THE INFLUENCE OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN SMALL AND MEDIUM ENTERPRISES (UKM) IN BATAM CITY

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Abstract

Direct marketing is very good at focusing strategies to promote specific products and services and contacting consumers to provide clearer information, analyzing characteristics and recording consumer trends. In addition, direct marketing also allows companies to choose the right and specific consumers so that customer loyalty occurs. This study aims to determine the effect of trust, commitment, communication, and conflict management on customer loyalty. This research uses descriptive quantitative method which is causal and comparative. The data were obtained by sharing the google form link with 400 respondents, namely people in Batam City as the research sample. The sampling method used was nonprobability sampling and the determination of the sample used purposive sampling. Furthermore, the data were analyzed using the SPSS version 24 application. Based on a series of statistical test results, it is found that the creation of customer loyalty by paying attention to variables, trust, commitment and communication has a significant positive effect on customer loyalty. Meanwhile, conflict management has no significant effect on customer loyalty.

Keywords: *Customer Loyalty, Relationship marketing, Trust, Commitment, Communication, Conflict Handling.*

INTRODUCTION

Indonesia's progress and development in the economic sector, including in the business sector, is growing rapidly. The rapid development of the economy in the business sector has resulted in a lot of competition between these companies. To continue to survive, be able to dominate the market and also be able to compete in business, companies must be able to look for opportunities for existing businesses to apply marketing strategies that are in line with targets, so companies must also create their own competitive advantage. Companies that will achieve competitive advantage are companies that are capable and have the ability to always pay attention to customer service which can grow consumer loyalty on an ongoing basis (Pandapotan et al., 2019). Companies that are_able to adapt_to what will happen in the market are like buyers who are not loyal to what they buy. What companies should do is look at their own company's competitive advantage by doing relationship marketing. Relationship marketing is a company strategy for getting to know and serve valuable customers well (Suci, 2017).

Direct marketing is very good at focusing strategies on promoting specific products and services and contacting consumers to provide clearer information, analyze characteristics and record consumer tendencies. Apart from that, direct marketing also allows companies to choose the right and specific consumers so that customer loyalty occurs. With a long-term goal to generate sustainable profits from current and new customer groups. Loyalty is the final result of a transaction, which is referred to as feedback or an attitude and intention to express customer satisfaction (Wijayanto, 2017). When making a purchase, consumers can plan and consider according to priority needs. This consideration is important because consumers in Indonesia are considered to have a character without planning when making purchases and often buy at the "last moment" (Sari, 2014).

METHODS

The research method used in this research is a quantitative method. According to Sugiyono (2013) quantitative research is a research method that is based on positivism and aims to test the hypothesis determined by the researcher. Furthermore, this research is causal comparative in nature which aims to investigate the possibility of a cause-and-effect relationship through observing the existing effects. Then we trace back the factors that might be the cause through certain data (Sugiyono, 2013). Judging from its objectives, this research is included in basic research which aims to develop and evaluate theoretical concepts and theory development (Indriantoro & Supomo, 2013).

Data was obtained using a survey method by giving questionnaires to the research sample. A questionnaire is a research measuring tool that contains several statements and must be filled in according to the respondent's experience. The scale in this measurement uses a Likert scale. The Likert scale is used to measure a person's attitudes, opinions and perceptions related to the social phenomenon being studied (Sugiyono, 2013). The answer in the measurement using a Likert scale consists of 5 choices.
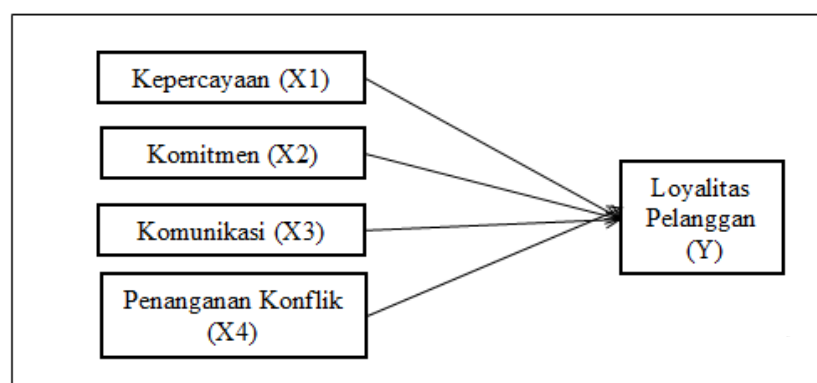
Based on the research background, existing problems, research objectives and the conceptual framework contained, it can be drawn.

H1: Trust has a positive and significant effect on customer loyalty.
H2: Commitment has a positive and significant influence on customer loyalty.
H3: Communication has a positive and significant influence on customer loyalty
H4: Handling Conflict Has a Positive and Significant Influence on Customer Loyalty.

Research Population

According to Sugiyono (2014), population is a generalized area or place consisting of subjects/objects seen from certain characteristics that have been determined by the author to be understood and studied so that conclusions can be drawn. The population in this research is all consumers who buy from SMEs in the city of Batam, and the total population is all residents of the city of Batam, data from the Batam city government office, which totals 1,107,551 (2019) people and all buyers aged teenagers to adults and male and female.

Research Sample

Sample is a part or element of a population that is considered to represent the population to be studied (Indriantoro & Supomo, 2013). The use of samples in research will really help researchers in describing the entire population. Therefore, the research subjects who will be the sample must be representative or representative of the research population. The samples taken in this research used non-probability sampling techniques and the samples were determined using purposive sampling. According to Sugiyono (2013) purposive sampling is a sampling technique based on characteristics that have been determined and considered by researchers so that the data obtained can be more representative.

Classic Assumption Test

Next, a classical assumption test was carried out consisting of a normality test, multicollinearity test and heteroscedasticity test. The normality test can be seen visually through the Kolmogorov Smirnov normal. It can be seen from the Sig asymp value that it is 0.55 > 0.05 because the significance value is greater than 0.5. The data is normally distributed. The multicollinearity test was carried out to determine whether the independent variables studied were not correlated with each other. Multicollinearity testing can be seen through the VIF (variance inflation factor) values. If the VIF value < 10 then there is no multicollinearity between the independent variables so that the non-multicollinearity assumption is met. Heteroscedasticity testing is carried out to determine whether in the regression model there is inequality in the variance of the residuals. The heteroscedasticity test can be observed visually in the scatter plot. The model does not have heteroscedasticity problems if the points on the scatter plot do not form a certain pattern and are above and below the number 0 (zero) on the Y axis.

Hypothetical Test

Hypothesis testing consists of the F test, t test and adjusted R square coefficient of determination test. The t test aims to see the influence of each independent variable partially. The F test aims to determine the effect of independent variables simultaneously on the dependent variable. The testing criteria for the F test are seen based on the significance value. If the significance value is > 0.05, the decision is to accept Ho or the Independent variable simultaneously has no significant effect on the dependent variable. If the significance value is <0.05, the decision is to reject Ho or the independent variable simultaneously has a significant effect on the dependent variable. The basic t test shows the extent of the influence of 1 independent variable individually to describe the dependent variable (Kuncoro, 2018). With the condition that if t count

< t table and is assessed as significant < 0.05, then H0 is rejected and it can be concluded that the independent variable has a significant effect, there is a dependent variable (Lie & Sadjiarto, 2013).

RESULTS AND DISCUSSION

Distribution distributed via online media. The instrument distributed to respondents via online media was Google Form. To get valid results, examiners used SPSS 24 software. The following is the total questionnaire data received, with the reduction of respondents using outlier testing that has been carried out. The number of questionnaires distributed was 420 online questionnaires.

Table 1. Respondent Demographics

Respondent Demographics	Total	Percentage
Gender		
Male	225	56.25
Female	175	43.75
Age		
17-25 th	122	30,5
26-35 th	232	58,0
36-45 th	39	9,8
46-55 th	7	1,8
>56 th	0	0,0
Last education		
Elementary School	0	0
Junior High	3	0,8
SMA/SMK	238	59,5
Diploma (D3)	35	8,8
Bachelor Degree (S1)	106	26,5
Megister (S2)	15	3,8
Doctoral (S3)	3	0,8
Income		
<3.000.000	73	18,3
3.000.001 - 5.000.000	238	59,5
5.000.001 - 8.000.000	66	16,5
8.000.001 - 10.000.000	13	3,3
> 10.000.001	10	2,5

Resource: SPSS,24

From the data above which can be seen in table 1. In this research it can be concluded as follows: The most dominant gender is male with a frequency of 225 while the lowest is female with a frequency of 175, while the most dominant age is between 26-35 with a frequency of 232 and the lowest is > 56 years old with a frequency of 0 or none. while education is more dominant in SMA/SMK with a frequency of 238 while the lowest is elementary school with a frequency of 0 or none, and the most dominant income level is income 3,000,001 - 5,000,000 with a frequency of 253 and the lowest is income > 10,000,001 with a frequency 10.

Table 2. Respondents' Responses to Question Indicators

Variabel		N	Min	Max	Mean	Standard Deviation
Trust (X1)					**3,59**	**0,60**
Statement	1	400	2,00	5,00	3,65	0,51
	2	400	2,00	5,00	3,42	0,56
	3	400	2,00	5,00	3,64	0,64
	4	400	2,00	5,00	3,57	0,62
	5	400	2,00	5,00	3,64	0,67
	6	400	2,00	5,00	3,63	0,61
Commitment (X2)					**3,67**	**0,62**
Statement	1	400	2,00	5,00	3,80	0,55
	2	400	2,00	5,00	3,49	0,65
	3	400	2,00	5,00	3,66	0,63
	4	400	2,00	5,00	3,75	0,67
Communication (X3)					**3,67**	**0,64**
Statement	1	400	3,00	5,00	3,70	0,62
	2	400	3,00	5,00	3,71	0,64
	3	400	2,00	5,00	3,63	0,62
	4	400	1,00	5,00	3,65	0,68
Conflict Handling (X4)					**3,84**	**0,64**
Statement	1	400	2,00	5,00	3,62	0,63
	2	400	2,00	5,00	3,48	0,65
	3	400	2,00	5,00	3,65	0,65
Customer Loyalty (Y)					**3,67**	**0,65**
Statement	1	400	3,00	5,00	3,85	0,61
	2	400	1,00	5,00	3,62	0,65
	3	400	2,00	5,00	3,69	0,64
	4	400	2,00	5,00	3,92	0,64
	5	400	2,00	5,00	3,93	0,68
	6	400	2,00	5,00	4,04	0,68

The results of descriptive statistical tests can be seen in table 4.3 in data testing, namely descriptive statistical tests of data from each variable. Descriptive statistical tests were carried out to see variations in the data that had been obtained. The value of data variation can be seen in the standard deviation value, a high value indicates that the data is increasingly varying. Based on descriptive statistical tests, it was found that commitment, communication, conflict handling and customer loyalty had high standard deviation values. Meanwhile, beliefs with a lower standard deviation value indicate that the data obtained does not vary too much.

Outlier Test

The outlier test is carried out to detect data that has extreme values or values that deviate far from the average value. Determination of the z-score value must be adjusted to the number of samples used in the research. If the sample is > 80 then the z-score value for a data or question is not less than -3.0 and not more than 3.0. If data has a value above 3.0 then the data is considered an outlier and the data cannot be processed in further analysis tests. Through the analysis carried out on the initial sample of 420 respondents, the researchers found 20 respondents who were outliers. This data has a deviant z-score value, namely below -0.3 and above 3.0. So the data must be deleted and is considered inappropriate for filling in the data in the questionnaire given. So the remaining 400 data are suitable for further analysis tests.

Validity Test Results

The validity test was carried out with the aim of seeing the accuracy of the measuring instrument provided in measuring the construct that you want to examine (Indriantoro et al., 2013). A question is said to be valid if it has a correlation value > 0.3, but if the correlation value is < 0.3 then the question item is considered invalid (Sugiyono, 2013). The validity test results for each question item can be seen in the following table.

Table 3. Validity Test Results

Variable	Item		Validity Value	Information
Trust (X1)	Trust X1.1		0,522	
	Trust X1.2		0,310	
	Trust X1.3		0,656	
	Trust X1.4		0,594	*valid*
	Trust X1.5		0,612	
	Trust X1.6		0,582	
Commitment (X2)	Commitment	X2.1	0,633	
	Commitment	X2.2	0,577	*valid*
	Commitment	X2.3	0,615	
	Commitment	X2.4	0,719	
Communication (X3)	Communication	X3.1	0,705	
	Communication	X3.2	0,495	
	Communication	X3.3	0,643	*valid*
	Communication	X3.4	0,706	
Conflict Handling (X4)	Penaganan Konflik X4.1		0,781	
	Penaganan Konflik X4.2		0,656	*valid*
	Penaganan Konflik X4.3		0,753	
Customer Loyalty (Y)	Loyality Y.1		0,651	
	Loyality Y.2		0,589	
	Loyality Y.3		0,519	*valid*
	Loyality Y.4		0,621	
	Loyality Y.5		0,639	
	Loyality Y.6		0,598	

Reliability Test Results

The test results above show that trust, commitment, communication, conflict handling and customer loyalty are all assumed to be reliable. This is because the figure obtained from the study data is ≥ 0.6.

Table 5. Reliability Test Results

Variable	*Cronbach's Alpha*	Conclusion
Trust	0,714	
Commitment	0,744	
Communication	0,745	*Reliable*
Conflict Management	0,791	
Customer loyalty	0,741	

Normality Testing

The normality test aims to ensure that the sample data is normally distributed or not. Normality test results can be seen in the Kolmogorov-Smirnov value table or visually by looking at the Normal P-Plots graph (Sumanto, 2014).

Figure 1. P-P Plot Normality Test
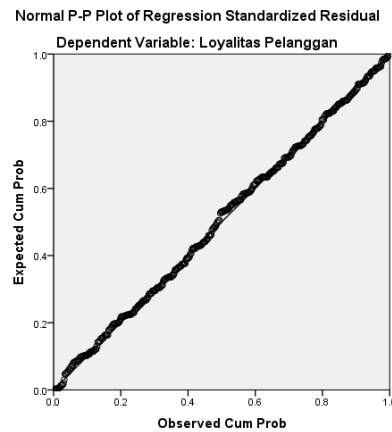
It can be seen from the visualization that it shows a plot according to the P-Plot graph, it appears that the data extends from bottom to top all around and accompanies the diagonal line. This shows a normal distribution.

Multicollinearity Testing

Multicollinearity testing is the presence of a perfect or near perfect linear correlation between a number of independent variables. Multicollinearity test in terms of VIF and tolerance. The limit is the tolerance value > 0.1 or VIF < 10 so that multicollinearity does not occur. Multicollinearity test results in this study:

Table 6. Multicollinearity Testing

Variable	Tolerance	VIF
Trust	0.485	2.060
Commitment	0.403	2.484
Communication	0.464	2.156
Conflict Management	0.476	2.100

According to the data, 4 independent variables have VIF < 10 and Tolerance > 0.10, which is the tolerance limit set so that multicollinearity does not occur in these independent variables.

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Heteroscedasticity Test Results

Figure 2. Heteroskedastisitas
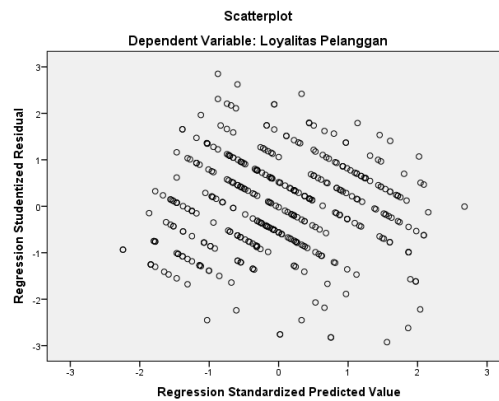
The visualization above shows that there is no clear pattern and the points extend above and below the 0 value of the Y axis. If the expansion of the data appears random and does not create a special pattern then it can be considered that heteroscedasticity is not occurring.

Hypothesis testing
F Test Results

The influence of the independent variable on the dependent variable can be determined by carrying out the f test. A significant value of less than 0.05 means that the independent variable has a significant effect on the dependent variable. However, if the significant value is greater than 0.05, it can be concluded that the independent variable has no significant effect on the dependent variable..

Tabel 7. F Test results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	879.777	4	219.944	64.089	.000[b]
Residual	1355.583	395	3.432		
Total	2235.360	399			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Conflict Management, Communication, Trust, Commitment

The F test results in the table show an F number of 64,089 with a probability level of 0.000. The probability level is 0.000 < 0.05, so it is assumed that trust, commitment, communication and conflict handling simultaneously influence customer loyalty in SMEs in the city of Batam.

Test Results t
Tabel 1 t Test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.709	1.049		7.350	0.000
Trust	0.195	0.066	0.109	1.438	0.041
Commitment	0.458	0.091	0.311	5.031	0.000
Communication	0.327	0.083	0.228	3.963	0.000
Conflict Management	0.162	0.094	0.097	1.716	0.087

a. *Dependent Variable:* Customer loyalty

Based on the t test analysis results table above, it can be explained that Trust shows a value in terms of the t number, namely 1.438 and a significance of 0.041 < 0.05. Thus, trust has a significant positive influence on customer loyalty. From the data taken with 400 respondents, it can be concluded that Trust is said to be successful

Commitment shows the value in terms of the t number, namely 5.031 and a significance of 0.000<0.05. Thus, commitment has a significant effect on customer loyalty. This is understandable considering that high levels of commitment will make customers maintain the good relationships that have been established with service providers.

Communication has a significant influence on customer loyalty. In the results of the t test, the t number can be seen, namely 3.963 and the significance number is 0.000<0.05. So it can be concluded that communication has a significant effect on customer loyalty.

Then the handling of conflict shows that the t test results can be seen as the t number is 3.963 and the significance is 0.381 > 0.05. These results indicate that the conflict handling variable does not have a significant effect on customer loyalty.

The results of the R Square test

That have been carried out on the variables used in this research are as follows.

Tabel 9. The results of the R Square test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627ᵃ	0.394	0.387	1.853

a. *Predictors: (Constant),* Conflict Management, Communication, Trust, Commitment
b. *Dependent Variable:* Customer loyalty

In the table above, it can be seen that the R2 test shows the adjusted R square, namely 0.387. This value shows that trust, commitment, communication and conflict handling are able to explain the dependent variable of customer loyalty, namely 38.7%, the excess of 61.3% is influenced by other variables. Estimates of other influencing variables that were not involved in the research such as satisfaction, service quality, product quality, company image, brand image and others.

CONCLUSION

The results of the study reveal that trust has a significant effect on customer loyalty in SMEs in the city of Batam. Thus, trust has a significant positive influence on customer loyalty. Customers who have high trust have a tendency to become loyal customers. The results of this research are in line with previous research conducted by (Razak, 2018; Munandar, 2019; Sangadji et al., 2013; Andhini, 2017; Khotimah et al., 2016).

The research results reveal that commitment has a significant effect on customer loyalty in SMEs in the city of Batam. If SMEs provide commitment to customers, they can increase customer loyalty so that repeat product purchases occur. The results of this study are in accordance with previous research conducted by (Alrubaiee et al., 2010; Nikmah, 2017; Razak et al., 2016; Ashari et al., 2013; Osman et al., 2013).

The results of the study reveal that communication has a significant effect on customer loyalty in SMEs in the city of Batam. To achieve customer loyalty, good communication is needed so that all errors in communication do not occur. This is in line with previous studies such as (Osman et al., 2013; Vuuren et al., 2013; Subroto, 2013; Anggia et al., 2016).

The results of the study reveal that handling conflict does not have a significant effect on customer loyalty in SMEs in the city of Batam. Handling conflict well will not make customers loyal. This research has the same results as previous research conducted by (Safitri, 2011).

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