling and the type of sampling technique used is saturated sampling. The method of data collection was done through questionnaires, interviews, and documentation studies. The method of data analysis is done by Structural Equation Modeling (SEM) using AMOS 20. The results showed that the Service Quality Distributor has a positive and significant effect on the Quality of Relationships, Relationship Quality has a positive and significant effect on Loyalty, Service Quality Distributors have a positive and significant effect on Loyalty, and Service Quality Distributors have a positive and significant effect on Loyalty through the Quality of Relationships to Alfamart Retail in the South Medan Region which proves that Relationship Quality is an intervening variable in this study.

Keywords: *Distributor Service Quality, Relationship Quality, Loyalty*

INTRODUCTION

The Milk Processing Industry has an important and strategic role in efforts to provide community nutrition. The growth of the Dairy Processing Industry sector in Indonesia continues to increase, namely in

2012 by 10%, in 2013 by 12%, and in 2014 by 14% must be supported by the availability of domestic raw milk needs. This is due to the total needs \pm 3, 8 Million Tons of processed milk, from domestic only able to meet 21% (798,000 tons) and the

remaining 79% (3,000,000 tons) must be imported from Australia, New Zealand, the United States, and the European Union (Menperin, Saleh Husin, 2016).

North Sumatra is one of the provinces contributing to the production of fresh milk to support the development of the Milk Processing Industry (IPS) in Sumatra, as in Table 1.1:

Table 1.1 Fresh Milk Production

No	Province	Fresh Milk Production by Province (Ton)								
		2009	2010	2011	2012	2013	2014	2015	2016	2017
1	North Sumatra	1.657	1.762	1.850	761	1.369	783	826	1.029	1.235
2	West Sumatra	1.264	1.264	741	988	1.685	1.032	1.104	1.224	1.480
3	Bengkulu	1.055	1.128	356	401	265	275	313	467	582
4	Lampung	178	110	162	279	216	223	219	248	318

Source: Statistic Agency Data, 2017 (author's data)

Based on Table 1.1, the production of fresh milk in North Sumatra is still relatively low compared to national needs. Even in 2016, from the milk production target of 983.42 tons, it could only reach 837.36 tons of milk production. However, North Sumatra is one of the distribution networks of processed milk products that are sold to Western Indonesia and imported from abroad (Skim and Butter Milk Powder).

Calcium is a content of milk that plays a role in the growth of bones and teeth. In adulthood, calcium absorption is very maximum so it requires a large calcium intake (1,200 mg / day). One way to provide calcium intake in the body is to consume high calcium milk from an early age, so that it can ultimately improve the quality of life (www.liputan6.com, 2017). involving several milk producers:

Table 1.2 Milk Producers and Brands in the Indonesian Market

No.	Producer	Brand
1	PT Nestle Indonesia	Dancow 1+,3+,5+, Dancow NutriGold 3, 4, 5+, Dancow Batita, Dancow Datita, Dancow Enriched, Lactogen 2 dan 3, Nan 3 Probiotik, Dancow Actigo, Milk Maid
2	PT Sari Husada	SGM, Vitalac, LLM
3	PT Nutricia Sejahtera Indonesia	Nutrilon 3, Nutrilon Royal 3, Nutrilon Soya, Bebelac 3, Bebelac Complete, Boneeto Junior 1+, Nutrima, Prolene
4	PT Kalbe Nutritionals	Morinaga Chil Kid, Morinaga Chil Kid Platinum
5	PT Wyeth Indonesia	S26 Procal Gold, S26 Procal, Bonakid 3
6	PT Mead Johnson Indonesia	Sustagen Junior 1+, Enfagrow A+
7	PT Frisian Flag Indonesia	Frisian Flag 123, Frisian Flag 456
8	PT Abbot Indonesia	Isomil Plus Advance, Gain Plus Advance
9	PT Fonterra Brands Indonesia	Annum Essential 3, Anlene, Anchor, Boneeto

Source: www.berita-bisnis.com, 2012 (data processed by the author)

Based on Nielsen Indonesia's data show that the sales volume of powdered milk in 2012 reached 81% or 2.12 billion liters greater than the sales volume of liquid milk which reached 19% or 506 million liters. However, the growth of liquid milk sales volume in 2012 compared to 2011 increased significantly by 14.9% compared to the growth in milk powder sales volume which was only 4%, as in Table 1.3:

Source: Nielsen Indonesia's Associate Retail Measurement Service Director, Jatmikasari)

The increasing growth in the categorized sales volume of powdered milk and liquid milk in Indonesia is in line with the increasing growth of calcium milk consumption in the North Sumatra Region. Although the growth volume of liquid milk sales is greater than that of milk powder due to practical packaging factors, nevertheless milk powder continues to dominate sales in the calcium milk product market (Frontier Consulting Group, Irawan, 2013). This condition causes the need for calcium milk powder to be more important and has a great opportunity to meet the consumption needs of the community. This is the background of the competition for the calcium powder

Table 1.3 Sales Volume Growth in Dairy Products

No	Category	Sales Volume Growth (%)	
		2011	2012
1	Total Powder Milk	7,30	4,40
2	Sweet Condensed Mil	8,60	1,10
3	Liquid Milk	8,40	14,90
4	Infant Formula	0,50	-3,20
5	Specialties	-9,80	3,90

processing industry in North Sumatra, which is increasingly competitive, as evidenced by the increase in various kinds of calcium milk, such as Anlene, Prolene, Calcimex, Produgen, Omega, Entrasol, Stefit, Tropicana Slim Hi-Lo, and Calci Skim. market segments and market share as broad as possible.

This intense competition caused PT Fonterra Brands Indonesia to be a market follower for all milk producers in Indonesia, namely with an 11% market share in 2016, still very far compared to its market leader, namely PT Nestle Indonesia (30%) as shown in the Table 1.4:

Table 1.4 Market Share of Milk Producers in Indonesia

No.	National Milk Producers	Market Share (%) -th. 2016
A.	Foreign Milk Powder Manufacturer:	
1	Danone Group:	
	- PT Nutricia Indonesia Sejahtera	15
	- PT Sari Husada	22
2	PT Nestle Indonesia:	
	- Nestle Indonesia	30
	- Kalbe Nutrition	7
3	Frisian Flag Indonesia	6
B	Local Powder Milk Producers:	
1	- Fonterra Brands Indonesia	11
2	- PT Wyeth Indonesia	3
3	- PT Abbott Indonesia	4
4	- PT Mead Johnson Indonesia	2

Source: Nielsen's data, 2015 (data processed by the author)

As a follower of milk powder producers, PT Fonterra Brands Indonesia innovates by creating variants of milk products, such as Astum, Anchor and Boneeto (milk with high calcium nutrition and Vitamin D aged 5-12), and Anene for the prevention of osteoporosis. Anlene is one of the flagship products of PT Fonterra Brand Indonesia which has a complete content compared to other dairy products, such as calcium for strong bones (twice as much), protein for muscle strength, and collagen for strong joints. Anlene also

conducts integrated marketing programs, such as free bone examinations in various cities in Indonesia, promotions through advertisements that educate the public on the importance of maintaining bone health by consuming calcium milk to provide strength, flexibility, and activeness in conducting daily activities, as well as promotion by holding a walk event with 10,000 people for 10,000 steps, so that Anlene achieved a market share of 13.25% in 2017, as in Table 1.5:

Table 1.5 Market Share Milk Powder in Medan

No.	National Milk Producers	Market Share (%) -		
		Th. 2008	Th. 2012	Th. 2017
1	Dancow	19,00	20,40	21,40
2	Frisian Flag	52,30	30,54	26,48
3	Milo	3,50	10,70	9,35
4	Anlene	10,90	12,58	13,25
5	Indomilk	6,80	5,60	7,12
6	Hi-Lo	0,95	1,50	1,75
7	SGM	0,85	1,10	0,93
8	Ovaltine	0,90	0,75	0,67
9	Calcimex	1,20	0,63	0,45
10	L-Men	0,60	1,14	0,82
11	Prenagen	0,90	8,50	10,64
12	Lactamil	2,10	6,56	7,14

Sources: MARS Indonesia, Indonesian Consumer Profile 2008, 2012 and 2017 (data processed by the author)

Various competitions that occur among high calcium companies have caused milk producer PT Fonterra Brand Indonesia to always create a variety of strategies and innovations as a means of maintaining and winning competition. The distribution proportion is to make the company's distribution channel effective considering that Anlene's selling price is relatively higher compared to other calcium milk products (Marketing Manager of PT Fronterra Brand Indonesia, Sukatmo, 2005). The results of these efforts are the achievement of market share in the category of high calcium milk products as follows:

Table 1.6 Market Share and Calcium Powder Milk Producers Strategy in 2005

No.	Company Name	Trade Mark	Market share (%)	Product Strategy		Sales promotion
				Inovasi		
				Product Variant	Taste Variant	
1	PT Fonterra Brands Indonesia	Anlene	60,0	Anlene Actifit, Anlene Gold, Anlene Plus, Anlene One a Day	Plain, Chocolate, Vanilla	- Free Bone Scan / Bone Checking Program and Free Nutrition Consultation / Anlene Move Check - Anlene Movement Annual Routine Program 10,000 steps / Anlene Move Now Day

Table to be continued...						
2	PT Nutrifood Indonesia	Tropicana Slim Hi-Lo	18,0	Hi-Lo Actif, Hi-Lo Gold, Hi-Lo Soleha, Hi-Lo Joint+, Hi-Lo Teen	Chocolate, Vanilla, Green Tea, Green Beans	- Scientific competition for adolescents with the theme of bone health - Hi Lo school drawing competition
3	PT Indomilk	Calci Skim	17,0	Calci Skim rasa tawar dan coklat	Plain, Chocolate	Discount programs at traditional selective outlets Fostering program Fun day
4	PT Frisian Flag Indonesia	Calcimex	5,0	Calcimex Tetrapack	Plain, Chocolate, Vanilla	Program discounts, bonuses for purchasing goods
5	PT New Zealand Milk	Prolene	-	Prolene Child, Prolene Vanilla	Vanilla and Chocolate	EduPro program for students, purchase discount promos
6	PT Tiga Raksa Satria	Produgen	-	Produgen Chocomax, Produgen Vitafirst, Produgen Gold	Plain, Chocolate, Vanilla	- Produgen Customer Loyalty Program (redeem prize points) - All variant discount promo
7	PT Nestle Indonesia	Omega	-	Omega Plus, Omega Plus Acticol	Vanilla	Product bundling All variant discounts
8	PT Netania Kasih	Stefit	-	Stefit Opta BLZ, Stefit Opta L2	Original, Chocolate, Mocca, Cappuccino	Product discounts
9	PT Sanghiang Perkasa	Entراسول	-	Entراسول Active, Entراسول Gold	Plain, Vanilla, Chocolate, Vanilla Late, Mochaccino	- Kalbe Nutritionals IT Competition

Source: Ministry of Industry and Trade (2005), Jakarta, www.swa.co.id, in Zahria (2009) (data processed by the author)

Seeing the tight competitive situation of high calcium milk products, Anlene must be able to monitor customer satisfaction and loyalty continuously so that changes can be identified. This is because customer satisfaction from high calcium milk products is influenced by new innovations, price changes, and promotional programs. Competition among high calcium milk producers causes products with good performance that can win satisfaction and even customer loyalty. Based on a 2005 consumer satisfaction survey, conducted by SWA magazine produced an Indonesian Customer Satisfaction Award (ICSA) with results showing that Anlene ranked first among high calcium milk, as shown in Table 1.7:

Table 1.7 Consumer Satisfaction Category Food and Beverage Adult Milk Powder Products in 2005

Ranking	Product Brands	Quality Satisfaction Score	Value Satisfaction Score	Perceived Best Score
1	Dancow	4,217	3,873	4,238
2	Bendera	4,232	3,881	4,170
3	Anlene	4,127	3,871	4,124
4	Milo	4,071	3,941	4,084
5	Indomilk	4,011	3,892	3,975
6	Ovaltine	3,900	3,939	3,971
7	Calcimex	3,906	3,849	3,810
8	Produgen	3,773	3,744	3,898
9	Tropicana Slim Hi-Lo	3,346	3,827	3,413

Source: SWA Magazine No.19 / XXI / 15-28 September 2005. Jakarta in (2009) (data processed by the author)

Based on Table 1.7, Anlene occupies the first position for the level of customer satisfaction with the quality of products / services (QSS) and the price paid by consumers (VSS) and the ability to provide quality service. This is reinforced by the results of Anlene's Top Brand Index (TBI) occupying the first position with 61.5%, 54.7%, 54.2% and 58.3% respectively in the 2014 to 2017. So the survey results from Magazine Marketing and Frontier Consulting Group for the category of calcium milk powder adult products. This award is a company's success in maintaining

performance and building a positive corporate reputation so that it is at the highest position in the minds of consumers.

As a producer who wants to win the competition among high calcium milk product categories, Anlene needs to measure the extent of service quality that is able to be provided to customers so that it affects the level of relationship quality that will later shape customer loyalty. By knowing customer loyalty, Anlene has a reference in developing and managing the survival of the company so that it can develop strategies

that are in accordance with current market conditions.

The title of leader for Antenna milk products is one of the results of the achievement of its marketing reach which covers areas in Jakarta, North Sumatra, Riau, South Sumatra, Kalimantan, Bandung, Semarang, Surabaya, Ujung Pandang, and North Sulawesi. For the North Sumatra region, the distribution of goods to the channel distribution is carried out by PT Adyajati Lestari Distributors, namely to Tanah Karo, North Tapanuli, Medan (Medan Amplas, Medan Area, Medan Belawan City, Medan Deli, Medan Denai, Medan Marelan, Medan Marelan, Medan Perjuangan, Medan Tembung, and Timur Medan) while the Distributor PT Singa Asia Perkasa Utama, namely to Labuhan Batu, South Tapanuli, Aceh, and Medan areas (Medan Barat, Medan Baru, Medan Helvetia, Medan Johor, Medan Kota, Medan Labuhan, Medan Maimun, Medan Petisah, Medan Polonia, Medan Selayang, Medan Sunggal, and Medan Tuntungan). The distribution of the distribution area aims to streamline the distribution of distribution so that the company has a strong bargaining position in the milk market as well as a barrier to entry for competitors.

For the North Sumatra region, Medan is a market area that is the main market focus as well as a potential market for PT Fonterra Brands Indonesia in strengthening its power and extending its influence strongly. This causes competitors to compete with each other for market share in Medan. Anlene competitors are currently trying to outperform the mastery of the milk market in Medan, for example PT Nutrifood Indonesia as a calcium milk producer strives to increase its sales along with intense promotions (HiLo Goes To School event) so as to foster children's enthusiasm Adults like to consume calcium milk. These conditions further squeeze the space of PT Fonterra Brands Indonesia because more and more competitors are increasing distribution and aggressively conducting promotions, thus indicating greater opportunities for

competitors to gain market control (Area Manager of PT FBI Medan, 2018).

Research conducted to measure customer loyalty of information systems companies explains that satisfaction provides the most important mediation function between the quality of delivery of loyalty. The occurrence of errors or delays in the delivery process can trigger disappointment and dissatisfaction. So that it affects customers choosing other quality suppliers / distributors. This is what influences the establishment of reliable relationships in distribution partners and loyalty (Caceres and Paparoidamis, 2004).

Thus, various social and situational factors of customers greatly affect satisfaction and loyalty (Dick and Basu, 1994), even customers who are satisfied with Anlene's product performance can switch suppliers or try other product variants, such as Hi Lo, Calci Skim, Entrasol (Mittal and Lassar, 1998), especially in highly competitive markets and with low switching costs (Jones and Sasser, 1996; De Ruyter et al., 1998; Juntunen et al., 2010).

According to the results of research by Caceres and Paparoidamis (2007); Naoui and Zaiem (2010) that loyal customers have formed true trust and commitment to products and services. Loyal customers will always show the behavior of buying Anlene Milk continuously and repeatedly, and carried out at a Distributor who has provided quality services to him whatever the conditions that occur in the milk market (Gil Saura et al., 2008). According to Dick and Basu (2008 : 54) that loyalty shows the highest level in a relationship on the basis of trust and commitment to one another. The loyal customer will make continuous repurchases, buy between product lines and services, always recommend to other partners, and show immunity to the pull of competitors (Caceres and Paparoidamis, 2007; Gil-Saura et al., 2008; Dick and Basu, 1994 in Gil-Saura et al., 2009; Griffin: 33-34: 2002). Therefore, companies that win competition are not only companies that are

able to create superior products, but companies that are able to maintain customer loyalty (Morgan and Hunt, 1994).

The ability of marketers to distribute products on distribution channels must be supported by expertise to improve competitiveness and customer service (Porter, 2001). Service quality is a priority in the implementation of logistics (Shet et al., 2006; Richey et al., 2007). According to Xing and Gant (2006) through the concept of Physical Distribution Service Quality (PDSQ) in the retail industry, sellers must prioritize product availability, accuracy delivery time, and quality of delivery, communication, and conditions (Emerson and Grim, 1996). In line with research conducted by Mentzer et al., (1999) that the quality of logistics services (LSQ) is measured using indicators of timeliness, conditions, order accuracy, quality of information, availability, and quality of contact personnel who provide customer satisfaction and build loyalty on the network supply chain.

The success of manufacturing company performance is inseparable from the application of supply chain management in manufacturing mechanism. Manufacturing companies need synergistic integration and collaboration, which is between communication strategies that use planning, execution, and coordination of all activities aimed at internal, channel of distribution, and general customers. This will encourage companies to be able to accommodate customer needs, deliver products with good quality and on time so as to achieve levels of efficiency (Pujawan and Mahendrawathi, 2010: 8). Supply chain activities (physical activities, such as storing and sending products, and non-physical, such as information processing activities and services to customers) need to be managed by implementing quality services. So the company will be able to accommodate all customer needs, deliver goods or services on time which will ultimately create customer satisfaction.

Application of service quality to company logistics will provide a competitive advantage for companies in terms of a more efficient order delivery process (Porter, 2001; Xing and Grant, 2006). This opinion was reinforced in research conducted by Emerson and Grimm (1996); Xing and Grant (2006); Rafid and Jaafar (2007) that the company's success in product distribution is due to the good service provided in the logistics process. Companies must prioritize the principle of availability, operational performance, service reliability, and perfect ordering so that the company will be able to provide optimal services to customers in terms of speed of delivery, perfection of goods to the customer, and satisfactory after-sales service. Services that are as expected by the customer will affect customer loyalty, so that the relationship between the company and its customers becomes harmonious, provides a good basis for repurchases, and forms a profitable word of mouth for the company (Schnaars, 1991 in Tjiptono 2001: 98).

The distribution network of products and services has changed very rapidly, marked by increased competition, both involving local and foreign companies. In addition, customers also demand more expectations from the experience of consuming goods or services that they have felt. So that distributors must be able to provide quality services to retailers (Sellers, 1990; Smith, 1989). The experience experienced by B2B consumers on distribution services involves repeated evaluations of services that have been experienced before, such as experience with certain product offerings when dealing with distributors, the experience of ease of doing ordering the desired product, experience interacting with distributor personnel, and experience the ease of returning products that have been purchased (Dabholkar, et al., 1996). Retail evaluation of the quality of services provided by distributors will affect retail loyalty. Customer perceptions of the quality of services provided by distributors to retail are influenced by operational

services, personnel services, and technical services that will result in retail loyalty (Jurgaet al. 2010).

PT Fonterra Brands Indonesia seeks to implement distribution operational synergies by building good relations between supply chain members. In developing a quality relationship, marketers must embody principles based on the creation of customer value, trust and commitment (Cavinato et al., 2006: 290). Based on the results of research from Caceres and Papparoidamis (2007) that trust and commitment arise due to the fabric of very valuable relationships and open communication with each other. In line with what was raised by Ping (1993) that customer satisfaction in the fabric of relationships will form customer loyalty. Consumers the loyal will do recurring relational interactions, have the intention to establish relationships in exchange of interactions for a long time (Morgan and Hunt, 1994).

As we all know, PT Fonterra Brands Indonesia makes Medan a potential market. Supported by an extensive distributor network is the company's effort to meet the increasing market needs. The distribution of Anlene products in Medan is supplied by two distributors, as in Table 1.9:

Table 1.9 Anlene Products Distributor in Medan

No.	Nama Distributor	Sales Value for 2017 (Rp. Million)
1	PT Adyajati Lestari	10.032
2	PT Singa Asia Perkasa Utama	20.566

Source: (PT Fronterra Brand Indonesia Sales Report, Syamsudin Lubis, 2018)

Based on Table 1.9 PT Singa Asia Perkasa Utama has the highest sales because it is supported by the existence of the most

extensive warehouse, store network, transportation fleet, and the most sales force personnel compared to other distributors. PT Singa Asia Perkasa Utama has Anlene milk product sales distribution network, such as Hypermart, Local Super Market (Irian Super Market), Kick Count (Giant, Ramayana), and Alfamart and Indomaret Outlets.

Efforts made by PT Fonterra Brands Indonesia to establish relations with its supply chain is to implement a retail marketing mix (Ma'ruf, 2006: 13), including: a) Merchandising, in the form of souvenirs (mug cups, umbrellas, t-shirts, wall clock), giving cooking oil to retail, and purchasing vouchers; b) Pricing in the form of price discounts, program points and retail incentives; c) Advertising and Promotion, in the form of product bundles, product posters / banners, and product display rental fees; and d) Retail Service, in the form of personal selling, easy payment transaction services, provision of adequate physical resources, provision of alert contact persons and regular visits to retailers to evaluate sales performance. This is a form of attribute creativity in expanding markets and increasing sales achievements that will show the optimal performance of the distributor PT Singa Asia Perkasa Utama. Thus the results of the initial observation as stated by Mr. Syamsudin Lubis as Area Manager of PT Fonterra Brands Indonesia Medan.

The study was conducted on retails in the South Medan Region because sales in the region during the second quarter of 2017 to February 2018 were very low compared to sales in other Medan regions, as in Table 1.10:

Table 1.10 The Sales Value of Anlene Products in Medan

No.	Region	Sales Value		Total Sales
		Tw II/ 2017 (Rp. Million)	s.d. Feb 2018 (Rp. Million)	
1	Central Medan / City	15.571	1.124	16.695
2	East Medan	1.759	359	2.118
3	South Medan	451	44	495
4	North Medan	383	153	536
5	West Medan	858	76	934

Source: (PT Fronterra Brand Indonesia Sales Report, Syamsudin Lubis, 2018)

Based on Table 1.10, sales of Anlene products for the South Medan region are very low, this is because:

1. The marketing area group in the region has the least number of retails (139 retails) compared to other Medan regions.
2. Retail Alfamart in South Medan spread over twenty-one Kelurahan / Desa. Kelurahan / Desa in Medan Selatan have the smallest number compared to other Medan regions.
3. Anlene product demand that cannot compete with other substitute products, such as non-calcium milk or other calcium milk.

This condition is certainly contrary to Anlene's sales performance by PT Singa Asia Perkasa Utamayang which is higher than other distributors because it is supported by adequate distribution channels. The low value of Anlene's milk product sales in the South Medan Region is inseparable due to the competitive sales of dairy products sold at retail which are very competitive. It is this condition that subsequently needs to get the attention of distributors to optimize the application of distributor service quality and effective relationship quality so that it will form strong retail loyalty. Therefore, distributors of Anlene products must prioritize customer value by providing quality services and applying appropriate price attributes. in distribution channels so as to provide customer satisfaction and establish retail loyalty (Lam et al., 2004)

Retail was chosen as a respondent because based on the results of the Inmarch survey in Semen Gresik Magazine 2010, 21% stated that retail is one of the influences for consumers in choosing products that are often purchased. In addition, 17% stated that retail is the party that usually tells the product to the end consumer. This is consistent with what was raised by Pujawan and Mahendrawathi (2010: 192) that in the supply chain, marketers pay more attention to the company's "downstream" partners, such as

retailers who form an important relationship between the company and its customers.

Hypothesis

Based on the background of the study and the justification of the relationship between variables, the research hypothesis is as follows:

1. Distributor Service Quality has a positive and significant effect on the Quality of Relationships to Retail (Study on Anlene Retail in the South Medan Region).
2. Distributor Service Quality has a positive and significant effect on Loyalty (Study on Anlene Retail in the South Medan Region).
3. The Quality of Relationship to Retail has a positive and significant effect on Loyalty (Study on Anlene Retail in the South Medan Region).
4. Distributor Service Quality has a positive and significant effect on Loyalty through Quality of Relationship to Retail (Study on Anlene Retail in the South Medan Region).

MATERIAL AND METHODS

The research used in this study is conclusive research. According to Maholtra (2005: 89) conclusive research is research based on a large sample that is representative and the resulting data are analyzed quantitatively. In this conclusive research using a causal approach whose main purpose is to obtain proof of cause and effect (causal relationships) between several concepts or several variables between independent variables (exogenous), namely the quality of distributor services to the dependent variable (endogenous), namely loyalty through the quality of relationships as intervening variables (Study on Retail Anlene in the South Medan Region) so that a general conclusion can be drawn. The nature of this research is explanatory research, namely research that aims to explain the position of the variables studied and the relationship between one variable with another variable (Sugiyono, 2007).

Population is a resource that will be used as a data source for research information. Population is a generalization area that consists of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2007). The population in this study was 139 Retail Alfamart of PT Singa Asia Perkasa Utama in the South Medan Region.

The sample is part of the number of characteristics possessed by the population. According to Wijaya (2009: 10), the basic assumption that must be met in SEM analysis is the number of samples that meet the rules of analysis. The maximum likelihood estimation (ML) technique requires samples ranging from 100 to 200 samples (Wijaya, 2009: 10). With reference to the opinion of Sugiyono (2012: 96), the sampling technique used is Nonprobability Sampling, which is a sampling technique that does not provide equal opportunity or opportunity for each element or member of the population to be selected as a sample.

The type of sampling technique used is saturated / census sampling, which is a sampling technique that uses all populations as research samples, which is equal to 139 retail Alfamart in the South Medan Region. Researchers use saturated sampling techniques to determine the generalization of retail responses to the measurement of research variables with very small errors.

The data collection technique used in this study is the Study of Literature, which is research to obtain secondary data by reading and studying literature that contains theories, concepts, and information related to the research conducted and Field

Studies. Field studies are used to obtain primary data about existing problems and directly make contact with the object of research, it is necessary to use several methods to obtain them, namely by observation, interviews and questionnaires.

RESULTS AND DISCUSSION

Measurement Model (Confirmatory Factor Analysis)

Confirmatory factor analysis (CFA) analysis was used to determine convergent validity and construct reliability. Convergent validity is a measure that indicates whether each indicator that is estimated to validly measures the dimensions of the concept being tested. A dimension indicator shows significant convergent validity if the value of the critical ratio (C.R.) is more than 2. While the construct reliability test is carried out to test whether the indicators used in measuring the research variables have consistency. A variable is said to be reliable if it has a construct reliability value of 0.70.

Confirmatory Factor Analysis of Distributor Service Quality Variables

The distributor service quality variable is composed by several indicators from the dimensions of operational services, personal services, and technical services so that they have a positive free degree (df = 90). To find out whether the distributor service quality variable is in a fit model, it can be seen from the estimation results of the measurement model or measurement model. Following is the confirmatory factor analysis (CFA) for the initial model distributor service quality variables:

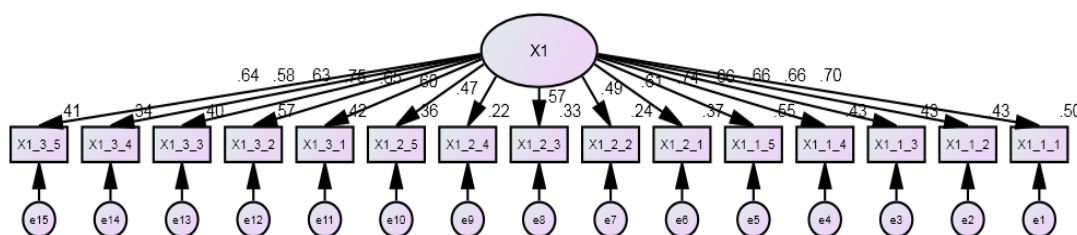


Figure 4.2 CFA Distributor Service Quality

Here are the results of the estimation of the measurement model using the Maximum Likelihood estimation method based on the goodness of fit criteria as follows:

Table 4.10 Goodness Of Fit Distributor Service Quality

Goodness Of Fit Index	Cut-off	Model Results	Information
Probability Chi-Square (Likelihood Ratio Chi Square Statistic)	≥ 0.05	0.000	Unwell
Chi-Square/CMIN(df=90)	<113,15	327.311	Unwell
CMIN/DF	< 2	3.637	Unwell
GFI	≥ 0.90	0.736	Unwell
RMSEA	≤ 0.08	0.138	Unwell
AGFI	≥ 0.90	0.648	Unwell
TLI	≥ 0.90	0.714	Unwell
NFI	≥ 0.90	0.695	Unwell
CFI	≥ 0.90	0.755	Unwell
RMR	≤0,05	0.095	Fit Model

Based on Table 4.10 above, it can be concluded that the measurement model in the proposed distributor service construction quality does not meet the fit model criteria or does not yet have a good fit because there is only 1 criterion of goodness of fit that has been fulfilled. Thus, these results can be concluded that the structural model in the endogenous construct hypothesized is still not supported by data and theory. To improve the goodness of the model, modification indices need to be carried out on the structural equation model. Here is the confirmatory factor analysis (CFA) for distributor service quality variables after modification indices:

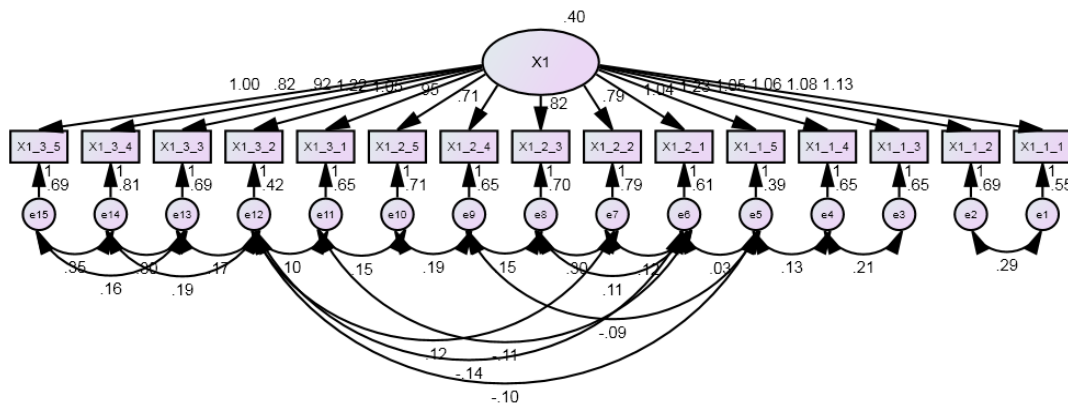


Figure 4.3 CFA Distributor Service Quality After Modification

Here are the results of the estimation of the measurement model using the Maximum Likelihood estimation method based on the goodness of fit criteria as follows:

Table 4.11 Goodness Of Fit Distributor Service Quality After Modification

Goodness Of Fit Index	Cut-off	Model Results	Information
Probability Chi-Square (Likelihood Ratio Chi Square Statistic)	≥ 0.05	0.090	Fit Model
Chi-Square/CMIN(df=69)	<89.391	85.213	Fit Model
CMIN/DF	< 2	1.235	Fit Model
GFI	≥ 0.90	0.926	Fit Model
RMSEA	≤ 0.08	0.041	Fit Model
AGFI	≥ 0.90	0.871	Unwell
TLI	≥ 0.90	0.975	Fit Model
NFI	≥ 0.90	0.921	Fit Model
CFI	≥ 0.90	0.983	Fit Model
RMR	≤0,05	0.049	Fit Model

Based on Table 4.11 above, it can be concluded that the measurement model or measurement model in the service quality constructs of the proposed distributors has fulfilled the fit model criteria or has good compatibility because there are 9 criteria of goodness of fit that have been fulfilled. According to Ghazali (2008: 134-137), after the measurement model or measurement model is fulfilled, the next stage of analysis can be done, namely the validity test of the extract. The construct validity test measures

to what extent the indicator size is able to reflect the theoretical latent construct so as to provide confidence that the size of the indicator taken from the sample reflects the actual score in the population. The construct validity measures include:

a) Convergent Validity

The results of the loading factor analysis and error variance [1- (Std Loading) 2] of the CFA model of Distributed Service Quality can be seen in the following Table 4.12:

Table 4.12 CFA Distributor Service Quality

Indicator	Std Loading	(Std Loading) ²	Error Variance	C.R.
Operational Services 1	0.695	0.483	0.517	6.952
Operational Services 2	0.638	0.407	0.593	6.539
Operational Services 3	0.642	0.412	0.588	6.71
Operational Services 4	0.637	0.406	0.594	6.612
Operational Services 5	0.782	0.612	0.388	7.289
Personal Service 1	0.645	0.416	0.584	6.275
Personal Service 2	0.493	0.243	0.757	5.139
Personal Service 3	0.53	0.281	0.719	6.022
Personal Service 4	0.49	0.240	0.760	5.005
Personal Service 5	0.582	0.339	0.661	6.146
Engineering Services 1	0.636	0.404	0.596	6.626
Engineering Services 2	0.766	0.587	0.413	7.571
Engineering Services 3	0.576	0.332	0.668	6.612
Engineering Services 4	0.499	0.249	0.751	6.235
Engineering Services 5	0.607	0.368	0.632	Reference
Total	9.218	5.779	9.221	

Based on the results of the standardized loading estimate above, in general all loading factors are statistically significant and the loading value is above 0.5, because the requirement that the dimensions of a construct is said to be converge must be equal to 0.5 or more and ideally should be 0.7. Besides that, C.R. distributor service quality dimensions value is greater than 2 so it can be ascertained that all dimensions of service quality distribution have met the convergent validity.

b) Construct Reliability

Reliability is also an indicator of convergent validity. Construct reliability of 0.7 or more indicates good reliability, while reliability of 0.6 to 0.7 can still be accepted with the condition of the validity of indicators in a good model (Ghozali, 2008: 137). To find out the reliability of the distributor service variable quality construct, the construct reliability value will be calculated using the following formula:

$$Construct\ reliability = \frac{(\sum std\ loading)^2}{(\sum std\ loading)^2 + \sum e_i} = 0,902$$

Based on the above calculation, the reliability value of 0.908 is obtained. This value is greater than 0.7 so that it can be concluded that the variable quality of service distribution has fulfilled construct reliability.

Confirmatory Factor Analysis of Relationship Quality Variables

The relationship quality variable is composed by several indicators of the dimensions of trust and commitment, so that it has a negative degree of freedom (df = 9). To find out whether the relationship quality variable is in a fit model state, it can be seen from the estimation results of the measurement model or measurement model using the Maximum Likelihood estimation method based on the goodness of fit criteria as follows:

Table 4.13 Goodness Of Fit Relationship Quality

Goodness Of Fit Index	Cut-off	Model Results	Information
Probability Chi-Square (Likelihood Ratio Chi Square Statistic)	≥ 0.05	0.014	Unwell
Chi-Square/CMIN(df=9)	<16.92	20.812	Unwell
CMIN/DF	< 2	2.312	Marginal
GFI	≥ 0.90	0.953	Fit Model
RMSEA	≤ 0.08	0.098	Unwell
AGFI	≥ 0.90	0.891	Unwell
TLI	≥ 0.90	0.943	Fit Model
NFI	≥ 0.90	0.942	Fit Model
CFI	≥ 0.90	0.966	Fit Model
RMR	≤ 0,05	0.044	Fit Model

Based on Table 4.13 above, it can be concluded that the measurement model in the proposed relationship quality construct has been fit or has a good fit because there are 5 criteria of goodness of fit have been fulfilled, so there is no need to eliminate the dimensions of the variable service quality distributor. Following is the confirmatory factor analysis (CFA) for the relationship quality variable:

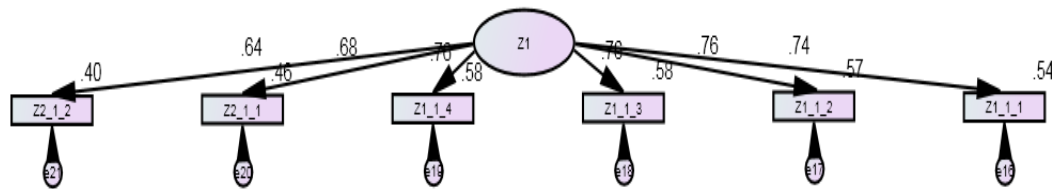


Figure 4.4 CFA Relationship Quality

According to Ghazali (2008: 134-137), after the measurement model or measurement model is fulfilled, the next stage of analysis can be done, namely the validity test of the extract. The construct validity measures include:

a) Convergent Validity

The results of the loading factor analysis and error variance [1- (Std Loading) 2] CFA model of the relationship quality can be seen in the following Table 4.14:

Table 4.14 CFA Relationship Quality

Indicator	Std Loading	(Std Loading) ²	Error Variance	C.R.
KEP 1	0.736	0.542	0.458	Reference
KEP 2	0.757	0.573	0.427	8.478
KEP 3	0.762	0.581	0.419	8.458
KEP 4	0.763	0.582	0.418	8.334
KOM 1	0.675	0.456	0.544	7.301
KOM 2	0.635	0.403	0.597	7.086
Total	4.328	3.136	2.864	

Based on the results of the standardized loading estimate above, in general all loading factors are statistically significant and the loading value is above 0.5. Besides that, C.R. dimension of relationship quality is greater than 2 so it can be ascertained that all dimensions of relationship quality meet convergent validity.

b) Construct Reliability

To find out the reliability of the relationship quality variable, the construct reliability

value will be calculated using the following formula:

$$Construct\ reliability = \frac{(\sum std\ loading)^2}{(\sum std\ loading)^2 + \sum e_i} = 0,867$$

Based on the above calculation, the reliability reliability value of 0.867 is obtained. This value is greater than 0.7 so that it can be concluded the relationship quality variable has fulfilled construct reliability.

Confirmatory Factor Analysis of Loyalty Variables

The loyalty variable is composed by three indicators, so that it has a positive free degree (df = 0). Thus, the CFA Loyalty model is certainly in a state of unidimensionality so that it does not need to be checked for goodness of fit. Following is the confirmatory factor analysis (CFA) for the loyalty variable:

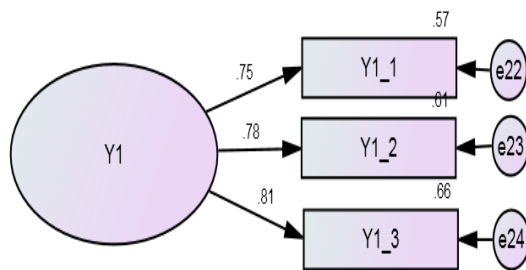


Figure 4.5 CFA Loyalty

According to Ghazali (2008: 134-137), after the measurement model or measurement model is fulfilled, the next stage of analysis can be done, namely the validity test of the extract. The construct validity measures include:

a) Convergent Validity

The results of the loading factor analysis and error variance [1- (Std Loading) 2] of the CFA loyalty model can be seen in the following Table 4.15:

Table 4.15 CFA Loyalty

Indicator	Std Loading	(Std Loading) ²	Error Variance	C.R.
LOY 1	0.754	0.569	0.431	
LOY 2	0.782	0.612	0.388	8.071
LOY 3	0.811	0.658	0.342	8.124
Total	2.347	1.837761	1.162239	16.195

Based on the results of the standardized loading estimate above, in general all loading factors are statistically significant and the loading value is above 0.5. Besides that, C.R. Loyalty dimension is greater than 2 so that all loyalty dimensions can meet the convergent validity.

b) Construct Reliability

To determine the reliability of the loyalty variable construct, the construct reliability value will be calculated using the following formula:

$$\text{Construct reliability} = \frac{(\sum \text{std loading})^2}{(\sum \text{std loading})^2 + \sum e_i} = 0,826$$

Based on the above calculation, the construct reliability value is 0.826. This value is greater than 0.7 so that it can be concluded that the loyalty variable has fulfilled construct reliability.

Testing the SEM Assumptions

The process that must be carried out before structural modeling is to test research data based on the assumptions in SEM. Data assumptions for SEM analysis include multinormal and non-multicollinearity distributions.

Outlier Evaluation

Testing the presence or absence of outliers using Mahalanobis distance value χ^2 . An observation is said to be an outlier if the Mahalanobis distance value χ^2 has a p value of less than 0.001 or with a Mahalanobis distance value $\chi^2 > 51,179$. Here are the results of testing the outlier using the Mahalanobis distance value χ^2 :

Table 4.16 Outlier Testing

Observation number	Mahalanobis d-squared	p value
97	45.828	0.005
6	45.041	0.006
81	38.451	0.031
...
44	19.957	0.699
118	19.954	0.699
16	19.913	0.702

Based on Table 4.16 shows that the observation with the largest Mahalanobis distance value χ^2 is the 97th observation with a P value of 0.001 and the Mahalanobis distance value χ^2 from the highest observation (Observation number 97) $< 51,179$. Thus it was concluded that there were no outliers in the research data.

Structural Model Equations

Structural model equations were carried out to determine the effect between latent variables as hypothesized in this study. Modeling is done with AMOS software. Following are the results of structural modeling

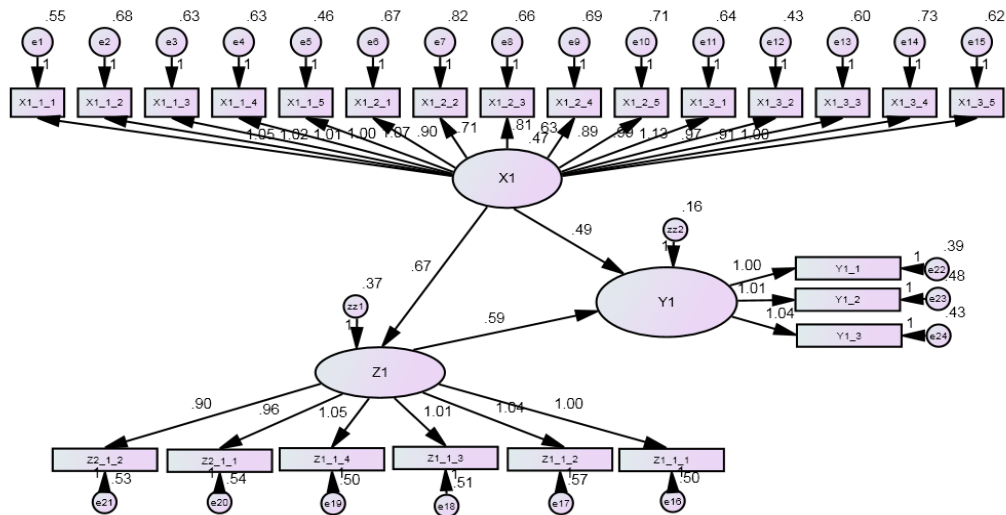


Figure 4.6 Initial Structural Equation Model

In the structural model image above, it can be seen the effect of the contribution of indicators on the latent variable and the influence between latent variables. To find out whether the hypothesized model is supported by data, it will be seen the goodness of the model by conducting a model of goodness of fit. The structural model estimation results using the Maximum Likelihood estimation method based on the goodness of fit criteria are as follows:

Table 4.17 Goodness Of Fit Model Struktural

Goodness Of Fit Index	Cut-off	Model Results	Information
Probability Chi-Square (Likelihood Ratio Chi Square Statistic)	≥ 0.05	0.000	Unwell
Chi-Square/CMIN(df=249)	< 286.808	566.970	Unwell
CMIN/DF	< 2	2.277	Marginal
GFI	≥ 0.90	0.734	Unwell
RMSEA	≤ 0.08	0.096	Marginal
AGFI	≥ 0.90	0.679	Unwell
TLI	≥ 0.90	0.791	Unwell
NFI	≥ 0.90	0.711	Unwell
CFI	≥ 0.90	0.812	Marginal
RMR	$\leq 0,05$	0.080	Unwell

Based on Table 4.17 shows that the criteria for the goodness of the proposed structural model are not yet fit or do not yet have a good fit because they do not meet the criteria of goodness of fit. Thus, these results can be concluded that the structural model in the endogenous construct hypothesized is still not supported by data and theory. To improve the goodness of the model, modification indices of the structural equation model need to be done.

Modification of Structural Models

Modification of the model is done by varizing (correlating) between the variant error of an indicator with another. The error variant indicator pair correlated is based on modification indices in the AMOS program, where correlating between the variance error parameters will decrease the chi-square value. Here is a picture of the structural model after modification:

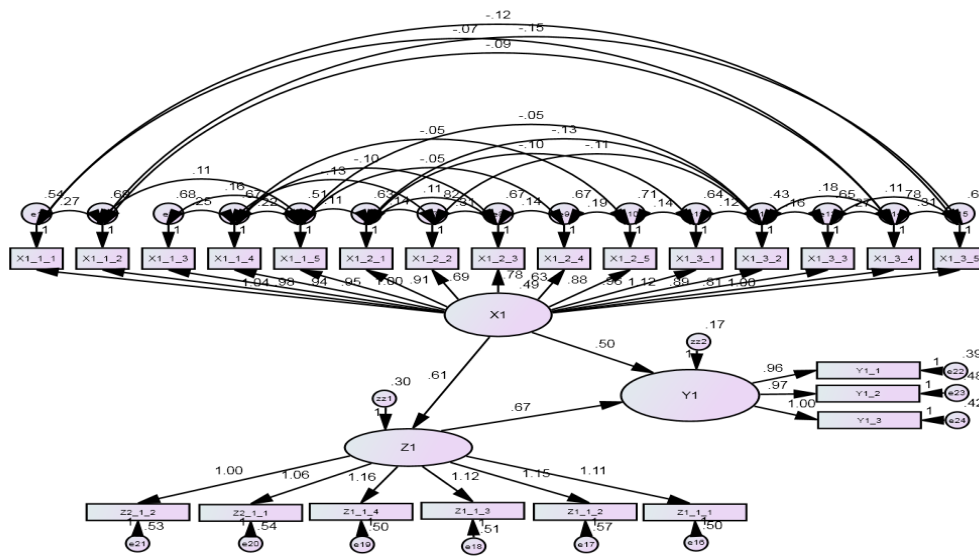


Figure 4.7 Structural Equation Model After Modification

The figure above shows the structural equation model after modification. To find out whether the model is good, a goodness of fit test is performed. The structural model estimation results using the Maximum Likelihood estimation method based on the goodness of fit criteria are as follows:

Table 4.18 Structural Model Goodness Of Fit After Modification

Goodness Of Fit Index	Cut-off	Model Results	Information
Probability Chi-Square (Likelihood Ratio Chi Square Statistic)	≥ 0.05	0.000	Unwell
Chi-Square/CMIN(df=219)	< 254.523	298.918	Unwell
CMIN/DF	< 2	1.365	Fit Model
GFI	≥ 0.90	0.90	Fit Model
RMSEA	≤ 0.08	0.051	Fit Model
AGFI	≥ 0.90	0.805	Unwell
TLI	≥ 0.90	0.940	Fit Model
NFI	≥ 0.90	0.848	Marginal
CFI	≥ 0.90	0.953	Fit Model
RMR	$\leq 0,05$	0.05	Fit Model

Based on Table 4.18 shows that the majority of the criteria of the structural model goodness proposed have been fit or have a good fit because there are 6 criteria of goodness of fit have been met. Thus, this result can be concluded that the structural model in endogenous constructs is already good and can be accepted.

Hypothesis Testing

Hypothesis testing is done by comparing the probability of significance (p) with a significance level (α) that has been predetermined that is equal to 0.05. If the

comparison of the significance value of significance (p) is smaller when compared to the level of significance (α), then the hypothesis can be accepted, while if the significance value of significance (p) is greater than the value of significance level (α), then the hypothesis is rejected.

Analysis of Direct, Indirect and Total Effects

Here are the results of SEM testing with SEM coefficient values or standardize coefficients for each variable:

Table 4.19 SEM Coefficient Values Direct, Indirect, and Total Between Variables

Relationship Between Variables			Value Standardized Coefisien		
			Direct Effects	Indirect Effects	Total Effects
Relationship Quality	<--	Distributor Service Quality	0.613		
Loyalty	<--	Distributor Service Quality	0.418		
Loyalty	<--	Relationship Quality	0.548		
Loyalty	<--	Distributor Service Quality		0.336	0.755

Based on Table 4.19 above, it is known that the influences between variables include:

1. The effect of X1 to Y1 indirectly (through Z1) is smaller (0.336) than the direct effect (0.418), so it is concluded that the prevailing effect between distributor service quality on loyalty is a direct influence. So, to increase the influence of distributor service quality on loyalty, there is no need to get mediation from the quality of the relationship.
2. Overall, seen from the total effect, the total effect of distributor service quality on loyalty is 0.755. Thus concluded the distributor service quality is greater influence on total loyalty compared to the effect of distributor service quality on direct loyalty.
3. If the distributor service quality variable changes, it will cause a change in relationship quality with positive or directional direction of change, meaning that if the distributor service quality variable increases, the relationship quality will also increase, and vice versa if the distributor service quality variable decreases, the relationship quality also decreases koesifien of 0.613.
4. If the distribution service quality variable changes, it will cause changes in loyalty in the direction of positive or unidirectional changes, meaning that if the distribution service quality variables match customer perceived loyalty will increase as well, and vice versa if the variable service quality distribution does not match the perceived customer loyalty also decreased with a score of 0.418.
5. If the relationship quality variable changes, it will cause changes in loyalty in the direction of positive or unidirectional changes, meaning that if the relationship quality variable increases, loyalty will increase as well, and vice versa if the relationship quality variable decreases, loyalty also decreases with a score of 0.548.
6. In addition, for the relationship between indirect variables it is known that if the distributor service quality variable changes, it will cause changes in loyalty through the quality of the relationship with a positive or directional direction of change, meaning that if the distributor service quality increases, the quality of the relationship and loyalty will also increase, and vice versa if the distributor service quality variable decreases the relationship quality and loyalty also decreases with the coefficient value, which is equal to 0.336.

After knowing the value of the coefficient of each variable the next stage is to test the hypothesis by using the probability value. The parameter of the presence or absence of influence can be determined with the following conditions:

- a. Based on the value of significant level $\alpha = 0.05$. If the significance value < 0.05 then there is the influence of exogenous variables to endogenous or endogenous to endogenous. And conversely if the significance value > 0.05 then there is no influence of exogenous variables on endogenous or endogenous on endogenous.
- b. Based on a comparison of the calculated CR with the alpha standard CR of 0.05, which is 1.96. If the CR count > 1.96 , then there is the influence of exogenous variables to endogenous or endogenous to endogenous. And vice versa if the CR count < 1.96 , then there is no influence of exogenous variables on endogenous or endogenous on endogenous.

The results of the calculation of the direct relationship between variables can be done by estimating the parameters.

Parameter Estimation

The next goal in the analysis of structural models is to estimate the parameters of

influence between variables, which at the same time will also prove the research hypothesis. The following is a summary of the estimated parameters from the SEM analysis that has been carried out.

Table 4.20 Parameter Estimates

No.	Hypothesis	Std Koefisien	C.R.	P value	Conclusion
H ₁ X ₁ →Z ₁	Distributor Service Quality has a positive and significant effect on the Quality of Relationships to Retail (Study on Anlene Retail In The South Medan Region).	0.607	5.204	0.000	Accepted
H ₂ X ₁ →Y ₁	Distributor Service Quality has a positive and significant effect on Loyalty (Study on Anlene Retail In The South Medan Region).	0.505	4.084	0.000	Accepted
H ₃ Z ₁ → Y ₁	Relationship Quality to Retail has a positive and significant effect on Loyalty (Study on Anlene Retail In The South Medan Region).	0.668	5.211	0.000	Accepted
H ₄ X ₁ ,X ₁ →Z ₁ ,Y ₁	Distributor Service Quality has a positive and significant effect on Loyalty through Quality of Relationship to Retail (Study on Anlene Retail In The South Medan Region).	0.336	3.6822	0.0002318	Accepted

DISCUSSION

Influence of Distributor Service Quality on Relationship Quality

The results showed that distributor service quality significantly influenced the relationship quality. This is in accordance with the estimated parameters of distributor service quality variables on the quality of relationships based on the indicators showing significant results with a P Value of 0,000 or already at a level of significance. Besides that, the Critical Ratio (CR) value between distributor service quality variables and relationship quality is 5,204 or more than the required value of > 2. Thus the second hypothesis which states that there is an influence between the quality of distributor service on the quality of the relationship is accepted.

The results of this study are in accordance with research from Emerson and Grim (1996) that distribution is able to ensure that the product is in the right place, at the time that is desired by consumers, and with good conditions is inseparable from providing quality services that satisfy consumers. Consumers who feel satisfaction from a quality distribution will affect satisfaction in relational interactions so that it will support the strength of trust and commitment for customers (Payne et al., 1995). So that trust and commitment that is built with very strong from the customer

will be a key factor that holds the success of relationships between parties involved in cooperation (Wilson and Jantrania, 1994).

The establishment of a quality relationship between distributor PT Singa Asia Perkasa Utama and Alfamart retail due to the good distribution mechanism carried out by the distributor as a reflection of the distribution mechanism run by PT Fronterra Brand Indonesia, Tbk. This is evident from the results of the study that of the three dimensions and of the fifteen statements that are the results of the development of 13 indicators of distributor service quality variables, namely PT Singa Asia Perkasa Utama Distributor providing transport personnel for retail has the greatest influence on the quality of relationships at Alfamart retail in the Medan Region. This is based on the value of standardized regression weight that the PT Singa Asia Perkasa Utama Distributor indicator providing transport personnel for retail in the personal service department gets the highest value (0.768) from the variables that make up the distributor's service quality.

In the assessment of respondents' answers to the dimensions of operational services that received the highest score, a statement by PT Singa Asia Perkasa Utama Distributor was able to maintain the accuracy of the order process schedule. This is because the distributors have regulations

regarding product order time schedules that must be met to maintain retail sales continuity. This regulation is also an indicator of the assessment of sales force on the part of the distributor so that salespeople from distributors always strive to fulfill every Anlene order in real time. For statements that have the lowest value, PT Singa Asia Perkasa Utama Distributors are able to meet the amount ordered in full, this is because there are some cases that have been experienced by the distributor of PT Singa Asia Perkasa Utama when shipping to retail, product damage occurs due to a pile so that packaging is not good and product exchange is carried out on subsequent shipments so that these conditions make retail stores often complain about dissatisfaction from products the defect and assess the product received is incomplete according to the order.

In the assessment of respondents' answers to the dimension of personal service that gets the highest score is a statement that the personnel of the PT Singa Asia Perkasa Utama Distributor are easily contacted at any time, because the PT Singa Asia Perkasa Utama Distributor personnel always prioritize retail as a form of concern by taking the time to take customer complaints, resolve problems / complaints (lack of goods, payment, difficult market conditions) and communicate to ensure sales of Anlene products run well. Even the distributor of PT Singa Asia Perkasa Utama always informs about the increase in the price of Anlene products to retail so that they can sell Anlene product stock at a new price which certainly gives them additional profit. For the statement that has the lowest value, the personnel of PT Singa Asia Perkasa Utam Anlene That is because every salesperson of PT Singa Asia Perkasa Utamam's distributor has different characteristics and characteristics so that the mastery ability of Anlene products is also different from one another.

In the assessment of respondents' answers to the dimensions of technical services that received the highest score was

a statement that the distributor of PT Singa Asia Perkasa Utama provided a carrier for retail. That is because the personnel of the distributor PT Singa Asia Perkasa Utama are also ready to help carry out the loading and unloading activities of Anlene products to be handed over to Alfamart retail. For the statement that has the lowest value, PT Singa Asia Perkasa Utamam has a good information system, it relates to the mechanism of ordering, shipping, and monitoring products online which is still in the stage of refinement by the distributor.

In addition, the results of the study also found that the characteristics of respondents based on the length of partnership showed that most retailers had a relationship with PT Singa Asia Perkasa Utama for more than 6 years. So it can indicate that the quality of distributor services implemented by PT Singa Asia Perkasa Utama as a reflection of PT Fronterra Brand Indonesia Tbk is an important aspect that must be accepted and felt by retailers in establishing a continuous relationship with the distributor and Anlene company. Respondents who mostly gave agreed responses from statements measuring the dimensions of operational services, personal services, and technical services, but on the other hand there were still many who gave disagreement or even disagreed responses, indicating that supply chain management mechanisms in distribution channels require continuous improvement due to the ever-evolving market response, whether it is influenced by changes in consumer lifestyles that also require good relationship management so that it affects retail performance and due to changes in marketing strategies in distribution channels that require a personal approach with distribution network partners.

According to Gronroos (1993) and Shemwell et al., (1998) that to provide satisfaction to consumers, marketers need to provide functional quality in the services offered, one of which is services in the delivery / distribution process. Distribution carried out by manufacturing companies

will be more meaningful if service quality is applied (Porter, 2001). This opinion is reinforced by Emerson and Grimm (1996) and Xing and Grant (2006), that the distribution mechanism will greatly provide consumer satisfaction if the company applies the principles of availability, timeliness, delivery quality, communication, and reliability. In this case it is in accordance with what is implemented by PT Singa Asia Perkasa Utama by implementing a quality distribution so that it can provide satisfaction to customers, customers who feel satisfaction, then he will believe in reciprocal relationships and will be committed to running relationships in a sustainable manner (Gil- Saura et al., 2009).

Influence of Distributor Service Quality on Loyalty

The results showed that distributor service quality significantly affected loyalty. This is in accordance with the estimated parameter of distributor service quality variables on loyalty based on the indicators showing significant results with a P Value of 0,000 or significant. Besides that, the Critical Ratio (CR) value between distributor service quality variables and loyalty is 4.084 or more than the required value of > 2 . Thus the second hypothesis which states that there is an influence between the quality of distributor service on loyalty is accepted.

The results of this study are consistent with research conducted by Porter (2001) that the physical distribution run by companies by implementing service quality will create consumer loyalty. This opinion is reinforced by research conducted by Bienstock et al., (1997) that the delivery process with high service quality will strengthen corporate brands and will contribute to consumer loyalty. Highly satisfied customers generally stay loyal longer, they buy more when companies introduce new products, talk pleasantly about the company and its products, pay less attention to competing brands, become less price sensitive, and give ideas about

products or services to the company (Kotler, 2007: 179). Thus, the creation of service quality in distribution channels, it will encourage the creation of loyalty in the minds of satisfied customers (Assael, 1995).

Based on the value of the standardized regression weight structural equation model that the variable quality of service distribution has an effect on lower loyalty (0.418) when compared to the effect it has on the quality of the relationship (0.613). This explains that the quality of distributor services built from the provision of operational services, personal services, and conducive technical services will influence retail preferences to make purchasing decisions, which in turn affects their loyalty to PT Singa Asia Perkasa Utamian Distributors through established relationships that have been well (Hoyer and Brown, 1990 and Keller, 1993).

If related to previous research, this research turns out to be in accordance with research conducted by Seth et al., (2006) that the service delivered to customers properly will eliminate the gaps that occur in collaboration activities between distributors and customers. So it needs to be supported by good communication mechanisms, good information sharing, good transportation coordination, and excellent handling of facilities / infrastructure. Good service will provide customer satisfaction thereby increasing profit margins from distributors

Influence of Relationship Quality on Loyalty

The results showed that the quality of the relationship had a significant effect on loyalty. This is in accordance with the estimated parameters of the variable quality of the relationship to loyalty based on the indicators showing significant results with a P Value of 0.000 or significant. In addition, the Critical Ratio (CR) value between the relationship quality variables to loyalty is 5,211 or more than the required value of > 2 . Thus the third hypothesis which states that

there is an influence between the quality of the relationship on loyalty is accepted.

The results of this study are reinforced by the results of research conducted by Jarvelin and Lehtinen (1996) that a quality relationship is the result of a relational interaction between buyers and sellers where both parties are able to accommodate the hopes and desires of each other so as to provide relational benefits for customers. Customers who benefit more than they expect will create relationship satisfaction so that it will further strengthen customer trust, lead to a desire to maintain valuable relationships, which in turn will affect loyalty (Moorman et al., (1993), Caceres (2007)) .

From the results of the study also found that of the two dimensions of the relationship quality variable, namely the dimension of customer trust has the greatest influence on the quality of relationships at Alfamart retail. This is based on the value of the standardized regression weight structural equation model that as a whole the indicators that compose the dimensions of customer trust get the highest value, including prioritizing retail interests (0.752), honest interaction (0.735), integrity in working together (0.733) and sincerely providing services (0.725). While overall indicators that compose dimensions of customer commitment are in the next position, including trying to maintain relationships with retail through the implementation of various prize programs (0.707) and there is a mutually beneficial cooperation between retail and distributors (0.687).

In the assessment of respondents' answers to the dimension of customer trust that gets the highest score is a statement that the Distributor of PT Singa Asia Perkasa Utama prioritizes retail interests, because retailers have felt the efforts of PT Singa Asia Perkasa Utama Distributors in prioritizing the fulfillment of Anlene product orders and handling the problems faced . The relational interaction that exists with the distributor personnel of PT Singa

Asia Perkasa Utama also promotes relational norms in providing services such as educational activities in providing guidance and counseling about product knowledge, market knowledge, and winning the competition. For the statement that has the lowest value is the PT Singa Distributor Asia Perkasa Utama is sincere in providing services, this is because the communication style delivered and the guidance given by sales distributors for each of its retailers has not been able to provide harmony in the relationship that exists because it is still not evenly coordinated.

In the assessment of respondents' answers to the dimensions of customer commitment that gets the highest value is a statement that the Distributor of PT Singa Asia Perkasa Utama seeks to maintain relationships with retail by holding various prize programs, this is because most of the retailers have experienced sales promotion programs involving retail directly, such as giving souvenirs, giving discounts, program points, retail incentives, product bundling, product display rentals so that makes him interested and still maintain a relationship with PT Singa Asia Perkasa Utama Distributor. For the statement that has the lowest value is a mutually beneficial cooperation between retailers and distributors who sell Anlene, this is because the majority of retailers still do not get educational activities such as guidance to run a business, they consider that the distributor prefers large-scale retail (ordering more than 100 boxes / month) in providing regular guidance and communication.

Based on the answers filled in by 139 respondents who were loyal to the PT Singa Asia Perkasa Utama Distributor because of satisfaction with the relational relationships that benefited both parties, they had recommended the performance of the product to buyers, neighbors, friends, and family, even they recommended the PT Singa Distributor Asia Perkasa Utama to fellow retailers to establish partnerships with PT Singa Asia Perkasa Utama

Distributors. In addition, retailers will often buy Anlene products and will continue to have a relationship with PT Singa Asia Perkasa Utama Distributor because the performance of the distributors, both service quality and product quality is very satisfying. Retail will always order Anlene products in several flavors to PT Singa Asia Perkasa Utama Distributor, even it will always make a continuous repurchase to meet market needs.

Retail that is loyal to the PT Singa Asia Perkasa Utama Distributor means that you have felt the satisfaction of the relationship, causing trust that the other partners (PT Singa Asia Perkasa Utama Distributor) will not do any harm, so that it will strengthen the commitment to maintain the relationship. Based on the results of this study it can be seen that the loyalty of Retail gets a very strong influence from the relationship that is very well established with the Distributor of PT Singa Asia Perkasa Utama. This influence is reflected in their very high confidence in establishing a sustainable relationship that exceeds their commitment to the PT Singa Asia Perkasa Utama Distributor. Although according to standardized regression weight, it shows that their trust in distributors is higher than commitment, but these two dimensions are constructs that form a quality relationship between retail and distributors. Trust is the main determinant in relationship commitment and trust arises because of the belief in the reliability and integrity of partners, in this case evidenced by the honesty and sincerity of PT Singa Asia Perkasa Utama Distributors in providing services, integrity PT Singa Asia Perkasa Utama Distributors are able to provide more benefits for retail, as well as the efforts of PT Singa Asia Perkasa Utama Distributors who always prioritize retail interests. This is what strengthens the belief of retailers to remain committed in relational interactions (Caceres and Paparoidamis, 2007).

Influence of Distributor Service Quality on Loyalty with Relationship Quality as an Intervening Variable

The results of this study indicate that the value of the direct path coefficient between the quality of distributor services with the quality of relationships is 0.613, the value of the direct path coefficient between the quality of distributor services with loyalty is 0.418, while the value of the direct path coefficient between relationship quality and loyalty is 0.548. The standardized coefficient value of Distributor Service Quality Hubungan Relationship Quality \square Loyalty is $0.336 (= 0.613 \times 0.548)$. After comparing with the standardized coefficient value of Distributor Service Quality \square Loyalty of 0.418 has a greater value of the influence between the two variables directly compared through the intervening variable. However, the total effect arising from the influence of distributor service quality on loyalty through relationship quality is 0.775 which has a greater value than its direct effect. This shows that there is a significant indirect effect of distributor service quality on loyalty through relationship quality as an intervening variable. The results of this study are reinforced by the opinion expressed by Baron and Kenny (1986) that the effect arising from the quality of distribution services on loyalty through the quality of the relationship with the terms of producing a significant effect is said to have a mediating effect on the dependent variable. The results of this study can be concluded that the quality of the relationship as an intervening variable has a mediating effect in complementary mediation of the variable service quality distributor on customer loyalty (Zhao et.al. 2010)

Furthermore, for the influence of distributor service quality on loyalty by obtaining mediation from the quality of the relationship, if it is associated with previous research, it can be concluded that this study is in accordance with research conducted by Bienstock et al., (1997) that the delivery process in physical distribution when applied quality high service will contribute

to establishing good relationships. In addition, research from Emerson and Grimm (1996) that the quality of service applied to logistics activities will provide customer confidence, customer trust is the main determinant of commitment in relationships (Moorman et al., 1993). Research from Wong and Sohal (2006) also found that a strong relationship between relationships based on trust and commitment between customers and companies will lead to loyalty.

Based on this research also, shows that the quality of the distribution applied by the Distributor of PT Singa Asia Perkasa Utamah affect the quality of the relationship, then the quality of the relationship affects loyalty. This indicates that the mediating role of relationship quality is very important for distributor service quality variables on loyalty. So that the relationship quality variable is tested as an intervening variable for the effect caused by the quality of distributor service on loyalty.

Retailers who have felt quality distribution after feeling more benefits from relational interactions, will form loyalty in themselves. The application of a very solid distribution that prioritizes operational, personal, and technical services will have a greater influence on relational interaction because the delivery of these services is accompanied by giving more value to the relational relationship so as to form loyalty. In addition, the previous discussion stated that loyalty is influenced by several factors, such as service quality, distribution quality, and relational satisfaction.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. The quality of distributor services has a positive and significant effect on the quality of the relationship between Alfamart retailers and distributors PT

Singa Asia Perkasa Utama in the South Medan Region. Implementing quality distribution services will strengthen the quality of relationships in relational interactions with supply chain partners.

2. The quality of distributor services has a positive and significant influence in forming Alfamart retail loyalty in the South Medan Region on Anlene dairy products, where Alfamart retailers who have experienced quality service performance from PT Singa Asia Perkasa Utama Distributors will build strong loyalty.
3. Relationship quality has a positive and significant effect on Alfamart's retail loyalty in the South Medan Region. Establishing a quality relationship between buyer and seller by accommodating each other's hopes and desires will create a relational benefit. Customers who feel the relational benefits will affect loyalty. The distributor of PT Singa Asia Perkasa Utama must prioritize trust and commitment in relations so that the perceived benefits will increase loyalty.
4. The quality of distributor services, through the quality of relationships, positively and significantly affects Alfamart's retail loyalty in the South Medan Region. The application of good quality service to supply partners will make retailers feel the formation of relationship quality relationships and always maintain good relational relationships. Retail and Distributor of PT Singa Asia Perkasa Utama who maintain good relations will form loyal behavior in retail.

Recommendations

Based on the results of the research above, several things can be suggested as follows: Suggestions For Distributors of PT Singa Asia Perkasa Utama

1. In general, Alfamart retail has felt the quality of the relationship that is established with its logistics partners, namely PT Singa Asia Perkasa Utama

Distributor, but in order for Alfamart retail loyalty to form stronger, distributors through their personnel must be able to implement the concept of providing operational services, personal services, and optimal technical services, such as:

- a. The distributor of PT Singa Asia Perkasa Utama must be able to maintain the consistency of the accuracy of the order schedule, by sending Anlene milk orders in accordance with a fixed time range; The distributor of PT Singa Asia Perkasa Utama must maintain the commitment of each of its personnel to be easily contacted, by providing time at all times when retail requires solutions to solving problems; and PT Singa Asia Perkasa Utama Distributors should be able to provide transport personnel, by way of distributor personnel who double up to help process Anlene's milk loading and unloading.
 - b. Aside from that, PT Singa Asia Perkasa Utama Distributor really needs to improve the ability to fulfill complete orders by providing and sending Anlene milk products according to the number of orders, maintaining good packaging quality up to retail, ensuring the quantity ordered meets the total criteria product quality and quickly handle damaged products (imperfect packaging) to be exchanged; Distributor of PT Singa Asia Perkasa Utilities increases the ability of personnel in understanding Anlene products, by providing training and routine briefing; PT Singa Asia Perkasa Utama distributor must continuously improve information systems, such as online ordering and payment systems to facilitate transactional activities and delivery orders.
2. The quality of distributor services implemented by PT Singa Asia Perkasa

Utama Distributors can be said to be good, but intensive attention is still needed in the application of services, especially operational services. As respondent's response, most of them still do not feel the maximum operational services from PT Singa Asia Perkasa Utama Distributors compared to personal services and technical services. It is hoped that the Distributor of PT Singa Asia Perkasa Utama will make continuous improvements to the services provided in order to establish a mutually beneficial relationship, by providing services to retail responsively, accurately, and solutively.

3. Based on interviews with Alfamart retailers who partnered with PT Singa Asia Perkasa North Sumatra Distributor found the phenomenon that even long-time retail partners did not guarantee their desire to remain loyal to PT Singa Asia Perkasa Utama Distributor. This is due to the still lack of ability of distributor personnel to understand the product and the lack of transfer of product knowledge information to retailers. It is expected that the Distributor of PT Singa Asia Perkasa Utamad can provide education to its personnel to be able to understand the product and it is necessary to schedule regular visits that are well coordinated from the personnel of the PT Singa Asia Perkasa Utama Distributor. Thus, retail will get a transfer of valuable information, guidance, and solution counseling.

Suggestions for further research

Research carried out has limitations so it cannot be generalized under very general conditions. Retail that sells Anlene products is not limited to Alfamart and also not limited to South Medan, in this case the research is generalized to Alfamart retail in the South Medan Region only. Future studies are expected to broaden the scope of the research population or add the same

research results in different regions so that research is complementary.

Research conducted, explained that the large diversity of loyalty can be explained on the factor of distributor service quality to the quality of the relationship amounted to 75.7%. In other words there are still 24.3% influenced by other factors outside the model. Therefore, further research is expected to examine other factors in influencing relationship loyalty and quality, for example operational performance. This is because in the aspect of operational performance measuring distribution quality based on speed, consistency, flexibility, and multifunctional recovery, this will strengthen the trust of supply chain partners. Further researchers are also advised to make a combination of dimensions of endogenous variables (relationship quality) that affect loyalty, such as dependence (dependence) which will further increase the commitment to maintain relationships.

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