

RELATIONSHIP OF MARKETING TACTICS ON CONSUMER TRUST AND CONSUMER LOYALTY : THE CASE OF MEGA SANEL LESTARI PEKANBARU

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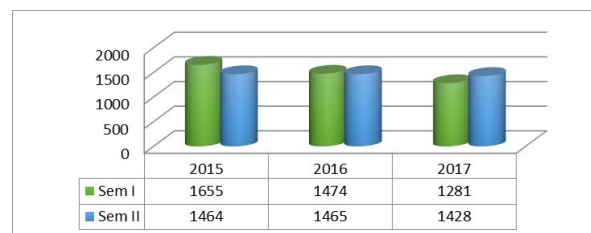
Abstract

Maintaining consumer loyalty is the main goal of relationship marketing. This is a way to build a long-term and mutually beneficial relationship between business owners and consumers. This study aimed to analyze the effect of relational marketing on consumer trust and consumer loyalty at Mega Sanel Lestari, Pekanbaru. The population in this study was consumers who made at least a purchase transaction at Mega Sanel Lestari, Pekanbaru with a total sample of 100 respondents. The study used SmartPLS 3 program. The results of the study indicate that relationship marketing and consumer trust have a significant positive effect on consumer loyalty and consumer trust. Consumer trust becomes the dominant variable in building and maintaining Consumer loyalty at Mega Sanel Lestari, Pekanbaru.

Keywords: Relational Marketing, Consumer Trust, and Consumer Loyalty

1.0 INTRODUCTION

Innovation and technology growth in the current era of globalization is increasingly driving intense competition in the business world, especially in the service industry. Every service provider company must build communication and interaction with consumers to provide optimal service. Hence, consumers will be loyal to the company. One of the strategies is relationship marketing. A travel agent is a person or group of people who sell services such as providing airplane tickets for all domestic and international flight routes. Service providers like this also give services in the form of hotel and tour bookings. The role of the travel agent is to assist in the planning, selection, and organization of all activities while the consumer is on vacation. There are currently 162 travel agents operating in Pekanbaru, which compete with each other in offering superior discounts and relatively cheap prices.



Source: Mega Sanel Lestari Pekanbaru

Picture 1. Total Consumer at Mega Sanel Lestari Pekanbaru

Figure 1 explains the number of consumers who use the services of the company continues to decline. In 2015 the number of consumers was 3,119 people and decreased by 5.77% in 2016 then continued to be lower again by 7.83% in 2017. The condition reflects the consumers are not loyal to the company and if this remains the same, the company's sales will continue to decline.

Relationship marketing has a major influence on companies, especially service providers, to attract and maintain consumer interest to continue using the company services (Velnampy & Sivesan, 2012). The purpose of relational marketing is to build, maintain, and strengthen relationships with consumers (Gronroos, 1994). Research studies (Jumaev *et al*, 2012; Barit *et al*, 2018; Husnain dan Akhtar, 2015; Nam *et al*, 2017; Doaei *et al*, 2011) state that relationship marketing has a positive and significant effect on consumer loyalty. However, a study (Rizan *et al*, 2014) affirms relational marketing has no significant effect on consumer loyalty.

Trust is the foundation of a partnership strategy, when there are parties have a desire to commit or bind themselves to a certain relationship (Morgan & Hunt, 1994). Without trust, a relationship will not last in the long run. A research study (Rizan *et al*, 2014) explains trust has a positive and significant influence on consumer loyalty. If consumers already believe in what is provided by the company, then they will be more loyal to the company. Research studies (Jumaev *et al*, 2012; Barit *et al*, 2018; Nam *et al*, 2017) emphasize trust has a notable effect on consumer loyalty.

The objective of this study is to analyze the impact of relationship marketing on consumer trust and customer loyalty.

The concept of loyalty is closely related to behavior and rarely associated with attitude. The positive response of consumers towards the company's services can be seen as their loyalty to use the services of the company and recommend it to other consumers. Consumer negative response is indicated from their negative testimonials about services and spread it to other consumers and even move to use the services of other companies. Loyalty is something that arises without coercion. A consumer is considered loyal or dependable if he shows a regular buying behavior or there is a condition that requires consumers to buy twice in a certain time interval.

Relationship marketing is a strategy to attract, recognize, shape, maintain, and enhance customer relationships to create consumer value through marketing activities and a series of relational exchanges that have a history and future (Cheng & Lee, 2011). (Blomqvist *et al*, 1993) proposed the main characteristics of relational marketing include (1) each consumer who is considered as an individual or individual unit, (2) company activities that mostly focuses on existing consumers, (3) implementation based on interaction and dialogue with consumers, and (4) companies strive to achieve profits through decreasing consumer turnover and strengthening consumer relations.

Good relational marketing will increase the number of loyal consumers. Research studies (Jumaev *et al*, 2012; Barit *et al*, 2018; Husnain dan Akhtar, 2015; Nam *et al*, 2017; Doaei *et al*, 2011; Ruswanti dan Lestari, 2016; Yulisetiari, 2016) state relationship marketing has a positive and significant effect on consumer loyalty. However, study (Rizan *et al*, 2014) declares relationship marketing has no significant effect on consumer loyalty.

H1 : relationship marketing has a significant positive effect on customer loyalty

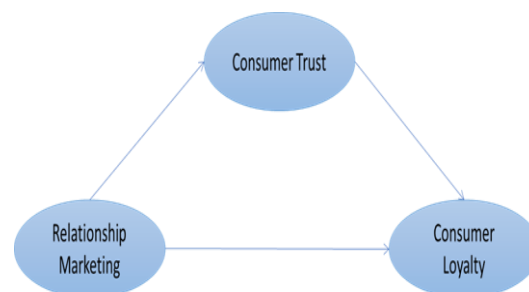
Trust is a psychological form of accepting something based on expectations of good behavior from others (Rousseau *et al*, 1998). Consumer trust is the willingness of one party to accept the risk of another party's actions based on the expectation that the other party will take necessary actions for those who trust them, regardless of the ability to supervise and control the actions of trusted parties (Mayer *et al*, 1995). Trust occurs when someone believes in the reliability and integrity of a trusted person (Morgan & Hunt, 1994).

Good relationship marketing will make consumers trust the company. This condition can encourage the creation of long-term and sustainable relationships with consumers. A study (Rizan *et al*, 2014) believes trust has a positive and significant effect on consumer loyalty.

H2 : relationship marketing has a significant positive effect on consumer trust

Companies will not be able to get consumer trust instantly or in a short time, especially in the midst of increasingly fierce competition. The higher the consumer trusts in the company, it will encourage the creation of consumer loyalty. The state can support the creation of long-term and sustainable relationships with consumers. Research studies (Jumaev *et al*, 2012; Barit *et al*, 2018; Husnain dan Akhtar, 2015; Nam *et al*, 2017) assert that trust has a significant effect on consumer loyalty.

H3 : Consumer trust has a significant positive effect on consumer loyalty



Source : (Rizan *et al*, 2014), (Jumaev *et al*, 2012), (Barit *et al*, 2018)

Picture 2. Theoretical Frameworks

2.0 METHODOLOGY

a. Population and Sample

The population in this study was consumers who made a purchase transaction at Mega Sanel Lestari, Pekanbaru. The sampling method used a purposive technique to get a representative sample following specified criteria (consumers who made more than 3 times of the purchase transactions). The number of samples was determined using the opinions of Roscoe in the book of Business Research Methods (Sugiyono, 2012) so that in the end, the number of samples was 100 research respondents.

b. Data Collection Method

The data in this study were primary and secondary. Researchers got the primary data from the results of a questionnaire filled out by respondents, while secondary data related to the supporting literature and research journals. Data collection was conducted for 4 (four) months.

c. Research Variable

The research variables include exogenous variables (X) and endogenous variables (Y). The measurement of each research variable is as follows:

1. Exogenous Variables (X)

The exogenous variable (X) in this study was relationship marketing

2. Endogenous Variable (Y)

Endogenous variables (Y) in this study were consumer trust and consumer loyalty

d. Data Analysis Technique

The data analysis technique in this study is path analysis using SmartPLS 3.0 program. The researchers first conducted a preliminary test including tests of validity, reliability and classic assumptions (multicollinearity test) to test the feasibility of the research model. After that, researchers obtained the results of variable testing.

3.0 RESULTS AND DISCUSSION

a. Characteristic Respondents

The study population was consumers who made purchase transactions at Mega Sanel Lestari, Pekanbaru. Because of our limited power and time, the researchers only distributed questionnaires to 100 respondents. Respondent characteristics include gender, income, occupation and purchase intensity. Based on gender, consumers who made purchases at Mega Sanel Lestari Pekanbaru included 51% men and 49% women.

The intensity of the purchase reflects the number of times Mega Sanel Lestari, Pekanbaru consumers made purchase transactions within 1 year. This analysis showed that 46% of respondents made purchases more than 5 times. From the perspective of the respondents' work, 42% of respondents worked as entrepreneurs. Respondents often traveled outside the city or abroad to find the products they needed. Besides, the characteristics of respondents were also analyzed from the respondents' income per month. The majority of respondents who made purchases at Mega Sanel Lestari Pekanbaru had an income of between IDR 3,500,001 to IDR 5,000,000, or 28%.

b. Preliminary Test

Validity and Reliability Test

The results of testing the validity and reliability of data collection instruments in this study are presented in the following table. Based on table 1, all statement items for the research variable have a CITS score greater than 0.30. Therefore, statement items were valid for further testing.

The reliability test results of the research variables got the results that each variable had a Cronbach alpha score of more than 0.6, meaning all the variables in this research instrument were reliable.

Table 1. Validity & Reliability Test

Variable	Indicator	CITC	Cronbach Alpha
Relationship Marketing	X1.1	0,504	0,797
	X1.2	0,614	
	X1.3	0,759	
	X1.4	0,566	
Consumer Trust	Y1.1	0,350	0,691
	Y1.2	0,501	
	Y1.3	0,645	
	Y1.4	0,430	
Consumer Loyalty	Y2.1	0,518	0,790
	Y2.2	0,636	
	Y2.3	0,339	
	Y2.4	0,593	
	Y2.5	0,537	
	Y2.6	0,677	

Source : Smart PLS 3.0

Multicollinearity Test

Multicollinearity test aims to find the correlation between independent variables in the regression model. The table above showed the VIF of each variable in this study had a score smaller than 10. Hence, this study was free of symptoms of multicollinearity.

Table 2. Multicollinearity Test

Variable	VIF	Value
Relationship Marketing (X1)	1.043	< 10
Consumer Trust (Y1)	1.043	
Consumer Loyalty (Y2)	1.000	

Source : Smart PLS 3.0

Coefficient of Determination (R^2)

The coefficient of determination that had the symbol R^2 is the proportion of variability in a data calculated based on a statistical model. The coefficient of determination (R^2) was used to find the proportion of variations in the dependent variable explained together with the independent variables.

The adjusted R-Square value was 0.201 or equal to 20.1%. This means that 20.1% of relationship marketing was influenced by customer loyalty, while the remaining 79.9% was determined by other variables outside the study.

The adjusted R-Square value was 0.031 or 3.1%. This means that 3.1% of relationship marketing was affected by consumer trust while the remaining 96.9% was due to other variables outside the study.

Hypothesis testing (T-test)

The test tries to look for partial influence between exogenous and endogenous variables. The testing was comparing the calculated t_{value} and t_{table} value or recognizing the p_{value} of each, so it could determine the hypothesis.

Table 3. Hypothesis Test

Variable	T-Statistics	P-Value
Relationship Marketing – Loyalty	1.540	0.062***
Relationship Marketing – Consumer Trust	2.037	0.021**
Consumer Trust – Consumer Loyalty	4.334	0.000*

Source : Smart PLS 3.0 (*** P-Value 10%, ** P-Value 5% & * P-Value 1%)

Based on table 3, the results of testing the hypothesis to find the effect of exogenous and endogenous variables partially are as follows :

1. Relationship marketing variables had a significant positive effect on consumer loyalty with a significance level of 10%.
2. Relationship marketing variables had a significant positive effect on consumer trust with a significance level of 5%.
3. The variable of consumer trust had a significant positive effect on consumer loyalty with a significance level of 1%

Discussion

a. Relationship Marketing on Consumer Loyalty

The results of the respondents' responses showed the respondents considered the relationship marketing variable as an important aspect. Moreover, this was supported by the results of testing on a positive course. If the relationship marketing variable increases, customer loyalty will also grow. This is in line with the results of the hypothesis test, which states that relationship marketing has a significant positive effect on consumer loyalty. The results of this study were in line with research studies (Jumaev *et al*, 2012; Barit *at al*, 2018; Husnain dan Akhtar, 2015; Nam *et al*, 2017; Doaei *et al*, 2011; Ruswanti dan Lestari, 2016; Yulisetiari, 2016). However, the results were different from the study (Rizan *et al*, 2014). Relationship marketing is a determinant of consumer loyalty because the better the relationship between the company and consumers will have a positive impact on the creation of customer loyalty. Good relationship marketing will create, build, and retain customers.

b. Relationship Marketing on Consumer Trust

The results of respondents' responses indicated respondents considered relationship marketing variables as an important aspect. Moreover, positive testing results supported it. If the relationship marketing variable increases, consumer trust also improves. This was consistent with the results of hypothesis testing stated relationship marketing had a significant positive effect on consumer trust. These results also had similarities with the research study (Rizan *et al*, 2014). Trust is expensive and takes a long time to achieve. If the company can create and maintain a sustainable relationship with consumers, they will trust the company. Consumers who trust the company will use the company's services continuously and, of course, will be loyal to the company.

c. Consumer Trust on Consumer Loyalty

The results of the respondents' responses reflected the consumer trust variable was something essential. This was, at the same time, supported by the positive test results. If the variable of consumer trust increases, customer loyalty will improve. This was in line with the results of the hypothesis test stated consumer trust had a significant positive effect on consumer loyalty. These results were similar to the studies (Jumaev *et al*, 2012; Barit *et al*, 2018; Husnain dan Akhar, 2015; Nam *et al*, 2017). Companies that succeed in building consumer trust on an ongoing basis will make consumers tend to be loyal to the company. This condition can encourage the creation of long-term and sustainable relationships with consumers and maintain them to stay in the company.

4.0 CONCLUSION

Relationship marketing has a significant effect on consumer trust and customer loyalty. Also, consumer trust becomes the dominant variable in influencing consumer loyalty. It means, if the company can build close relationships with consumers, the level of consumer trust will increase and slowly create customer loyalty. Consumers who are loyal to the company will provide long-term benefits to the company in terms of both increasing company revenue and building a wider network. Relationship marketing becomes an important part of a company's strategy as an effort to meet the needs and desires of diverse consumers.

The research study conducted only use variables related to consumer behavior, so the results are not perfect. For further research, the researchers are expected to involve marketing variables to detect the effects of relationship marketing on the long-term sustainability of the company.

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