

## ABSTRACT

There were several factors that made retail industry in Indonesia had strong performance in 2013, which are the improvement in standard of living, government role and regulation about Foreign Direct Investment (FDI), and the increasing of retail industry sales from 2011 - 2013. Those factors causing the competition in retail sales in Indonesia getting tigher. To compete in this situation, retailers in Indonesia should make marketing strategy in order to build customer loyalty. SOGO Department stores had already done a lot of sales promotions as their strategy especially to get their customer loyal. This strategy would increase marketing cost which mean that in the end it will reduce the profit. In order to prevent SOGO from losing their revenue target, this promotion should be able to increase customer loyalty.

This research tested whether the benefits of sales promotion had positive impact toward customer loyalty. Saeed et al and Pierre Chandon are the researcher that conduct the benefit of hedonic and utilitarian benefit of sales promotions towards customer loyalty. This study used descriptive analysis and multiple regression method and using Questionnaire as data collection method. Purposive sampling is used as a sampling technique to select 150 respondents of sogo department store customers.

Simultaneously, sales promotion benefits that has been done by SOGO which are involving, hedonic and utilitarian benefits has positive and significant effect on customer loyalty. This statement proven by the F test, where F value  $>$  F table, resercher found that F value was  $77,521 > 4,5$ , thus  $H_0$  rejected and  $H_1$  accepted.

Partially, utilitarian benefits of sales promotion has positive impact to customer loyalty. This statement proven by the T test, where T count = 7,990 with significant value  $0,000 < 0,05$ , then  $4,5$ , thus  $H_0$  rejected and  $H_1$  accepted. Hedonic benefits of sales promotion that has been done by SOGO has positive impact to customer loyalty. This statement proven by the T test, where T count = 2,019 with significant value  $0,015 < 0,05$ , then  $H_0$  rejected and  $H_1$  accepted. the result shows us  $Y=0,589X_1 + 0,216X_2$ . It means that in every increase one point of utilitarian benefits ( $X_1$ ) it will affecting 0,589 of Y, and also for hedonic benefit ( $X_2$ ).

Based on the findings of this research SOGO department store should improve the benefit of the sales promotion especially in utilitarian factor as important factors that affect the customer loyalty. the lowest number of utilitarian benefits variable item is “I can afford a better-than-usual product”. Thus, SOGO department should choose the right product at the right time so the customer can feel the usefulness of the product promoted, For example when sogo department store do the monthly sale they should promoted the hype (new arrival) product so the customers can feel that they afford a better than usual product. It will lead into the increasing of customer loyalty.

**Keyword : Retail Industry, Hedonic Benefit of Sales Promotion, Utilitarian Benefit of Sales Promotion, Customer Loyalty.**