An analysis on the influence of customer loyalty program and service quality on customer loyalty with trust as a mediation variable on Samsung mobile phone

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ABSTRACT: This study aims to determine the effect of customer loyalty programs and service quality on customer loyalty with trust as a mediation variable on Samsung mobile phone products. Variables in this research are customer loyalty program, service quality, trust, and customer loyalty. Respondents of this research were Samsung Smartphone users in Yogyakarta. The number of samples of this study was 153 people with convenience sampling technique. Structural Equation Modeling (SEM) was used as an Analysis technique. The results of this research show (a) the loyalty program has a positive and significant influence on customer trust and customer loyalty. (b) the quality of service has a positive and significant influence on customer trust and customer loyalty. (c) customer trust has a positive and significant influence on customer loyalty. (d) customer loyalty program has a positive and significant influence on customer loyalty with trust as a mediation variable. (e) the quality of service has a positive and significant influence on customer loyalty with trust as a mediation variable.

Keywords: customer loyalty program, service quality, trust, customer loyalty

1 INTRODUCTION

The current era of globalization is causing intense competition between individuals, groups, or even between countries that seem to be inseparable in everyday life. The constraints in the competition of the current globalization era are no longer felt because of the rapid development of technology. In fact, the development of these technologies has led to the emergence of global competition. Global competition is a form of world level competition where every country has the right to be involved without being limited by region.

In global competition, people need a tool to support the speed of information that is not inevitable. This certainly can be supported by the existence of adequate communication tools to carry out "activities" that are in line with the functioning of laptops as a practical tool for doing work. The statement then becomes the basis global competition encompasses all lines in life that are not spared also in the field of electronics, for example mobile phone technology or what is often called a mobile phone.

There are several advantages for a company on how important it is to maintain customer loyalty.

The advantage of customer loyalty is long-term and cumulative, meaning that the longer the loyalty of a customer, the greater the company profit from a customer (Griffin, 2005).

From the aforementioned description, it can be concluded that customer perceived satisfaction will have an effect on building customer loyalty to the product or service used.

1.1 *Customer Loyalty Program*

A customer loyalty program can be interpreted as coordinated and membership-based marketing strategies, which are designed to provide incentives to the customer in order to strengthen further marketing exchanges with the customer and gain their loyalty (Sandada and Matibiri, 2015).

1.2 *Service Quality*

Giovanis et al. (2015) state that service quality is "perceived value, which is generated through an evaluation process in which customers compare their existing expectations with services that customer has received".

1.3 *Trust*

Lerbin and Aritonang (2017) define trust as an expectation that is owned by individuals or groups about words, promises, statements whether they are oral or written statements from other individuals or groups that can be relied upon.

1.4 *Customer Loyalty*

Customer loyalty is often associated with the term loyalty, which has an understanding of customer behavior that remains in one company for a long period of time to always make repeated purchases (Ishak & Luthfi 2011).

2 RESEARCH METHODS

2.1 *Samples*

The target population in this study were users who use Samsung mobile phones in the Special Region of Yogyakarta. The samples were screened due to limited time and research costs.

The sample criteria were (1) Samsung mobile phone users in the Special Region of Yogyakarta area, (2) Able to provide accurate information regarding Samsung mobile products.From the above criteria, there were 150 users using Samsung products in the Special Region of Yogyakarta.

2.2 *Types and Techniques for Data Collection*

The types of data needed in this study include primary data in the form of data obtained by researchers directly from the source, then observed and recorded for the first time. The data was obtained through a questionnaire posed by researchers to respondents.

2.3 *Data Analysis Methods*

This study used data analysis techniques in form of Structural Equation Modeling (SEM). SEM is a multivariate statistical technique, which is a combination of factor analysis and regression analysis (correlation) that aims to examine the relationships between variables in a model, both between indicators and their constructs as well as relationships between constructs. SEM is used to test whether the model can be accepted or rejected (Santoso 2014).

3 RESULTS AND DISCUSSIONS

This study aims to determine the effect of Customer Loyalty Program and Service Quality on Customer Loyalty with Trust as a Mediation Variable on Samsung Mobile Phone (Research in Special Region of Yogyakarta). The number of samples used was 153 respondents who use Samsung mobile phone in Yogyakarta.

3.1 *SEM Analysis*

AMOS application was used to analyze data. After the SEM assumptions have been carried out, the next step was testing by using several conformity indices to measure the proposed model. Some of these indices are:

Table 1 Test Result *Goodness Of Fit Index*

Goodness of fit index	Cut-off value	Research Model	Model
Significant probability	*≥ 0.05*	*0.000*	Less Fit
RMSEA	≤ 0.08	0.056	Good Fit
GFI	≥ 0.90	0.774	Marginal Fit
AGFI	≥ 0.90	0.745	Marginal Fit
CMIN/DF	≤ 2.0	1.470	Good Fit
TLI	≥ 0.90	0.923	Good Fit
CFI	≥ 0.90	0.928	Good Fit

Based on the results in the table above, it can be seen that research model approaches as a good fit model. CMIN / DF is a parsimonious conformity index that measures the goodness of fit of model with estimated coefficients to achieve conformity. CMIN / DF result in this study is 1.470, which shows that the research model is fit.

The Goodness of Fit Index (GFI) shows overall level of conformity calculated from residual squared of model predicted compared to actual data. The GFI value in this model is 0.774. Approximate values with recommended level ≥ 0.90 indicate a marginal fit research model.

RMSEA is an index used to compensate for the chi-square value in a large sample. The RMSEA value of this study is 0.056 with a recommended value of ≤ 0.08, which shows a fit research model.
AGFI is GFI which is adjusted to the ratio between the degree of freedom that is proposed and degree of freedom from the null model. The AGFI value in this model is 0.745. Approximate values with recommended levels ≥ 0.90 indicate a marginal fit research model.

TLI is an index of conformity that is less influenced by sample size. The TLI value in this study is 0.923 which shows a fit research model. CFI is an index that is relatively insensitive to sample size and the complexity of the model. CFI value in this study

is 0.928 with a recommended value of ≥ 0.90, which shows the research model is a fit model.

Based on the overall measurement of goodness of fit above, it can be concluded that the model proposed in this study was accepted.

Table 2 The Results of Hypothesis Testing

No	Hypothesis	Coefficient	C.R.	p	Information
1	Customer loyalty program has a positive impact on customer trust.	.368	4.190	0,000	There is an influence
2	Customer loyalty program has a positive impact on customer loyalty.	.174	2.102	0,036	There is an influence
3	Service quality has a positive effect on customer trust.	.467	4.261	0,000	There is an influence
4	Service quality has a positive effect on customer loyalty.	.148	2.136	0,033	There is an influence
5	Customer trust has a positive effect on customer loyalty	.501	5.942	0,000	There is an influence

Indirect Effects

	Hypothesis	Direct	Indirect	Information
6	Customer loyalty program has a positive impact on customer loyalty through trust.	0,169	0,210	There is an influence
7	Service quality has a positive effect on customer loyalty through trust	0,158	0,213	There is an influence

4 CONCLUSION

- Customer loyalty programs had a positive and significant on customer trust (0.000<0.05).
- Customer loyalty programs had a positive and significant influence on customer loyalty (0.033< 0.05).
- Service quality had a positive and significant influence on customer trust (0.000<0.05).
- Service quality had a positive and significant influence on customer loyalty (0.036<0.05).
- Trust had a positive and significant influence on customer loyalty (0.000<0.05).
- Customer loyalty programs had a positive and significant influence on customer loyalty through trust (0.169 < 0.210).

Service quality had a positive and significant influence on customer loyalty through trust (0.158 < 0.213).

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