CONSUMER LOYALTY: BASED ON RELATIONSHIP MARKETING, CUSTOMER VALUE

AND CUSTOMER RETENTION

Arlin Ferlina Mochamad Trenggana[1], Ira Dwi Mayangsari[2], Oktaviana Lestari[3]

Universitas Telkom

arlinferlina@telkomuniversity.ac.id, Iradwi@telkomuniversity.ac.id[2], Oktavianalestari1@gmail.com[3]

ABSTRACT

The purpose of this study is to find out how consumer loyalty to shipping services, where industrial competition allows consumers to move to competitors. JNE in Bandung it needs to know consumer behavior, especially those who are engaged in online shopping. This is important because online shopping businesses are developing and need shipping services in their business. Therefore, the right strategy is needed in building relationship marketing, customer value and customer retention. Primary data used were interviews and questionnaires. Secondary data is also used from various literacies such as books, articles and journals. Path analysis is used to analyze the results of questionnaires to 100 respondents online in Bandung which are distributed by accidental sampling. The results of the study can be used as one of the recommendations for the company to produce the right strategy for business continuity.

Keyword : Relationship Marketing, Customer Retention, Customer Value and Loyalty

INTRODUCTION

Competition in the business in the field of express and courier in Indonesia is getting tougher not only from within the country but also from abroad. This development is supported by the increasing online and e-commerce business. Therefore, business consumers in the express and courier field are dominated by online shops. However, from the many choices it results in consumer loyalty of service users in the field of express and courier in Indonesia. Customers who are actively looking for variations of goods or services, this attitude will make it difficult for the loyalty formed on the customer. While customer loyalty is one of the brand assets, which shows the high value of an obstacle (Hasan A. , 2013). Even though according to Hoffman & Bareson (Zulkifly, 2012), on average 65 percent to 85 percent of customers move to other brands instead "satisfied" or "very satisfied" with previous service providers.

PT. Tiki Jalur Nugraha Ekakurir (JNE) as one of the business actors in the Express and courier business, is TOP Brand from the beginning of 2015-2018. Business competition in the Express and courier fields also affects JNE because JNE's market share is only around 27% in 2016 as competition in the online or e-commerce business.

Competition makes entrepreneurs in the field of express and couriers need a strategy to foster relationships with customers and create a positive image for the company, and create consumers to be loyal to the company. This is important because the selection of courier and express services by online businesses is largely determined by the business owner (Anandhita, 2013), and one strategy that can be used is to establish relationships with customers or called Relationship Marketing (Qalbi et.al: 2018). The fact that the main goal of every business is to create and retain customers because the assets that must be maintained are customers and one of them increases by building good relationships with customers. Maintaining customers is a priority compared to attracting new customers in the concept of Relationship Marketing theory (Zulkifly, 2012). And good customers are company assets if handled properly will provide income and long-term growth for business (Qalbi et.al: 2018).

JNE has implemented innovative measures that are beneficial to all customers, both in terms of technology development, as well as the company's operational support infrastructure. But from the results of a survey conducted by researchers to 30 respondents in the city of Bandung, it turns out that JNE still has some disadvantages, namely in terms of commitment where 36 percent of consumers stated that the delivery time did not meet consumer expectations and 46 percent of respondents stated that the solution to the problem JNE is not in line with consumer expectations. This result is an indication that JNE consumer loyalty, especially for online business people, still has weaknesses. Therefore, it can be said that the effort to retain customers and provide more value in the context of relationship marketing is still a deficiency in JNE.

Based on the explanation, the purpose of the research is to analyze and find out about JNE consumer loyalty seen from relationship marketing, customer value and customer retention, especially for online business entrepreneurs.

Literature Review

The key to marketing is to develop deep and lasting relationships with individuals or organizations that directly or indirectly affect marketing activities. While the fact is that keeping old customers is more difficult than reaching new customers (Ahmad & Buttle, 2001). Relationship marketing in practice focuses more on consumers (Buttle, 2004), therefore it can be defined as all marketing activities directed at building, developing, and maintaining successful relational exchanges (Morgan & Hunt, 1994).

Some researchers have several factors in relationship marketing, such as using dimensions consisting of commitment, trust, communication, and conflict handling (Ndubisi, 2007). Researchers place four main factors in relationship marketing, namely trust, fairness, empathy, and commitment, where there are three factors that influence the relationship of marketing, including trust, commitment, communication, and conflict handling. (T.Velnampy & Sivesan, 2012). Some also support the marketing relationship dimension including trust, commitment, competence, communication, and conflict handling skills (Morgan & Hunt, 1994). From the opinions of these researchers, which support the dimensions of relationship marketing, namely trust, commitment, communication, and handling conflict.

Customer value is the ratio between benefits obtained by consumers both economically, functionally, and psychologically to the sources used to obtain these benefits, namely the benefits of products related to support, durability, performance and resale value of products or services offered (Schiffman & Kanuk, 2004). Every company must judge from the customer's point of view and not assume about the company knowing the value that is appropriate for the customer (Logiawan & Subagio, 2014).

Customer retention is used as a driver to increase market revenue (Rust, et.al. Cited by Khan I., 2012), which is to diversify customer orientation or change customer parts to be loyal or involve linkages that improve for the long term for the company (Hasan A. , 2013). Customers who buy products or services repeatedly in a period can be identified as customer retention which can be seen from the dimensions of price, customer satisfaction, service quality and brand image (Khan M. , 2003). Other researchers mention four components of customer retention that are required by professional providers and managers to ask clients or customers, namely service, quality, image and price (Trasorras, et.al, 2009).

Loyalty is an important factor for companies to be able to survive in business competition driven by customer enthusiasm for products or services (Wiwoho, 2018). Loyal customers, not only become advertisers by word of mouth, but also loyal to the company's product and service portfolio (Zulkifly, 2012).

Relationship marketing can affect customer retention (Trenggana & Cahyani, 2018; and Haseeb, 2016;), it can also affect loyalty (Qalbi et. al, 2018; Riadi et.al, 2017; Haseeb et.al, 2016; Kurniati et .al, 2015; Harun, 2011 and Ndubisi, 2007). While customer value can affect customer retention (Riadi et.al, 2017; Logiawan & Subagio, 2014; and Harun, 2011;) and can affect loyalty (Wiwoho, 2018).

Research Method

Descriptive analysis and causality (verivative) is the type of research used in this research. This study uses variable relationship marketing (X_1), Customer value (X_2), Customer retention (Y) and Loyalty (Z). The population used is an Onlineshop business in Bandung with an exact number unknown. Where the spread of Kueisoner is distributed to 100 respondents in the city of Bandung with a purposive sampling technique with the criteria that online businesses have used the services of JNE as Couriers and Express has used more than 2 times over the past 3 months without the type of online business being done. The results of the questionnaire will be analyzed by path analysis (Path).

Research Result

The questionnaire before being distributed to the sample has been tested for validity and reliability. Besides the results of the questionnaire from 100 respondents who were sampled, have met the classical assumption test. The results of data processing are as follows:

Table 1. Beta values for each variable

Model Path 1	Unstandardized Coefficients	Standardized Coefficients	Sig.
	Beta	Beta	
(Constant)	.940		.000
Relationship	.964	.963	.000

Marketing			
Customer Value	-.283	-.284	.001

Dependent Variabel : Customer Retention

Model Path 2			
(Constant)	.628		.003
Relationship Marketing	.797	.794	.000
Customer Value	-.174	-.175	.031
Customer Retention	.163	.163	.094

Dependent Variabel : Loyalitas

Table 2. Value of the Determination Coefficient Model Path 1

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.808 [a]	.652	.645	.589253044250195

a. Predictors: (Constant), Relationship Marketing, Customer Value

Table 3. Simultaneous Test Model Path 1

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	63.223	2	31.612	91.042	.000[b]
	Residual	33.680	97	.347		
	Total	96.903	99			

a. Dependent Variable: Customer Retention
b. Predictors: (Constant), Relationship Marketing, Customer Value

Table 4. Value of Determination Coefficient Model Path 2

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	. 830[a]	.690	.680	.560742599636595

a. Predictors: (Constant), Relationship Marketing, Customer Value, Customer Retention

Table 5. Simultaneous Test Model Path 2

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	67.052	3	22.351	71.082	.000[b]

Host: Co Host: Partner: Supported by:

Faculty of Social and Political Sciences Faculty of Economics and Business Faculty of Communication and Business aiabi JABES FOUNDER TALENTS

|					
Residual	30.185	96	.314		
Total	97.237	99			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Relationship Marketing, Customer Value, Customer Retention

In table 1, the significance value of Marketing Relations and Customer Values are 0.00 and 0.01, respectively, which have values below 0.05 (Sig. <5%). Which means the Regression model I is the Marketing Relationship variable and the Customer Value of the Customer retention variable. In table 2, the value of R Square is 0.652 which means that the contribution of relationship marketing and customer value to customer retention is 65.2% and the rest is determined by other factors. While the value of e1 is e1= $\sqrt{1-0.652}$ = 0.348.
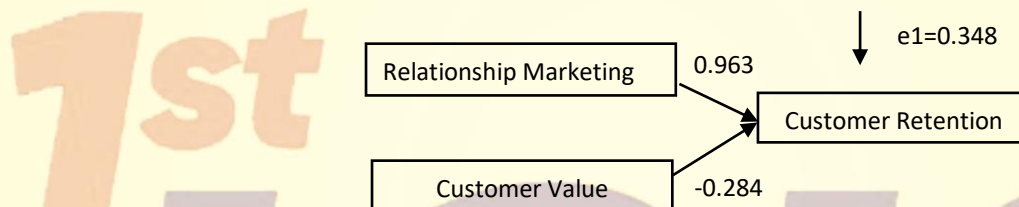
Picture 1. Model Path 1

Based on table 1, significant values of relationship marketing and customer value, each of them has a value of 0.00 and 0.031, which has a value below 0.05 (Sig. <5%). While Customer retention has a sig value. 0.094 which has a value above 0.05 (Sig. <5%). Which means the Regression model II is the variable relationship marketing and customer value, each of which affects the Loyalty variable, while the Customer Retention variable does not affect the Loyalty variable. In table 4 the positive value of R Square 0.680 which means that the contribution of relationship marketing, customer value and customer retention to the loyalty variable is 68% and the rest is due to other factors. While the value of e2 is e2 = $\sqrt{1-0.680}$ = 0.57.
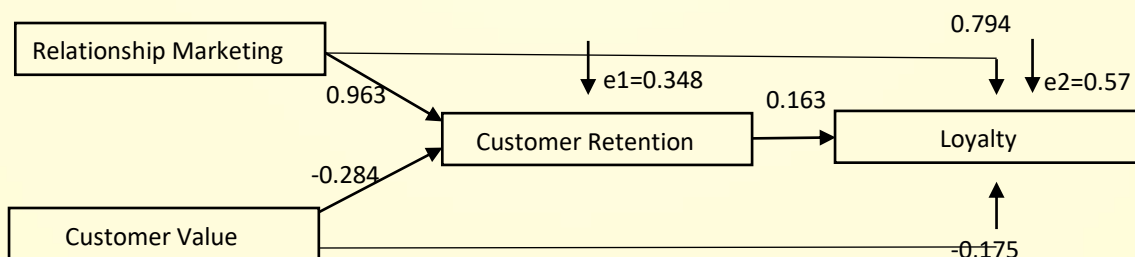
Picture 2. Model Path 2

Based on table 1 to 5, it can be seen that:

1. The relationship of marketing to customer retention has a sig value. $0.00 < 0.05$, so that it can be interpreted as a relationship marketing that has a direct influence on customer retention.
2. Customer value for customer retention has a sig value. $0.01 < 0.05$, so that it can be interpreted that customer value has a direct influence on customer retention
3. The relationship marketing to loyalty has a sig value. $0.00 < 0.05$, so that it can be interpreted as a relationship marketing that has a direct relationship to loyalty.
4. Customer value for loyalty that has a sig value. $0.031 < 0.05$, so that it can be interpreted that customer value has a direct influence on loyalty.
5. Customer retention of loyalty has a sig value. $0.994 > 0.05$, so that it can be interpreted that customer retention has no effect on loyalty.
6. The effect of relationship marketing on loyalty through customer retention is $0.794 + (0.963 \times 0.163) = 0.95$. Beta value of marketing relationship with loyalty> beta value Marketing relationship affects loyalty through customer retention, this can be interpreted about the relationship of marketing through customer retention that does not affect loyalty.
7. The effect of customer value on loyalty through customer retention is $-0.175 + (-0.284 \times 0.163) = -0.221$. Beta value of the direct influence of customer value on loyalty> Beta value of the influence of customer value on loyalty through customer value, this can be interpreted customer value through customer retention has no influence on loyalty.

Discussion

Relationship marketing directly has an influence on customer retention, this indicates that the activities or efforts carried out by JNE have been able to make consumers in this case the onlineshop business to continue to choose JNE as their partners. In other words, relationship marketing is successful and makes consumers have a strong long-term relationship to the company (Hasan A. , 2013). The results of this study support previous research, namely Trenggana & Cahyani (2018) and Haseeb (2016).

Customer value has a direct influence on customer retention, with negative values. This indicates that, although there are still benefits or values that are felt by the customer, JNE will still be considered as a working partner. But if JNE is perceived as giving more value, consumers will not necessarily judge customer retention well. The results of this study have an influence with negative values, and different from the results of previous studies conducted by Riadi et al. (2017), Logiawan & Subagio (2014) and Harun (2011) where customer value directly has a positive effect on customer retention.

Relationship marketing has a direct influence on loyalty, this proves that JNE's relationship has been successful in implementing its strategy so that it can be proven by JNE being chosen repeatedly as a work partner. These results support research from Qalbi et al. (2018), Riadi et al. (2017), Haseeb et al. (2016), Kurniati et al. (2015), Harun (2011) and Ndubisi (2007).

The Customer Value has a direct influence on loyalty, with negative values. This proves that the lack of value or benefits received by the customer, but the customer will still return to JNE. and this was proven by JNE becoming Top Brand for three consecutive years. The results of this study have an influence with this negative value different from the results

of previous studies conducted by Wiwoho (2018) where customer value directly affects positively on loyalty.

The relationship of marketing and customer value towards indirect loyalty through customer retention has no influence. These results prove that the efforts made by JNE to retain consumers do not guarantee customers from online businesses to ensure that JNE has more value that can remain loyal by using only one courier and express service, this is not because consumers are not satisfied (Hoffman & Baresonit, cited by Zulkifly, 2012) but the selection of courier and express services is also determined by the choice of consumers from online businesses (Anandhita, 2013).

Conclusion

The results show that the relationship between relationship marketing and customer value, each has a direct influence on customer retention and loyalty. However, relationship marketing and customer value towards loyalty if through customer retention does not have influence.

JNE to further enhance its relationship marketing strategy not only for online business entrepreneurs who have also become customers, they must be able to keep their customers to continue to choose JNE as the first choice in courier and shipping services. In addition, it also increases the value for consumers, such as the benefits of using JNE, expected later that consumers still feel that JNE is the most appropriate.

For further research, it can be proposed to increase the accuracy of data more accurately. In addition, researchers can add other variables or compare with other couriers and express business or compare with other cities.

References

Ahmad, R., & Buttle, F. (2001). Customer retention: A potentially potent marketing management strategy. *Journal of Strategic Marketing*, 29-45.

Anandhita, V. H. (2013). Studi Pemilihan Layanan Jasa Pengiriman oleh Pelaku Bisnis Online sebagai Sarana Distribusi Produk Menggunakan Strategi Marketing Mix Di Jakarta. *Jurnal Penelitian Pos dan Informatika*, 1-18.

Buttle, F. (2004). Customer Relationship Management: Concept and Tool. *Elsevier Worth Heineman*.

Harun, H. (2011). Pengaruh Relationship Marketing Dengan nilai Nasabah Terhadap Loyalitas Nasabah. *Jurnal Manajemen Pemasaran Modern*, 59-75.

Hasan, A. (2013). *Marketing dan Kasus-kasus Pilihan.* Jakarta: PT. Buku Seru.

Haseeb, M., Ali, J., Shaharyar, M., & Butt, S. (2016). Impact of Customer Relationship Marketing on Customer Value Creation and Customer Loyalty in Mobile Service Providers Market : A Case Study of Pakistan. *International Journal of Business and Management Invention*, 13-19.

Host: Co Host: Partner: Supported by:

Faculty of Social and
Political Sciences

Faculty of Economics
and Business

Telkom
University
Faculty of Communication
and Business

aiabi

JABES
Journal of Asian Business and Economic Studies

FOUNDER
TALENTS

Khan, I. (2012). Impact of customer satisfaction and retention on customer loyalty. *International Journaof Scientific & Technology Research* , 106-110.

Khan, M. (2003). ECOSERV: Ecotourists' Quality Expectations. *Annals of Tourism Research*, 109-124.

Kurniati, R. R., Suharyono, Hamid, D., & Arifin, Z. (2015). The Effect of Customer Relationship Marketing (CRM) and Service Quality to Corporate Image, Value, Customer Satisfaction, and Customer Loyalty. *European Journal of Business and Management*, 107-116.

Logiawan, Y., & Subagio, H. (2014). Analisa Customer Value Terhadap Customer Loyalty Dengan Customer Satisfaaction Sebagai Variabel Intervening Pada Restoran Bandar Djakarta Surabaya. *Manajemen Pemasaran Petra*, 1-11.

Morgan, R., & Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 20-38.

Ndubisi, N. (2007). Relationship marketing and customer loyalty. *Marketing Intelligence and Planning*, 98-106.

Qalby, A. N., Jusni, & Munir, A. R. (2018). Pengaruh Relationship Marketing dan Brand Image Terhadap Loyalitas Pelanggan (Studi kasus Pelanggan Astinet Segmen Bisnis PT Telkom Witel Makasssar). *Hasanuddin Journal of Applied Business and Entrepreneurship (HJABE)*, 61-72.

Riadi, R. S., Yulisetriani, D., & Wulandari, G. A. (2017). Pengaruh Customer Relationship Marketing Terhadap Customer Loyalty Melalui Customer Value Pada Bank Jatim di Jember. *Jurnal Bisnis dan Akuntansi*, 178-181.

Schiffman, L. G., & Kanuk, L. L. (2004). *Customer Relationship Management: Approaches and Mehodologies.* New Jersey: Prentice Hall Inc.

T.Velnampy, & Sivesan, S. (2012). Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka,'', Global. *Journal of Management and Business Research*, 1-7.

Trasorras, R., Weinstein, A., & Russell, A. (2009). Value, Satisfaction, Loyalty and Retention in Professional Service. *Marketing Intelligence & Planning*, 615-632.

Trenggana, A. F., & Cahyani, L. (2018). The Influence of Relationship Marketing and Customer Retention. *1st International Conference on Economic, Business, Entrepreneurship, and Finance (ICEBEF 2018)* (pp. 659-663). Bandung: Atlantis Press.

Wiwoho, A. S. (2018). Pengaruh Relationship Marketing, Customer Value dan Trust Terhadap Loyalitas Pelanggan Pada PT. Asuransi Jiwasraya Cabang Kota Malang. *Jurnal Manajemen Bisnis*, 115-123.

Zulkifly. (2012). Relationship Marketing terhadap Customer Retention dan Customer Loyalty pada Nasabah Bank Mega Tbk. Malang. *Jurnal Manajemen dan Akuntansi*, 55-68.

Host:
Co Host:
Partner:
Supported by:

Faculty of Social and
Political Sciences

Faculty of Economics
and Business

Telkom
University
Faculty of Communication
and Business

aiabi

JABES
Journal of Asian Business and Economic Studies

FOUNDER
TALENTS