

The Effectiveness of Strategies to Achieve Customer Loyalty: The Role of Relationship Marketing and Customer Retention

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ABSTRACT

This study aimed at determining consumer loyalty, relationship marketing, and customer retention and seeing the success of the strategies that have been carried out. The method used was causal and descriptive quantitative. The population was JNE customers in the city of Bandung. The sampling technique was carried out using a non-probability sampling method, specifically, the type of probability sampling with as many as 100 respondents who did online business and used courier services at least three times a month. The data analysis technique used is path analysis. The study results revealed that respondents considered JNE's relationship marketing good, while customer retention and customer loyalty were in a good category. Path analysis results show that loyalty can be influenced by relational marketing directly and indirectly through customer retention, which means that the strategy has been implemented properly.

Keywords: *Customer Loyalty, Customer Retention, Relationship Marketing.*

1. INTRODUCTION

Maintaining customer loyalty is one of the important elements that determine the success or failure of a company [1], [2], and [3]. Good customers are company assets that, if handled properly, will provide income and long-term for a business [4]. In addition, loyal customers are profitable customers because companies that successfully develop strong relationships with customers will get many benefits in the long term where it will be difficult for competitors to place the company's position in the hearts of customers [5]. In this case, in the service company, long-term success is basically determined by the ability to acquire and retain large service companies and loyal customers [6]. In other words, the key to the continuity and growth of a service company is the ability to develop and maintain customer loyalty, or it can be said by creating long-term relationships with customers [7].

Reaching new customers is more manageable than retaining old customers [4]. For customers who are actively looking for various goods or services, this

attitude will complicate the loyalty formed by customers. At the same time, customer loyalty is one of the brand assets that shows the high value of barriers [8].

Previous research [9] revealed that relationship marketing is the strategy to attract, retain, and improve customer relationships. [10] defines the term as a strategy in which managing interactions, relationships, and networks are fundamental. Relationship marketing has the goal of building, maintaining, and improving relationships with customers and other partners, with profit, so that the objectives of the parties involved are met [11] and benefit the company and customers [12]

According to [3], there are two kinds of strategies for finding new customers and strategies for retaining existing customers, namely customer retention. Understanding customer retention is not only from the company's point of view but also from the consumer's point of view. Customer retention is used as a driver to increase market share and revenue [5]. That is to drive customer behavior or change the characteristics of

customers to be loyal or have a solid long-term relationship with the company [6].

This study takes the object of PT Tiki Jalur Nugraha Ekakurir (JNE), a company engaged in the logistics and courier service business. Furthermore, currently, this business is growing along with the growth of the online business, so it impacts the presence of companies that offer logistics and courier service businesses

JNE carries out a relationship marketing strategy by gathering with online shop owners, who have become JNE customers and are among the most frequently used JNE services. In this event, it is also used as a means for JNE to get to know customers more closely, including suggestions from their customers.

JNE has implemented a strategy to retain its customers. Among them is technology development, both in technology and infrastructure to support company operations. The goal is that JNE can meet the needs of retail and corporate customers, as well as all JNE customers. This strategy is carried out because customer needs in package delivery continue to grow, both in type, size, and quantity, which is caused by various factors, including the rapid growth of SMEs, e-commerce, and various things related to fintech technology.

However, the strategy that JNE has carried out does not guarantee that online business people will always be loyal to the company because online business people want to try and experience the services offered by competitors. This is based on a survey conducted by the author on 30 online players in Bandung; it turns out that more than 40 percent of customers will switch to competitors if they get a lower price offer, besides that 40 percent of customers will not use the product line offered by JNE. This result is in line with one of the studies conducted by Hoffman & Bareson [13], which states that an average of 65 percent to 85 percent of customers switching to other brands are actually "satisfied" or "very satisfied" with their previous service provider. Factors that cause them to move include looking for other variations, curiosity, and the need to change to overcome boredom with the brand.

The aims of this research are: 1) to identify and analyze relational marketing, customer retention, and loyalty from customers, especially from online businesses in Bandung; 2) to determine the effectiveness of the strategy implemented by JNE in the city of Bandung.

1.1 Literature Review

1.1.1. Relationship Marketing

[14] said relationship marketing is a process for creating, maintaining, and enhancing strong relationships with customers and other stakeholders where the

dimensions include trust, communication, and conflict handling abilities.

1.1.2. Customer Retention

[5] define customer retention as a marketing goal to prevent customers from moving to competitors. The strategy of retaining customers is vital for companies in facing increasingly competitive market competition where the dimensions are Financial Benefits, Social Benefits, and Structural Ties.

1.1.3. Customer Loyalty

[15] states that customer loyalty is a commitment held by customers to consistently buy or prioritize a product in the form of goods or services. This causes repeated purchases of the

same brand, even though the customer gets situational or marketing influences from competitors to switch to another brand where the dimensions include Recommendations, Purchases, Repurchases.

1.1.4 The Relationship Between Relationship Marketing, Customer Retention, and Customer Loyalty

Previous research in marketing support relationship marketing, which is associated with customer loyalty, such as trust [16]; [17], commitment [18], commitment [19], and communication or sharing of secrets [20]. Research on relationship marketing, such as that conducted by [21] in Malaysia, shows that relationship marketing positively affects customer loyalty. Several researchers later supported these results despite having different research objects, including [22] with the object of research at Zemen Bank; and [23] with the object of research on the Vietnamese cosmetic market.

Relationship marketing influences customer retention as the result of research [24] in Pakistan, with the object of research being Mobile Service Providers. Likewise with research [25] in Bandung City, Indonesia, which gives the results of relationship marketing has an influence on customer retention Sweetie consumers.

Customer retention influences customer loyalty, as revealed from the research of [26] in restaurants in Ghana. Likewise with researcher [13], whose research results show that customer retention influences customer loyalty of Bank Mega customers in Malang City

1.1.5 Framework

The research hypothesis can be described as follows:

H1: Relationship Marketing has a direct influence on Customer Loyalty

H2: Relationship Marketing has an indirect effect on Customer Loyalty through Customer Retention

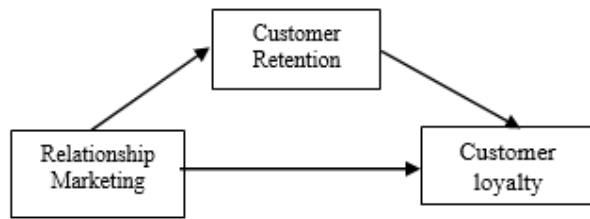


Figure 1. Framework

2. METHODS

The type of research used in this research is descriptive and causal research and uses quantitative methods and descriptive studies. The variables used are relationship

marketing as an independent variable, with Customer Retention (Y) as Intervening or mediating variable, and Customer Loyalty (Z) as the dependent variable.

The population was JNE customers in Bandung, where the exact number of customers cannot be known with certainty by JNE. This is because no business actors register themselves as "members" of JNE. Sampling was carried out using the Bernoulli formula because the data did not exist, so 100 samples were obtained.

The sampling technique used is the non-probability sampling method, namely the type of probability sampling with the classification that the samples taken are online businesspeople and have used JNE courier services at least three times a month.

Questionnaires distributed to respondents used Likert measurements with a point scale of 1 to 5. While in terms of testing, this research used validity and reliability tests with the analytical method used, namely path analysis.

The path analysis model is an econometric model used in research and data management using SPSS version 25. The path analysis model is used to analyze the pattern of relationships between variables to know the direct or indirect effect of a series of independent variables (exogenous) on the production variable (endogenous). The path analysis model proposed is a causal relationship pattern.

3. RESULTS AND DISCUSSION

Validity and reliability tests were carried out on 30 respondents, and after the results were valid and reliable, distribution was carried out to 100 respondents. The results of testing all statements are declared valid and reliable, according to the criteria that the validity value is declared valid if r-count

\geq r-table, while a variable is said to be reliable if Cronbach's alpha value > 0.6 .

3.1. Result

Table 1. Description Analysis

	Persentase	Category
Relationship marketing	72.5	good
Customer retention	67.6	adequate
Customer Loyalty	65.6	adequate

Table 2. Path Analysis 1

Model	Unstandardized Coefficient	Standardized Coefficient	T	Sig.
	Beta	Beta		
(Constant)	2.021		8.754	0.000
Relationship Marketing	0.030	0.419	4.143	0.000
Customer Retention	0.013	0.237	2.346	0.021

a. Dependent Variables: Customer loyalty

Table 3. Path Analysis 2

Model	Unstandardized Coefficient	Standardized Coefficient	T	Sig.
	Beta	Beta		
(Constant)	-4.680		-1.130	0.261
Relationship Marketing	0.752	0.587	7.174	0.000

a. Dependent Variables: Customer retention

From tables 2 and 3, the relationship between each variable studied is as follows:

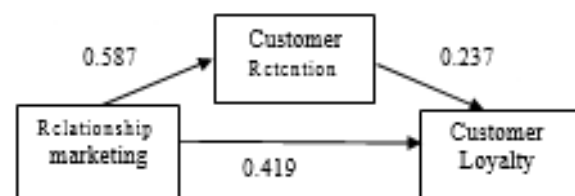


Figure 2. Path Analysis Model

3.2. Discussion

Customer assessment of the overall relationship marketing strategy (table 1) that has been carried out by JNE shows that the implementation of the strategy has been good. Although there are shortcomings in handling customer complaints, it does not reduce the overall assessment of the implementation of relationship marketing.

The customer retention strategy developed by JNE was considered quite good by the respondents (Table 1). This result, the implementation carried out by JNE, is likely to be almost the same as that carried out by similar companies.

The loyalty of online business actors to JNE turned out to be in the adequate category (table 1). These results

can be interpreted that those business people have alternative choices of courier services other than JNE, so they can quickly move to other companies. As stated by [27], the selection of courier and express services by online businesses is primarily determined by the business owner. Furthermore, loyalty becomes difficult because Hoffman & Bareson [13] states that, on average, 65 percent to 85 percent of customers switch to other brands even though they are "satisfied" or "very satisfied" with their previous service provider.

Relationship Marketing can directly affect Customer Loyalty (figure 2). This shows that the strategy was carried out. Furthermore, it can be used by JNE in building long-term relationships with its customers. These results are in line with research from [23], [22], and [21], which state that Relationship Marketing has a significant effect on Customer Retention.

Figure 2 also shows the study results that Relationship Marketing has a significant effect on the Customer Loyalty variable through the Customer Retention variable. This means that the Relationship Marketing strategy implemented by JNE can be used to maintain online shop actors to continue using JNE services in the city of Bandung.

Relationship marketing has a role in consumer loyalty, either directly or indirectly, through customer retention as an intervening variable. The magnitude of the direct effect is 0.419, while the magnitude of the indirect effect must be calculated by transferring the indirect coefficient, namely $(0.587) \times (0.237) = 0.138$. The data shows that the coefficient of direct relationship is $>$ from the coefficient of indirect relationship ($0.419 > 0.138$). These results indicate that the relationship marketing strategy will have a more significant influence on the company in reaching customers.

4. CONCLUSIONS

The respondents consider the marketing relationship good, meaning that the JNE strategy is considered good by consumers, while customer retention and customer loyalty get an adequate rating. Relationship marketing directly on customer loyalty or indirectly through customer retention has a good influence on implementing JNE's service strategy in retaining its customers in the long term. Handling consumer problems still has shortcomings for consumers, so evaluation is needed, especially the knowledge possessed by employees of products or services.

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