

# The Influence of Relationship Marketing and Customer Retention

Arlin Ferlina Mochamad Trenggana  
 Faculty of Communication and Business  
 Telkom University  
 Bandung, Indonesia  
 arlinferlina@telkomuniversity.ac.id

Leni Cahyani  
 Faculty of Applied Science  
 Telkom University  
 Bandung, Indonesia

**Abstract**—Business competition makes the important presence of strategies to keep customers. Understanding customer retention not only from the company's perspective, but also from the side of the consumer. One brand of diaper in Indonesia is Sweety, who has been implementing various marketing strategies to build relationships with consumers and retain customers. The purpose of this study is to analyze and find the influence of dimensions of relationship marketing (trust, communication, commitment, and handling conflict) and customer retention. Research methods using descriptive and verificative, with 100 respondents were taken with the technique of method of non-probability based on purposive sampling that have criteria is consumers who have or still buy Sweety products. The results of the processing of the data shows that only the dimensions of commitment and communication, each of which has an effect on customer retention. While all dimensions in relationship marketing variables simultaneously affecting customer retention.

**Keywords**—relationship marketing; customer retention

## I. INTRODUCTION

The primary goal of any business is to create and keep customers. Build long-term relationships to protect the customer very valuable compared to reach new customers [1]. A successful company is a company in the perspective of relational marketing can turn consumers into clients, from prospect to a partner, and the company that can create value for consumers in the long run. For this reason, the more marketing resources directed at customer retention compared with finding new customers [2].

Understanding customer retention not only from the number of consumers that are owned by the company, but also from the point of view of the consumer. Customer satisfaction affects customer retention [3]. the four criteria that serve as customer retention: price, customer satisfaction, service quality and brand image as construction [4].

Relationship marketing is the process of creating, maintaining and enhancing strong relationships with customers and other stakeholders. Velnampy also said that relationship marketing is one of the contemporary marketing strategies for all companies to meet the needs and desires of the customer [5]. This is because in addition to devising new strategies to attract new customers and make deals with them, the company

also continues to keep existing customers and building long term relationships that can bring benefits to the company [6].

Relationship marketing can be viewed from a variety of factors, such as Ndubisi with the dimension of relationship marketing, which consists of the commitment, trust, communication, and conflict handling [7]. Velnampy research results that there are four major key in relationship marketing, trust, fairness, empathy, and commitment. Where are the three factors that most affect relationship marketing trust, commitment, communication, and conflict handling. The researchers examining the dimensions of marketing relationships of trust, commitment, communication, competence and skills to handle conflict [8].

The researchers have noticed similarities in dimensions in relationship marketing is trust, commitment, communication, and conflict handling.

Morgan argue that trust is the biggest failure in the relationship between consumers and marketers [8]. With trust in the company or brand, there are indications that customers will recommend to other customers. This belief comes from experience and hope for future behavior. Trust and commitment have an influence in creating value for customers. And trust can have an important role in building successful marketing relationships to get high customer loyalty.

The core of relationship marketing is a corporate commitment, which can be obtained by making customers as a top priority, based on long-term and mutually beneficial relationships. The company's commitment can also be interpreted as a promise or a promise by the company to maintain a relationship that has been established because the relationship has important meanings [8].

Communication is very important to build a relationship with someone because if it can be handled properly by the company, can provide the effectiveness for consumers to get the information correct. Customers who want to conduct transactions can take immediate decisions to choose according to their needs, the accuracy of information obtained indirectly may affect customer loyalty. Communication in relationship marketing means staying in touch with valuable customers, providing timely information and reliable about changing service and services, and communicate proactively in terms of problems delivering the goods. The communication also tell

customers who are not satisfied with what the Organization to correct the causes of discontent. Therefore, the first step to build awareness, developing consumer preferences (by promoting values, performance and other features), make sure the buyer is interested, and encourage them to make purchasing decisions [9]. The success of the communication can be affected by several things, including the clarity of ideas to be delivered in common perception between the sender and Receiver of information, absence of distortion and proper communication channels.

Handling conflict is special actions when interacting with customers [9]. The things that have the potential to cause conflict not only matters relating to the product but also associated with the service, polite, courteous, considerate attitude and caring attitude of employees or service providers. Dwyer et al. as cited by Ndubis said the handling of the conflict can be described as the ability of the supplier to avoid possible conflicts, resolve conflicts real before they create problems, and discuss solutions to open when the problem arises [10].

Researchers have conducted research on customer retention in which several researchers use trust, communication, and conflict handling factors. Researcher Zulkifly states that trust and commitment affect customer retention [11]. While Awwad and AL-Qrallah [12], and Bataineh [13] stated that commitment has a significant influence on customer retention. Researcher Rootman states that communication is related to customer relations and retention [14]. And researcher Mahmoud states that handling conflicts directly affects customer retention [15].

#### A. Problem

Sweety which is one of the brands of baby diapers do various strategies for its products. Sweety brand image is in second place in Indonesia for baby diaper brands, while its market share has not reached 40%. To maintain product quality, Sweety has received a certificate from Australian Dermatologist. While the strategy of marketing the product is by issuing several variants and different prices where product sales are carried out from large retail to small retail. Promotions are also carried out by conducting various events, such as the Amazing Moment Sweety with locations in the maternity hospital. In addition to maintaining relationships with its customers, Sweety also implemented a strategy using internet technologies such as Sweety at <http://sweetycare.com/> and social media on Facebook (<https://www.facebook.com/BundaCermat>), Instagram (<https://instagram.com/sweetycareid>); and Twitter (<https://twitter.com/sweetycare>). In each of these media, Sweety conducts product introductions, promotion programs, educates parents (digital strategy) and shared facilities with consumers. The number of followers on each social media is 271,288 people for Facebook, 44,100 people on Instagram and 4,240 people on Twitter.

The number of followers on Sweety social media is that there is a relationship between the producers and their consumers. However, the conditions of competition in the baby diaper industry can make consumers turn to other diaper brands. Survey results conducted in the city of Bandung to 30

respondents, found that there were respondents who moved to other brands (20%), still using Sweety (30%), some were changed to other brands only at the same time (15%), and there are also respondents who use two brands (35%).

Other results from a survey conducted in the city of Bandung were 30 respondents who had used the Sweety brand, it is known that consumers move or use other brands actually do not have complaints about Sweety products (60%), buy Sweety products and other brands simultaneously due to different usage needs (30%), the consumer in this case is the baby from the mother did not match the Sweety product (10%).

Problems and the results of the survey can be identified that Sweety has done various ways to foster relationship marketing but it still has problems where consumers can switch to other brands. Therefore, the problem formulation is:

- Do each dimension (trust, commitment, communication and conflict management) in Marketing Relations have an influence on Customer Retention?
- Does Relationship Marketing have an influence on Customer Retention?

#### B. Research Purpose

Based on the existing problems, the purpose of this study is:

- Knowing the influence of each dimension (trust, commitment, communication and conflict handling) in Marketing Relationship to Customer Retention;
- Knowing the influence of Relationship marketing on customer retention.

#### C. Hypothesis

- H<sub>1</sub>: Commitment has a significant effect on customer retention
- H<sub>2</sub>: Trust has a significant effect on customer retention
- H<sub>3</sub>: Communication has a significant effect on customer retention
- H<sub>4</sub>: Conflict handling has a significant effect on customer retention
- H<sub>5</sub>: Together all dimensions of Relationship Marketing have a significant effect on customer retention

## II. RESEARCH METHOD

The type of research used is verification and descriptive. The independent variable is the dimension of relationship marketing including trust, commitment, communication, and conflict handling. While the dependent variable is customer retention. The population is Sweety consumers whose numbers are not known with certainty. Samples of 100 people were taken by non-probability sampling technique with purposive sampling with the criteria of ever and still using Sweety products, besides that the place of residence was in Bandung City and its surroundings. Primary data in the form of

questionnaires and secondary data become data sources in this study.

Validity and reliability tests are used to test the statements in the questionnaire whether valid and reliability. Because the scale used is ordinal, it must be changed first with the help of the internal successive method (MSI) to change to an interval. In addition, the classic assumption test includes normality test and heteroscedasticity test.

The multiple linear regression equations used are:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \quad (1)$$

Equation (1) is:

Y: Customer retention

a: constant

X<sub>1</sub>: Trust

X<sub>2</sub>: Commitment

X<sub>3</sub>: Communication

X<sub>4</sub>: Conflict handling

b<sub>1</sub>.. b<sub>4</sub>: regression coefisien

e: error

### III. RESEARCH RESULTS AND DISCUSSION

This research uses relationship marketing with the dimensions of trust, commitment, communication, and conflict handling as independent variables and the dependent variable is customer retention. The research data was obtained from 100 respondents who met the sample criteria in Bandung City and its surroundings. The distribution of questionnaires was carried out after the statement items were declared valid and realistic. While the results of data processing have met the criteria in the classical assumption test, which obtained the following results:

TABLE I. REGRESSION EQUATIONS AND T TESTS

Standardized Coefficients						
Model	B	Std Error	Beta	t	Sig.	
1	(Constant)	12.153	.561		21.657	.000
	Trust	-.293	.116	-.339	-2.520	.013
	Commitment	.404	.124	.444	3.274	.001
	Communication	.641	.099	.658	6.440	.000
	Conflict handling	.137	.088	.140	1.553	.124

<sup>a</sup>Dependent Variable: CUSTOMER RETENTION

Table 1 shows that the regression equation is: Customer retention = 12.153 – 0.293 Trust + 0.404 Commitment + 0.641 Communication + 0.137 Conflict Handling.

Which can mean that: 1) constant value 12,153 while commitment, communication, and conflict handling is 0 then customer retention is 12,153; 2) the value of trust is -0.293 which means that it has a negative relationship direction, assuming that a 1% increase in customer retention will result in a decrease in trust 29.3%; 3) the commitment value of 0.404 means having a positive relationship direction which assumes that a 1% increase in customer retention will lead to a 29.3% increase in commitment; 4) the value of communication 0.641 means that it has a positive relationship direction which assumes that a 1% increase in customer retention will lead to a 64.1% increase in commitment; 5) the value of conflict handling 0.137 means that it has the direction of a positive

relationship where assuming that a 1% increase in customer retention will result in a 13.7% increase in commitment.

The dimensions of trust (table 1) have a significant value of 13% > 5%, with t-t table < count (2.520 < -1.96). This means that the trust received where H01 does not significantly affect customer retention. These results indicate that consumer trust in a product does not guarantee Sweety's loyalty to the product. Consumers can easily move because of various factors such as advertisements, promotional discounts or availability or variants of Sweety products. In addition, consumers can choose competing diaper brands if the products offered by Sweety do not match the baby's skin. In other words, this shows that trust is not a key variable. This result is different from [8], trust is an important element for the success of a relationship because trust is a fundamental important factor in a business relationship and a benchmark for the quality of a business relationship that is built. The results of this study are also different from research N.O. Ndubis, and K.W. Chan which states that trust affects customer retention [10].

The commitment dimension (table 1) has a significant value of 1% < 5%, with t-count > t table (3.274 > 1.96). This means that H2 is accepted where commitment has a significant effect on customer retention. One of the company's commitments is to maintain Sweety's quality by getting a certificate from an Australian dermatologist. These results indicate that the company's commitment to consumers has an important role in relationship marketing [8]. The results of this study also support research Zulkifly [11], Awwad and AL-Qrallah [12] and A.Q. Bataineh et al. [13] where commitment has a significant effect on customer retention.

The communication dimension (table 1) has a significant value of 0% < 5%, with t-count > t table (6.440 > 1.96). That is, H3 is acceptable where communication has a significant effect on customer retention. These results indicate that the information provided by Sweety is considered accurate, accurate, reliable, and reliable. Therefore, the way to communicate in delivering information can affect consumers, one of which is a good response to Sweety's educational strategy. These results support Rootman et al. which states that communication plays an important role in relationship marketing and customer retention [14].

The conflict handling dimension (table 1) has a significant value of 12.4% > 5%, with t-count < t table (1.553 > 1.96). This means that H04 is accepted where conflict handling does not have a significant effect on customer retention. These results can be caused by consumer problems more than incompatibility of baby diapers which are then overcome by consumers by moving to other products. Problems with babies and children have been given a solution by Sweety on social media and this has received a good response. The results of this study are different from Mahmoud et al. whose research provides results that conflict handling can affect customer retention [15].

TABLE II. DETERMINATION COEFFICIENT

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 <sup>a</sup>	.685	.672	2.609420

<sup>a</sup> Predictors: (Constant), CONFLICT HANDLING, COMMUNICATION, TRUST, COMMITMENT

TABLE III. DETERMINATION COEFFICIENT

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1407.578	4	351.895	51.680	.000
	Residual	646.862	95	6.809		
	Total	2054.440	99			

<sup>a</sup> Dependent Variable: Customer Retention

<sup>b</sup> Predictors: (Constant), Conflict Handling, Communication, Trust, Commitment

Table 2 and table 3 show the coefficient of determination (0.685) and the significant value of the influence of all dimensions in the relationship marketing on customer relations (0,000). These results indicate that H5 is accepted or all dimensions of relationship marketing simultaneously influence customer retention, with the magnitude of the influence of 0.672 or 67.2% and the rest is influenced by other factors not examined in this study.

The results of table 2 and table 3 can also mean that relationship marketing conducted by Sweety has an important role in influencing customer retention. Every dimension in relationship marketing a whole is interrelated to build long-term relationships between companies and consumers.

#### IV. CONCLUSION AND RECOMMENDATION

Sweety has carried out various strategies both in marketing their products and building relationships with consumers. All dimensions of relationship marketing together influence customer retention. Dimensions of commitment and communication, each of which affects customer retention. While the dimensions of trust and conflict handling, each has no effect on customer retention. Therefore it can be indicated that Sweety's strategy in relationship marketing can maintain the sustainability of its customers, where the important factors are commitment and communication.

Competition in the baby diaper industry is on product quality, variants and prices. High product quality is a commitment from Sweety, but competitors also have the same commitment. In addition, Sweety also made four variants with different prices, but it turned out that Sweety's market share still did not reach 40%. Based on this, if consumers can have a large selection of Sweety brands according to their needs, it would be better if Sweety can add product variants using prices that can be adapted to the technology used or consumer needs. In addition, Sweety can inform that the company has a commitment to provide high quality products but also prioritize consumer comfort and convenience.

SWEETY has carried out various strategies in marketing their products and building relationships with consumers. All dimensions of the marketing relationship together influence customer retention. Judging from the relationship of each dimension to customer retention, it turns out that the

commitment and communication dimensions affect customer retention, while the dimensions of trust and conflict handling have no effect on customer retention. Therefore this shows that the relationship marketing strategy undertaken by SWEETY can have an impact on the sustainability of its customers, where important factors are commitment and communication.

Competition in the baby diaper industry is on product quality, variance and price. High product quality is a commitment from Sweety, but competitors also have the same commitment. In addition, SWEETY also made four variants at different prices, but it turns out Sweety's market share still hasn't reached 40%. Based on this, if consumers can have many choices in the Sweety brand according to their needs, Sweety is advised to add product variants using prices that can be adjusted to the technology used or the needs of consumers. In addition, SWEETY can inform that the company is committed to providing high-quality products in addition to prioritizing consumer comfort and convenience.

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