

ABSTRACT

The retail segment has the largest contribution to the total net sales value of Kimia Farma Group. The Retail segment at Kimia Farma is run by the Company's subsidiary, PT Kimia Farma Apotek (KFA), which manages a network of pharmacies under the brand Apotek Kimia Farma, with more than 1.300 outlets and spread across 200 cities and regencies throughout Indonesia. Kimia Farma's retail segment is faced with a relatively non-ideal revenue trend from 2017 to 2022, even experiencing a significant decline in 2022. The main challenges faced by Kimia Farma's retail segment are the purchasing power of the community which has not fully recovered and the increasingly fierce level of competition. In addition, there are risks related to customer loyalty.

Based on this background, this study aims to examine the effect of Kimia Farma's image and product attributes on customer loyalty, both directly and indirectly through customer satisfaction.

The research was conducted using a quantitative research approach design on the analysis unit of the Apotek Kimia Farma in Bandung, with the unit of observation being customers of the Apotek Kimia Farma in Bandung City. The sample was 235 respondents, who were taken using the systematic random sampling technique. The research design used to analyze and interpret data is descriptive analysis and causality analysis. Structural Equation Modeling was used to conduct causality analysis.

The results revealed that: Kimia Farma's image and product attributes play a role in shaping customer satisfaction, but have no direct impact on creating customer loyalty; customer satisfaction plays a role in creating customer loyalty; customer satisfaction mediates the effect of Kimia Farma's image and product attributes on customer loyalty. Product attributes have a greater role than the image of Kimia Farma in encouraging the creation of customer satisfaction which will create customer loyalty.

This research provides managerial benefits for increasing customer loyalty at Kimia Farma Pharmacy in Bandung City, through the preparation of priority steps to increase customer satisfaction, which is supported by the development of product attributes and the image of Kimia Farma.

Keywords: image, product attributes, customer satisfaction, customer loyalty, pharmacy.