

Proposed Marketing Strategy To Enhance Customer Retention For Pt Eldira Fauna Asahan

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Abstract.

In business-to-business firms that are in the commodity markets with limited product differentiation, customer retention is very crucial. This study studies customer purchasing behavior and retention variables in the industry North Sumatra livestock industry by the case study of PT Eldira Fauna Asahan which is cattle fattening company that has gone through a five-year period of fifty five percent sales decline even though product and price remained the same. Using qualitative case study as the research method, semi-structured interviews were carried out on five business customers and three employees of the company to learn about the process of organizational buying decisions in the eight-stage business buyer decision process. The Service Quality Gap Model analysis indicates that the main cause of customer attrition is the inconsistency of service delivery at the peak periods and not the product or price quality. Customers stated high satisfaction with the quality of cattle and price competitiveness although the level of service declined with high levels due to delays in communication, facing uncertainty to coordinate delivery and to be responsive to customers when staff capacity became limiting. Internal analysis reveals that there is a lack of customer service expectations, lack of standard service protocols and reactive operation methods in the management that create gaps in the services that undermine customer trust. The study suggests a holistic approach, which has four priorities: organized communication channels with four-hour turnaround guarantees, relationship reinforcement through periodic business reviews and selective payment options, scheduling reliability through structured schedules, and customer recovery through individual customer outreach. The implementation is aimed at achieving ninety-five percent retention rate, 90 percent on time delivery, and 20 percent growth in revenues in eighteen months. The study adds empirical support showing the impact of dimensions of service quality on buyer decision making in an organization and retention of customers in agricultural supply chains where there is trust in relationships and product differentiation is low.

Keywords: Business buying behavior; service quality gaps; customer retention; agricultural B2B markets and livestock industry.

I. INTRODUCTION

Business-to-business markets have unique customer retention challenges in comparison to consumer markets especially in agricultural products with less differentiation of products and the purchasing decisions are organizational processes but not based on individual tastes [1]. The systematic analysis of the way the organization buys, and the perceptions of service quality is necessary to understand how business customers assess suppliers, make buying decisions and decide to continue relationships [2]. In this study, the authors consider these dynamics in the case of North Sumatra livestock industry where competitive pressures are worsened by geographical disadvantages and business sustainability is chosen by the customers. PT Eldira Fauna Asahan is cattle fattening and trading company which deals in importation and distribution of Australian cattle to local markets in cattle slaughtering industries. Although the company has been able to maintain the quality of its product range and competitive charging, sales have plummeted by fifty five percent within a span of five years as a number of long-term customers who used to patronise the company transferred to other competitors. This loss of customers took place in the context of trust-based market in which acquisition is based on personal relationships and referrals and not traditional marketing, and customer defection has a significantly important effect on the continuity of revenues and reputation on the market [8].

The livestock industry research situation offers an effective background to study the organizational buying behavior as cattle purchases constitute substantial capital investments that involve several decision-makers, technical specifications, delivery coordination, and the relationships that may exist with suppliers [9]. The business customers of this industry would compare suppliers on the product and pricing competitiveness, delivery reliability, responsiveness of communication, and the relationship management dimensions. It is necessary to carefully analyze customer perceptions in the entire process of business buyer decision to determine what drives retention and defection [1]. The study question is: What are the dimensions of service quality that affect business customers in making their purchases or retaining them? What is the assessment of customer performance of suppliers throughout the business buying process stages?

Which strategic interventions have the potential to improve customer retention in trust-based agricultural markets? These questions fill the knowledge gaps relating to the impact of service quality on organizational purchasing behavior in agricultural supply chains of emerging markets.

II. METHODS

This is a qualitative case study which explores organizational buying behavior and service quality perceptions in terms of in-depth analysis of both customer and supplier perceptions [3]. The study uses Service Quality Gap Model as analysis tool in determining customer expectation versus perceived service delivery, and business buyer decision process model in comprehending how customers rate suppliers in different stages of purchasing [1],[11]. The main data collection method was semi-structured interviews of five active business customers who represented various geographic areas (Medan, Bukittinggi, Padang Sidempuan, Aceh) and different relationship tenures between five and twelve years of service. The customer respondents hold the decision making positions as a business owner or a purchasing manager who buys cattle to conduct meat processing businesses.

Three internal personnel (General Manager, Internal Auditor, Director) were asked to give supplier insights into service provision, relationship management with customers and operations practices. The same interview procedures conducted among the two groups allow systematic comparison which indicates service gaps. Operationalized interview questions at the various decision process stages of the business buyer that explored: problem recognition and need specification (cattle requirements, purchasing frequency), supplier search and evaluation (information sources, selection criteria), supplier selection (critical factors, competitive comparison), order routine (communication, delivery coordination), and performance review (satisfaction assessment, improvement expectations). Other questions were questions of service quality dimensions: reliability, responsiveness, clarity of communication, flexibility and quality of relationship [2],[7].

III. RESULT AND DISCUSSION

Buyer Analysis of Business

Interviews with customers show that there are systematic ways of purchasing products that are consistent with the stages of the business buyer decision process [1]. The problem identification happens as a result of inventory reduction and the expected demand over religious holidays and season peaks. The details of the requirements are defined by the customers: Brahman cross cattle with minimum seventy percent genetics, initial weight should be close to 320 kilograms, in good health condition with any disease signs, tall frame structure, strong leg bones, age should be between 1.5 to 2 years old. These requirements are based on specifications of meat processing efficiency and expectations of the downstream market. The process of supplier search depends more on the established networks and industry referrals and less on the active market scanning. Three out of five customers interviewed have a relationship that is greater than five years old, meaning that they prefer not to change suppliers but to maintain the relationship. The consideration of new suppliers is only done when there is a build up of service failures or when competitors have proven to perform better. This observation highlights the nature of trust that lives in the purchase of livestock in which relationship history reduces the perceived risk [8]. Supplier selection assessment incorporates a combination of various criteria with varying rates. The identification of cattle quality was a core requirement of all the customers; however, the importance of quality parity in all the suppliers of the basic standards was stressed. Pricing competitiveness turned out as a requirement that was not sufficient, and customers described PT Eldira Fauna Asahan pricing as reasonable and acceptable market price ranges.

Critical differentiators expressed in service delivery aspects: responsiveness in communication, reliability in delivery coordination, attentiveness in relationships and flexibility to customer operational needs [2],[7]. Order routine experiences indicate that there are product quality inconsistencies that lead to customer dissatisfaction. In normal times there are satisfied report of the customers in terms of communication and delivery coordination. Nevertheless, at the peak of the demand namely in Ramadan, Idul Adha and end of year festivities, service degradation is intense. Customers are witness to communication lags that lead to numerous follow-up calls, and coordination of delivery that causes disturbances in

scheduling the slaughter-house, and also reduced responsiveness as the capacity of the staff is limited. A single customer mentioned that he/she had thought of competitor options since he/she felt frustrated by the communication when making important purchases. Satisfaction with tangible product and lack of satisfaction with variability of service is exhibited in performance review assessments. Specifications on cattle health, weight accuracy and yield at processing continued to be commended by customers. Pricing analysis was also positive as the customers recognized competitive positioning. There were mixed service performance evaluations: good when operating under normal conditions, bad when operating under peak conditions. Such inconsistency generates mistrust that cannot be countered by product quality and price [11].

Gap Analysis of Service Quality.

After implementing Service Quality Gap Model [11], it can be observed that there are various service failures that result in customer attrition. Gap 1 (Knowledge Gap) arises when management does not take the expectations of customers on customer service especially in relation to responsiveness during peak period. Interviews of internal staff show that they believe that product quality and competitive prices are the two things that make people stay, and customers show that service consistency is what makes them loyal. This imbalance results in poor allocation of resources to communication systems and coordination of delivery. Gap 2 (Standards Gap) exists in the form of lack of official protocols of service delivery. The company has casual operations that lack formalized response time commitment, communication process, and delivery coordination mechanisms. The interviews with staff members indicate that they are reactive as a response to customer queries and are not proactive in their communication. Lack of systematic procedures leads to variability in service delivery as determined by the individual availability of staff and workload instead of being systematic based on the organizational capacity.

Gap 3 (Delivery Gap) is shown at peak demand times when operational capacity limits are exceeded in meeting the implicit service expectation. The workload among staff members also increases significantly during the religious holidays diminishing the responsiveness and quality of coordination of delivery. The lack of backup systems or capacity management practices leads to the decline of the quality of services exactly in time when the interests of the customers are the greatest. Delivery failures are enhanced by the manual coordination processes where there is no logistics management system, automated tracking, or formal communication protocols. Gap 5 (Perception Gap) is the general difference between anticipated and perceived service. The customers who were anticipating to be reliable in all circumstances in the operation get disappointed during the peak periods even though their normal period performance was satisfactory. This loophole runs through several transactions that result in trust erosion. Customers with long relationships are tolerant but clearly stated that there were boundaries. As frustration levels hit some levels, customers start considering alternatives even when they are satisfied with the products and price accepted.

Comparison and Switching of Competitors

Customer interviews demonstrate competitors who have been making inroads on the basis of better responsiveness in service than the product superiority or lower price. Customers complained that their rivals had better communication response times, posted active shipping updates and continued with the service when the peak season was in full swing. Others rival in flexing payment terms to seven to fourteen days to old clients unlike PT Eldira Fauna Asahan who have strict immediate payment policies [6]. Consistency of the services is a more important aspect to customers when compared to sporadic service excellence. Consistent mediocre service is desirable as opposed to extraordinary normal-period service and peak-period failures. This favor is an indication of operational planning requirements where customers can plan the slaughter activities, labor scheduling and downstream distribution commitments according to the reliability of the supplier. Unpredictability in the services results in the chain effect of disruption in operations outside the direct costs of transactions [2].

Customer Retention Strategic Priorities

Findings of the analysis show that customer retention needs systematic intervention on service quality gaps instead of product or price changes. Table 1 is a summary of strategic priorities based on integrated SWOT-TOWS analysis [5] that cover identified service gaps and customer requirements.

| Strategic Priority | Customer Need Addressed & Key Actions |
|---------------------------------|--|
| Communication Excellence | Customer Need: Consistent responsiveness during peak periods. Actions: Structured communication systems (WhatsApp Business), 4-hour response commitments, proactive milestone updates, backup systems during peak seasons |
| Relationship Flexibility | Customer Need: Payment term accommodation for cash flow management. Actions: Quarterly business reviews, 7-14 day payment extensions for established customers during off-peak periods, volume-based pricing within financial discipline |
| Delivery Reliability | Customer Need: Predictable delivery timing for operational planning. Actions: Structured delivery schedules with confirmed windows, proactive delay communication, enhanced peak-period coordination, reliable transport partnerships |
| Customer Recovery | Customer Need: Evidence of service improvement before returning. Actions: Segment former customers by departure reasons, transparent outreach demonstrating improvements, convert occasional buyers through enhanced benefits |

Table 1. Strategic Priorities Addressing Customer Service Requirements

The practice needs to be implemented through organizational commitment, which converts informal practices into formal capabilities [4]. Phase 1 (months 0-6) entails the identification of under-lying systems: communication protocols, response standards, delivery coordination procedures. Phase 2 (months 7-12) executes itself in terms of staff training, pilot tests with a limited number of customers, implementation of relation reviews. Phase 3 (months 13-18) expands customer base steadily with incessant enhancement and previous customer contact. The performance indicators will include 95 percent retention rate, 90 percent on-time delivery, 4.0 and above customer satisfaction, and 20 percent revenue increase.

IV. CONCLUSION

This study shows that, the consistency of service quality and not the product characteristics or competitiveness of the prices is the main factor in the retention of business customers in the markets of agricultural commodities. Organizational buying behavior analysis indicates that customers consider suppliers as wholesome when it comes to evaluating suppliers at different stages of the decision process as businesses buyers and the dimensions of service delivery become critical differentiators when the quality of the products fulfills the minimum standards. Use of Service Quality Gap Model will give particular points of failure where the management has not properly comprehended the expectations of the customers in terms of service, there are no standardized delivery procedures, and the management is faced with the challenge of capacity during peak periods. Customer interviews present a situation whereby customer trust is destroyed by service variability that builds upon the quality of the products and long-term relations. Business customers who have a tight operational timetable appreciate reliability over excellence as they would rather receive consistent adequate service than occasional high-quality service. Service failures at the peak period produce cascading effects on the down stream commitments of customers as customers require predictability of their services to remain regardless of product satisfaction. The strategic priorities contributing to the responsiveness of communication, flexibility of relationships, reliability of delivery and recovery of customers aim at resolving the identified gaps in service and do not necessitate the service product redevelopment or price reorganization.

This observation contradicts the assumption that competing businesses based on commodities compete using price as the driving force enabling service quality to establish defensible competitive advantages in trust-based markets. To achieve success in implementation, informal practices must be formalized, communication systems need to be invested in, and a steady implementation process is to be maintained under the fluctuations in demand. The fundamental contribution of the research to the existing body of knowledge is the use of empirical evidence of agricultural supply chains in emerging markets that prove the contribution of service quality dimensions to organizational purchasing behavior at different stages of the decision process. The results enrich the business-to-business marketing theory by reporting service gap processes that lead to a loss of customers despite product and price satisfaction. Managerial implications

focus more on standardizing services systematically rather than being reactive in distributing problems towards sustainable customer retention. The future research could trace longitudinal retention rates after service quality interventions, analyze the effects of service quality on various agricultural commodities, or determine the work of digital technology in improving service delivery to businesses. The cross-country comparative studies would enlighten the cultural forces on organization buying behavior and service expectation of agricultural markets.

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