

The Effect of Relationship Marketing on Customer Loyalty: A Case Study

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ABSTRACT

This research was conducted at PT.Hasel Milek Jaya Pekanbaru in 2022. The purpose of this study was to determine the effect of relationship marketing on customer loyalty at PT.Hasel Milek Jaya. The population in this study were all customers in 2021 as many as 727 customers. Thus the number of samples is rounded up to 88 consumers, after being calculated by the Taro Yamane formula. The sampling technique was carried out by purposive sampling. Based on the results of the hypothesis test, the calculated t value is $10.832 >$ the t table value is 1.98793, then H_0 is rejected and H_a is accepted. It means that Relationship Marketing has a significant effect on Customer Loyalty at PT. Hasel Milek Jaya. Or the hypothesis has a significant effect because the value of $Sig < 0.05$. It was found that Relationship Marketing contributed to changes in the Customer Loyalty variable by 57.7%, while the remaining 42.3%. (100%-57.7%) influenced by other variables not examined in this study..

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INTRODUCTION

Currently, the paper and pulp industry has become an important industry to meet market needs which will be used as printing paper, wrapping and tissue and other dish utensils. The large market demand for paper and cardboard makes the need for raw materials also increase. Fulfilling this market need makes pulp and paper companies also use waste paper as a mixture other than raw materials derived from trees planted in production forests in Indonesia (Sijabat, 2012; Puspitasari et al., 2022).

Based on the results of the observation that the use of waste paper as a raw material for the industry, it was followed by the emergence of used paper collection companies in Pekanbaru City in the last 10 years. These companies compete with each other with their respective strategies. There are companies with prices (cardboard) that are always above competitors, the edge of the price of mixed/duplex paper is set at a lower price. Meanwhile, other companies set the price of used cardboard at a lower price, but accept all types of paper at a high price or offer prices above competitors and pick-up services and additional incentives for customers (Candrianto et al., 2022; Iskanto, 2016; Widayat et al., 2022).

Competition in the business of collecting cardboard and used paper, each company provides the best service and attracts customers at a higher price than its competitors. The company tries to provide information through WhatsApp and SMS info to maintain relationships with customers. The company will regularly receive information on pricing policies, additional incentives and information on

company holidays. In essence, the company is trying to maintain relationship marketing through various ways to reach customers (Arainru, 2022; Iskanto, 2020; Masyhuri, 2022; Srimulatsih, 2022; Yulihardi et al., 2022).

Relationship marketing is a strategy that is widely applied by companies to gain loyalty from their customers. Companies that have good relationship marketing with customers will generate loyalty and create repeat purchases (Widjaja, 2016).

There are three companies that are active and large in managing and collecting used paper in Pekanbaru City, namely: PT.Hasel Milek Jaya (HMJ) and CV. Karya Pekan which has a management factory located adjacent to Jalan Air Hitam Pekanbaru. Then one more company, namely: PT. Cipta Buana Pekanbaru on Hang Tuah Ujung street.

These three companies are very popular in second-hand goods businesses, providing competitive information. This phenomenon is increasingly visible, when Indonesia was declared a covid 19 pandemic in March 2020, because the price of cardboard and used paper actually moved up. Because the need for wrap and packaging in Indonesia has increased 5 times from before covid.

So CV.Karya Pekan always offers a higher price than PT. HMJ and PT.Cipta Buana. On the other hand, PT. HMJ offers "covid 19 incentives" which are given to drivers who deliver goods. Besides that, PT. HMJ accepts all types of waste paper.

This research was conducted on customers of PT. Hasel Milek Jaya, whose address is Air Hitam Gang: Cendana No. 8, Kayu Cendana Village, Bina Widya District, Pekanbaru City. This company collects used cardboard, used HVS, used newspapers, used books and mix waste. The company's customers come from various corners of Riau Province and the area of West Sumatra which borders Riau Province. The company has approximately 746 customers, mostly individual businesses and several local self-service and modern retail companies nationwide. So after being categorized, individual customers are 727 customers.

The following can be seen the advantages and services of each waste paper management company:

Table 1 :Data on Used Paper Collecting Companies in Pekanbaru

Company	service
PT. Hasel Milek Jaya	<ul style="list-style-type: none"> - Accepts used cardboard, used HVS, used newspapers, used books and all mix waste (Duplex Paper) - Serving pickup of goods to the customer's location with separate conditions - Provide incentives for certain items - Provide transport money for truck/pick up drivers - Minimum number of kilograms once between 400 Kg and do not accept private cars. - Giving gifts to certain (selected) customers. - Routinely provide information to 727 individual customers via WhatsApp and SMS. This channel also receives all customer complaints and is sure to respond.
CV. Karya Pekan	<ul style="list-style-type: none"> - Only Accepts used cardboard and all mix waste (Duplex Paper). Do not accept HVS and Used Books - Have an information channel through WhatsApp and receive all customer complaints. - Accept private cars in the amount of at least 200 Kg - So far, the price of used cardboard is above HMJ and Cipta Buana. At least since July 2020 until now. - Having a location closer to the road, so that the unloading time is faster.

Source: Processed, 2021

The table above only shows the services provided by PT.Hasel Milek Jaya (HMJ) and CV. Karya Pekan. Because these companies are close together, each has its own characteristics. PT. HMJ offers more services, but low cardboard prices. While CV. Karya Pekan offers higher prices and locations that speed up unloading times.

The problems that arise today as research problems are:

1. Currently PT. HMJ revoked incentives, transportation fees and excess money on the one hand and PT. HMJ offers cardboard prices that are the same price as CV. Karya Pekan.
2. Currently, PT. HMJ no longer has a pick-up service using the L-300 Car, but there is still a pickup using a truck with a minimum transportation of 1,600 kg.
3. The company also provides holiday gifts (Eid al-Fitr and Christmas) for selected customers. In fact, before Covid 19 all customers were given an adjusted amount.
4. Currently, HMJ also no longer has employees (leaders) who greet, inform and submit complaints directly like before covid 19. Currently all complaints are through WhatsApp channels and direct telephones.

Based on this phenomenon, the research uses a relationship marketing approach, which is a rational approach for long-term goals in maintaining good relationships with customers. Relationship marketing also means building long-term relationships and bonds between producers, consumers and suppliers as well as other actors.

Relationship marketing is run by the company as a routine activity to maintain itself in the dynamics of the business. Relationship ties are more broadly understood as a tool to maintain customer loyalty. So the essence of relationship marketing consists of three approaches, including: financial ties, social ties, and structural ties (Widjaja, 2017).

Furthermore, previous research found a "research gap", namely: the results of research by PB Ansori (2018) stated that relationship marketing has a positive and significant effect on customer loyalty. Rahmawati's research (2013) confirms that relationship marketing has a significant effect on customer loyalty. While research with different results was conducted by Khotimah et.al (2016) that relationship marketing has no effect on customer loyalty.

Based on the background of the problems seen at PT. Hasel Milek Jaya, the authors are interested in raising this issue in a study with the title: "The Effect of Relationship Marketing on Customer Loyalty at PT. Hasel Milek Jaya". Based on the description of the background of the problem, the formulation of the problem in this study is: "Does Relationship Marketing affect Customer Loyalty at PT. Hasel Milek Jaya?".

LITERATURE REVIEW

Relationship Marketing

Understanding Relationship Marketing

Relationship marketing was first introduced in 1980 by Leonard Berry and Jag Sheth as a direct marketing response that has developed since 1960. There are three main points of the relationship marketing concept, namely obtaining, maintaining and improving the quality of relationships between companies and consumers. These three activities mean that getting new customers is not the focus of the marketing process. But the marketing process is expected to produce close relationships with consumers and consumers become loyal to the products or services they have. So that this relationship is carried out with the best service (Rahmiati, 2010).

This means that relationship marketing is an offer of the best products and services that are the biggest expectations of customers. So that customers can assess relationship marketing from the start, since the company provides service and delivery of goods. And repeat to consumers who make repeat purchases. Until this relationship bond is carried out continuously and for a long time to create customer loyalty.

In the opinion of (Kotler & Keller, 2006), (Shammout et al., 2007), (Zeithaml et al., 2009), and (D.Hutt & W.Speh, 2013) cited by Widjaja (2016) there are 3 approaches that companies can develop in maintaining relationships with customers, namely: 1) Financial Ties. The first approach in building

relationships with customers is financial ties which are economic savings for customers in the form of special discounts, gifts, and others.

- 2) Social Ties. Social ties address customer needs and wants in a more personal way. At this level, relationships with customers are not only due to price incentives provided by the company, but there are social bonds and even friendships between companies and customers, as well as between customers with one another and maintain the emotional feelings of buyers and sellers.
- 3) Structural Ties. Structural ties arise because of the customer's feeling of security or comfort towards the business entity. If the customer feels uncomfortable in dealing with the company, then the customer can leave the company and will switch to competitors.

Customer Loyalty

Understanding Customer Loyalty

Mowen and Minor in Khotimah et.al (2016) define loyalty as a condition of customers who have a positive attitude towards a brand, are committed to the brand, and intend to continue their purchases in the future.

According to Amin Widjaja (2017: 6) that "Customer Loyalty" is attachment to a brand, store, manufacturer, purchase of services, or other entities based on a favorable attitude and good responses such as repurchasing.

Loyalty is defined as an attitude shown by consumers towards the provision of products or services. A consumer will show a loyal attitude if a company is able to provide satisfaction to its customers. According to Kotler and Armstrong in Oktafia (2018), loyalty comes from fulfilling consumer expectations or expectations, while expectations themselves come from previous purchase experiences by consumers, opinions from friends and relatives, promises or information from marketers or competitors.

Indicators of customer loyalty according to Kotler & Keller (2016: 57) are:

1. Repeat, loyalty to product purchases.
2. Retention, Resistance to negative influences on the company.
3. Referalls, Referring company total resistance)

The Effect of Relationship Marketing on Customer Loyalty

Relationship marketing is a way for a company to establish good relationships with its customers so that customers make repeat purchases on an ongoing basis. While Customer Loyalty is consumer loyalty to the product so that they make repeated purchases. The better Relationship marketing carried out by a company, the greater the loyalty given by consumers.

According to Tjiptono (2016: 70), at the strategic level, efforts to achieve customer satisfaction require commitment, both regarding funds and human resources. Relationship Marketing is one strategy to satisfy customers. Relationship marketing affects customer satisfaction because the relationship is an effort to establish long-term positive relationships that are mutually beneficial. The results of Pasaribu's research (2017) show that relationship marketing can increase customer loyalty.

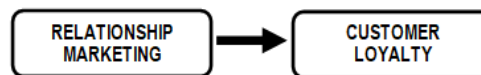
Hypothesis

According to Yam and Taufik (2021: 97) stated that the hypothesis is a temporary statement based on norms related to the phenomenon or research case and will be tested with an appropriate method or statistics.

Furthermore, this provisional statement must be tested further in research through the collection of empirical data. Based on the phenomenon, previous research and literature study, the hypothesis of this research was formulated to be: "It is suspected that Relationship Marketing has an effect on customer loyalty at PT. Hasel Milek Jaya".

Or with a Conceptual Framework as follows:

Image 1



METHOD

This research was conducted at PT. Hasel Milek Jaya whose address is at Jalan Air Hitam Gang. Sandalwood No. 8, Bina Widya District, Pekanbaru. Data analysis techniques using quantitative. With a simple linear regression method, which is a statistical method used to determine the effect of the independent variable, namely Relationship Marketing (X) on the dependent variable, namely Customer Loyalty (Y). The population in this study are customers who sell cardboard and used paper to PT. Hasel Milek Jaya in 2021 is 727 people. With a sample of 88 people with a sampling method based on purposive sampling. According to Sugiyono (2013) Purposive Sampling is a sampling technique with certain considerations. The consideration is the sample that becomes a customer who sells cardboard and used paper. Data collection methods used in this study include questionnaire, interview and observation methods. In accordance with the type and nature of this research, all the data to be collected is arranged systematically and descriptively. The data analysis method used in this study is the Likert scale used to measure attitudes, opinions, and social perceptions, the score of respondents' answers in the study. To assist in processing the data, the SPSS (Statistical Package for Social Science) program was used. While the test equipment used to test the regression equation as well as the coefficient of determination and standard error and to see the effect of the independent variable (independent) on the dependent variable (dependent).

RESULTS AND DISCUSSION

Data Test

In this study, the author uses an instrument in the form of a questionnaire consisting of 9 items Relationship Marketing (X) variables, and 9 item Customer Loyalty (Y) statements.

Validity Test

Test validity aims to determine the items or questions that are valid in determining a variable. The test is done by comparing the value of correlation (r) count with r table. Where the test criteria are if the value of r count > r table, it is said that the question item is valid and if the value of r count < r table, it is said that the question item is invalid and the question is declared invalid.

So the minimum requirement to be considered a valid instrument item is a valid index value is the validity index value 0.3 (Sugiyono, 2013:179). Therefore, all statements that have a correlation level below 0.3 must be corrected because they are considered invalid.

Based on the results of the calculation of the validity of the Relationship Marketing (X) variable as many as 9 items and Customer Loyalty (Y) as many as 9 items, all of these statements are declared valid. This means that the measuring instrument used is valid and can be used as a data collection tool.

Reliability Test

The reliability test is useful for determining whether the instrument, in this case the questionnaire, can be used more than once, at least by the same respondent will produce consistent data. In other words, instrument reliability characterizes the level of consistency. A good reliability coefficient value is above 0.6 (strong), and above 0.8 (very strong). (Sugiyono, 2013:214).

Table 2: Reliability Test Results

Variable	Cronbach's Alpha	Reliable Value	Information
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Relationship Marketing (X)	0.892	0.60	Reliable
Customer Loyalty (Y)	0.911	0.60	Reliable

The results of the reliability test in the table above show that the Alpha coefficient values of the variables studied showed various results and the variables produced Cronbach's Alpha values greater than 0.60. Thus it can be concluded that the measuring instrument used in this study is reliable.

Coefficient of Determination (R²)

The contribution of the independent variable, namely Relationship Marketing (X) to the dependent variable, namely Customer Loyalty (Y) can be calculated by finding the value of the coefficient of determination. From the results of SPSS output obtained:

Table 3 Determination Analysis

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.760 ^a	.577	.572	3.14969

a. Predictors: (Constant), Relationship Marketing

b. Dependent Variable: Customer Loyalty

From these results, the coefficient of determination (R Square) is 0.577 or 57.7%. So it can be concluded that the Relationship Marketing variable contributes to changes in the Customer Loyalty variable by 57.7%, while the remaining 42.3%. (100%-57.7%) influenced by other variables not examined in this study.

t test

The t-test is used to see the effect of the independent variables on the dependent variable partially/one by one, here are the results of the SPSS output for the t-test. Based on the results of calculations using SPSS, the following data were obtained:

Table 4 t test results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8,511	2.269		3,751	.000
Relationship Marketing	.735	.068	.760	10,832	.000

a. Dependent Variable: Customer Loyalty

Based on table 4 above, the t value for Relationship Marketing (X) is (10,832). While the critical value according to the table with a significance level of 5% using the t table formula ($\alpha / 2$; $n - k$) $k = 2$ and $n = 88$ is 1.98793.

If the value of $t_{\text{count}} < t_{\text{table}}$, then H_0 is accepted, this means that there is no significant or significant effect of the Relationship Marketing variable on Customer Loyalty. Conversely, if the value of $t_{\text{arithmetic}} > t_{\text{table}}$ then H_0 is rejected, this means that there is a significant or significant influence by the Relationship Marketing variable on Customer Loyalty. Value $t_{\text{count}} = 10,832 > t_{\text{table}} = 1,98793$. This means that there is a significant effect of Relationship Marketing variables on Customer Loyalty at PT. Hasel Milek Jaya.

DISCUSSION

Effect of Relationship Marketing (X) on Customer Loyalty (Y) at PT. Hasel Milek Jaya.

The Relationship Marketing variable has 9 question items. Judging from the table of constant test results and simple linear regression coefficients, it is known that for every 1 point increase in Relationship Marketing, Customer Loyalty will also increase by 0.735. Based on the results of simple linear regression, an equation that has a positive relationship direction means that if Relationship Marketing (X) increases then Customer Loyalty (Y) at PT. Hasel Milek Jaya Pekanbaru will experience an increase.

Based on the results of hypothesis testing, it is assumed that the variable *Relationship Marketing* effect on Customer Loyalty (Y) at PT. Hasel Milek Jaya Pekanbaru is proving significant. Where Relationship Marketing (X) has a value of $t_{\text{count}} (10.832) >$ from the value of $t_{\text{table}} (1.98793)$ and a significance value (P Value) of 0.000 which is below 0.05 and a regression coefficient value of 0.735.

It means that in this study PT. Hasel Milek Jaya must strive to increase customer loyalty with various things in Relationship Marketing with three approaches, namely: financial ties, social ties, and structural ties.

PB Ansori (2018) states that relationship marketing has a positive and significant effect on customer loyalty. Rahmawati's research (2013) confirms that relationship marketing has a significant effect on customer loyalty.

Conclusion

The conclusions of this study Based on the results of the t test that the significant influence of the Relationship Marketing variable on Customer Loyalty at PT. Hasel Milek Jaya. Relationship Marketing contributes to changes in the Customer Loyalty variable by 57.7%, while the remaining 42.3%. (100%-57.7%) influenced by other variables not examined in this study

Suggestion

From the conclusions of the research above, the authors can provide input as follows:

1. PT. Hasel Milek Jaya is advised to improve Relationship marketing, especially in terms of rewarding customers in the form of incentives, transportation fees and other benefits during the holidays, which have reduced economic value.
2. PT. Hasel Milek Jaya is advised to show employees who are tasked with greeting and serving questions and input from customers related to the development of the used paper and cardboard business in the field so that they can be the basis for consideration in making quick decisions related to winning the competition in this business.
3. For further researchers, it is necessary to conduct further research on variables other than the variables in this study.

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