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The Effect of Customer Value on Customer Loyalty at Bandung Tourist Location

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Abstract— **The purpose of this research is to explain and evaluate the effect of customer's value on customer loyalty at Bandung tourist attraction location. The method used descriptive verification. The analysis unit is the customer in one of Bandung tourist location. The data was collected by a questionnaire of 343 respondents then processed using the Structural Equation Modeling method using the Lisrel 8.8 program. The results showed that there was a significant influence between customer value and customer loyalty. This study concludes that customer's loyalty can be influenced through efforts of increasing the customer value.**

Keywords—**Customer Value, Customer Loyalty, Tourist Location**

I. Introduction

Tourism is a sector that relied on by several countries in the world, including Indonesia. Indonesia has the potential of tourism location that can attract many tourists, both local and foreign tourists. One of tourism location in Indonesia is in West Bandung district. West Bandung district is located in Bandung that located near the capital of Indonesia, Jakarta. Moreover, it has an advantage for easy access to the tourist location [1].

Business competition in the tourism sector is now getting tougher. Factors such as price, service, and location's atmosphere to ease of transaction are factors that have often been used as a mainstay to attract tourists as consumers to visit the tourist sites. Therefore, tourism management must also provide the value that consumers want to gain competitive advantage.

Based on an interview with the Marketing Communication of the tourist location, the development of their location based on emotional, social, quality, and prices value that expected to attract the interest of visitors as well as keeping visitors who have come to return. In the development of facilities and infrastructure, it is always endeavored to be able to make visitors amazed and willing to return. Comfortable when doing activities alone or in groups is also often considered. By taking the theme of Sundanese culture

and the natural nuances of the mountains, the tourist location has its own characteristics not found elsewhere [10].

Their tourist location also pays attention to the creativity industry sector which is the sector that has the highest growth rating. They develop the culinary sector and the local handicraft or arts sector. The two sectors are part of 14 creative sectors that have a high development rating, namely the culinary sector, the fashion sector, and the craft sector [9].

Companies that are able to provide good customer value can cause customer loyalty and high retention, higher market share, and result in reduced operating costs. The customer value perceived by the customer is getting higher or better, and then customer loyalty will experience a significant increase [2].

In the concept of marketing relationship, customer value plays a very important role in creating and maintaining long-term relationships between companies and customers [3]. Hidayat explained in his research that customer value has a significant effect on customer loyalty, positive customer perceptions of value, and quality [4]. Meanwhile, according to Boonlertvanich, customer value has a positive effect on customer loyalty [5]. Customer value greatly affects customer loyalty, therefore, companies need to continue to increase customer value contained in the products or services they produce in order to provide good experience, value, and satisfaction for customers so they can be loyal to the company.

Zeithaml provides the definition or understanding of Customer Value as an overall assessment of consumers of the utility of a product based on its perception of what is received and what is given [6]. According to Gale, customer value is the consumer's perception of the value of the quality offered is relatively higher than competitors which will affect the level of customer loyalty, the more positive the perceived value of the customer, the greater the likelihood of a transaction [7]. Woodruff defines customer value as perceptual preferences and customer evaluations of product attributes, performance attributes, and the consequences obtained from using products that facilitate or hinder the

achievement of customer goals and objectives in the use situation [7].

Customer Value defined as an emotional bond formed between the customer and the company, using products or services produced by the company and finding the product provides an additional value. To be able to determine customer value for the company, several indicators can be used, namely Emotional Value, Social Value, Quality or Performance Value, and Value for Money [2].

According to Griffin, argues that loyalty is the formation of attitudes and behavior patterns of a consumer towards the purchase and use of products resulting from their previous experience [8]. A customer is said to be loyal if the customer shows a buying behavior regularly or there is a condition where it requires the customer to buy at least twice in a certain time interval.

Efforts to provide customer satisfaction are carried out to influence customer attitudes, while the concept of customer loyalty has more to do with customer behavior than the attitude of customers. "Customer loyalty is defined commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior" [8].

Based on this explanation, loyalty can be defined as the commitment of customers to stay in depth to re-subscribe or re-purchase selected products or services as a consistent attitude in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior change. Customers who can be categorized as loyal customers are customers who are satisfied with certain products so they have the enthusiasm to introduce it to anyone they know. Furthermore, loyal customers will also show their loyalty by buying other products from the same company.

From the explanation above, loyalty formed from two components, loyalty as a behavior that is consistent repurchase and loyalty as an attitude that is a positive attitude towards a product or producer accompanied by a consistent buying pattern. Customer loyalty is a reliable measure for predicting a company's sales growth. To find out whether there is good or not, the researcher intends to conduct research with the title *The Effect of Customer Value on Customer Loyalty at Bandung Tourist Attraction Location.*

II. METHOD

The method used in this research was descriptive verification. Descriptive method is a method of examining the status, group of people, objects, and systems of thought or events' class in the present [11]. The unit of analysis is the customer in one of Bandung tourist location. Data was collected by a questionnaire of 343 respondents and then processed using the Structural Equation Modeling method using the Lisrel 8.8 program.

III. RESULTS AND DISCUSSION

The results show that there is a positive impact of customer value on Bandung Tourism Location.

TABLE I. RECAPITULATION OF RESPONDENTS RESPONSES ABOUT CUSTOMER VALUE

Indicator		Score	Mean	Category
Emotional Value		810	2,66	Good Enough
Social Value		1045	3,44	Enough
Quality Value		1185	3,90	Enough
Value of Money		1175	3,87	Enough
Total and average		5351	3,52	

Overall, the results of processing presented in Table 1 produces a score of 810 and an average value of 2.66 for emotional value indicator. For social value indicator, it produces a score of 1045 with an average value of 3.44, Quality value indicator gets a score of 1185 with a value an average of 3.90, and then the value of money indicator gets a score of 1175 with an average value of 3.87. The total indicator is 5351 with an average of 3.52. Furthermore, a partial test is conducted to further test which variables among the three variables have a significant effect on customer loyalty at the tourism location. In the partial test each independent variable used t-test which will be compared with the value of t table at the 5% error rate and 148 degrees of freedom in the two-way test that is equal to 1.976. The results of the research hypothesized that customer value affects the customer loyalty at the tourism location. Therefore, researchers should set the hypothesis for testing of two parties with the formulation of the statistical hypothesis as follows:

H0: $YX2 = 0$ Customer value does not affect customer loyalty at the tourism location.

H1: $YX2 = 0$ Customer value affect customer loyalty at the tourism location.

TABLE II. TEST RESULTS OF THE EFFECT OF CUSTOMER VALUE ON CUSTOMER LOYALTY

Path Coefficient	tcount	ttable	Ho
0,377	5,695	1,976	rejected

In Table 2, it can be seen that the value of tcount the influence of customer value (5.695) is greater than ttable (1.976). Because tcount is greater than ttable, then at the error rate 5% it is decided to reject Ho so Ha is accepted. It means that customer value affects the customer loyalty at the

tourism location. The results of this test provide empirical evidence that high customer value will increase customer loyalty. Customer value has an effect of 14.2% on customer loyalty.

IV. CONCLUSION

Based on the results obtained through data analysis in the study of the effect of customer value on customer loyalty, there are several conclusions that can be taken, namely the effect of customer value in the tourism location is rated high by the costumer. From the social value, the customer mostly feels happy with the status of the tourism location. For the Quality Value, the tourism location gives the customer a better service quality so the customer is happy to be there. From the perspective of value for the money, customer feel the economic value that they got from the tourism location.

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