The Role of Satisfaction as Moderation to the Effect of Relational Marketing and Customer Value on Customer Loyalty

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Competition in product marketing requires entrepreneurs to integrate various marketing strategies. The factors of customer loyalty creation need to be known by marketers. This study aims to analyse the role of satisfaction as moderation to the effect of relational marketing and customer value on customer loyalty. This is a survey research. The population is traditional food stall consumers. Research like this has never been done, especially in the micro business segment, which is run traditionally. A total of 100 samples are selected by purposive random sampling. Data is collected by interviews, observations and questionnaires. The data is analysed by SEM (structural equation modelling) with AMOS 20. The results show that relational marketing, customer value, and satisfaction affect customer loyalty. Satisfaction does not moderate the effect of relational marketing and customer value on customer loyalty. This means that satisfied consumers are not directly loyal; there are other variables of consumer behaviour that also effect customer loyalty. Traditional stalls should provide a suggestion box to receive complaints and advice from consumers, as well as new menus that are not yet available, to improve service quality.

Key words: Stalls, relational marketing, customer value, satisfaction, loyalty.

Introduction

The culinary business has developed rapidly in recent years. The consequence is that the competition between them also increases. Creating a positive perception of products sold in consumer minds is an important success factor to sell products (Chen, 2007; Belleau et al,
With the rapid changes in food industry, companies must be able to understand consumer demands and needs. Consumer behaviour and preferences for a product will continue to change from time to time, and the growth of the food and beverage industry is affected by rapid changes in customer preferences (Nisar, 2014: 137; Abdullah, 2011: 525). Changes in consumer behaviour and preferences occur because the existing strategies cannot work optimally. Therefore, research on consumer behaviour becomes important for all products throughout the world (Nisar, 2014: 137).

Culinary businesses also need to communicate their products by touching the consumer’s emotion. Satisfying the consumers’ needs and establishing close relationships with customers consistently and continuously are ways to get loyal customers. The strategy often used by businesspeople in the culinary field when facing competition is to provide products at low prices. They assume that consumers only consider prices in the purchasing decisions (Raharjo, 2016; Hidayati & Lukiyanto 2019), even though this assumption is not entirely true.

The competition in culinary field ranges from roadside shops, which are often referred to as stalls, to large luxury restaurants. It requires business owners to make a marketing breakthrough (Desai, 2013). Some restaurants offer various appetising, and high-quality foods (Fiani & Japarianto, 2012) to create their own characteristics. Some others made a breakthrough by providing a unique and comfortable place. Each tried to find a breakthrough to market their business. The use of different strategies is related to business scale (Harrigan, Ramsey & Ibbotson, 2011).

The similarity of foods sold by stalls and restaurants also adds to the fierce competition between them. The lack of taste standardisation makes it difficult to taste food exactly. Consumers have different perceptions about the taste of food. Good to one person is not necessarily good for others. This shows that competition between food entrepreneurs is unique and certainly increases the level of difficulty in culinary business competition (Wheelan & Hunger, 2006). Malang is one city in East Java that becomes a tourist destination in Indonesia. Various types of tours such as nature tourism, cultural tourism and modern tourism are provided in Malang City. Malang also began to develop interesting culinary attractions to support the development of tourism. Traditional stalls from the past to modern restaurants have sprung up and developed to support the improvement of tourism business (Hutabarat, 2015).

It is quite difficult to distinguish traditional food stalls and restaurants. No research has been found to define these two things. Based on their characteristics, the two have striking differences. The capital of restaurant is certainly much greater. Restaurant management has been managed professionally with a modern management system. Based on location and area, they also look different. The stalls are located alongside a small road and don't look fancy, while the restaurant is the opposite. Restaurants sell more expensive food and are taxed.
Traditional stalls in Malang have the shape of old buildings or are modified with old model interiors. These are usually equipped with antique displays such as village leader tables, stools, carts, dimples, ancient Javanese cupboards, ancient lamps, ancient jars and others. The items are neatly arranged to make visitors feel like they are living in an old village with aims to improve service to customers. Services that satisfy customers will make them want to repurchase (Cheng, 2014). Consumers of traditional stalls may not complain if they are not satisfied, but they will not repurchase. Another tendency is they will tell many people about their negative experiences. The absence of complaints or input from customers is dangerous for the continuity of food business. Business owners never know what causes customers leave. Thus, it will be easier to manage satisfaction than to disappoint them.

Therefore, traditional stalls in Malang try to display certain characteristics. They are aware of the importance of providing services to customers. Culinary businesses need various efforts to keep customers loyal and not switch to competitors. Gaffar (2007: 70) stated that loyalty is a consumers commitment to repurchase consistently the selected products or services in future, even though the situation and marketing efforts have the potential to cause behavioural changes.

The company has many ways to build customer loyalty. One of them is to foster and establish good relationships with customers, so that the company can recognise and understand customer needs and desires (Fiore et al., 2013; Ermani & Lukiyanto, 2019). Relationship Marketing is an effort to attract customers and improve relationships with customers (Sulistyo and Siyamtinah, 2016, Cheng, 2014). It can be said that relationship marketing is an effort to know consumers better so that companies can meet the needs and desires of their customers. (Zulkifli, 2012: Fiore et al., 2013). Relationship Marketing aims to approach consumers and create a two-way relationship. The relationship should be a partnership, not a relationship between seller and buyer. It is intended to produce long-term sustainable profits (Yang et. al., 2019, Zhou, 2015).

Customer value is the difference between the value enjoyed by customers when using a product and the cost (Tjipnton, 2006 ; Suarniki et al., 2019). A focus on customer value can drive service performance and can create satisfaction. A service product has high value in a consumer’s eyes if it can provide the minimum quality, benefits and sacrifice. Customer value involves two-way communication between the customer and Traditional Shop where the relationship is created after the consumer knows and gives a positive assessment to the product or service offered.

Satisfaction is the attention focus of almost all retailers in Indonesia. Customer satisfaction is important for service providers. They will disseminate their satisfaction to other potential customers and a satisfied customer can benefit the company (Ishak and Lutfi, 2011: 56).
Satisfaction and loyalty become very important to increasing profits so companies should maintain good relations with customers.

Research Methods

This is a survey research on traditional food stall consumers in Malang. The reason to choose this business type is that they still run the business as it is. They differ with restaurants that are managed professionally and use a modern management system. This study seeks to understand the efforts of traditional stalls to implement relationship marketing strategies and customer value to increase satisfaction and loyalty. The population are consumers of traditional stalls in Malang. The sample was determined by as many as 100 respondents who have come to traditional stalls with non-probability sampling technique. Data collection techniques include interviews, questionnaires and observation. The collected data was analysed by SEM (Structural Equation Modelling) with AMOS 20 software. The descriptive analysis and full model are analysed by Confirmatory Factor Analysis (CFA). CFA analysis for each variable determines the validity and reliability of items. Loading factors which are less than 0.50 will be removed from the model. Another criterion to measure model feasibility is the value of goodness of fit index (GFI).

Hypothesis

This study analyses the effect of relational marketing and customer value on customer loyalty, both directly and indirectly through satisfaction as a moderation variable. The hypotheses can be stated below.

H1: Relational marketing has a significant effect on customer loyalty
H2: Customer value has a significant effect on customer loyalty
H3: Satisfaction has a significant effect on customer loyalty
H4: Satisfaction moderates the effect of relational marketing on customer loyalty
H5: Satisfaction moderates the effect of customer value on customer loyalty

Research Results

The majority of respondents are between 31-40 years old at 32%. 26% are -50 and 11% are above 50 years old. 60% are males, 31% have a high school education with an income of IDR 5,000,000 to IDR 9,999,999. - 40%, respondents came from unfortunate circumstances are 56%. 37% worked as entrepreneurs and the rest are students and civil servants.

This descriptive analysis emphasises the explanation of respondents' answers on a number of items in this study. The analysis is separated based on the description of each item on each
variable. The aim is to assess the reliability of the instrument and the distribution of respondents' answers.

Inferential Analysis will test the full structural equation model (SEM). Latent variables in the research model will be examined by discussing the reliability level of items in constructing the variables through confirmatory factor analysis (CFA) to evaluate Unidimensionality, CFA, and Goodness of Fit Model.

The initial step before testing the full model in SEM is the Confirmatory Factor Analysis (CFA) model of each variable. This step is usually called the two-step approach. The CFA test will exclude the items with a low loading factor below 0.50.

Unidimensionality is a necessary condition to analyse construct reliability and validity (Anderson and Gerbing, 1991 in Ferdinand, 2002). Another criterion used to measure model feasibility is the value of goodness of fit index (GFI). The minimum expected value for GFI is 0.90 (Hair, 1995). GFI results above 0.90 mean that the item’s reliability is acceptable.

**Model Confirmatory Factor Analysis (CFA)**

CFA examines the validity and reliability of items in constructing latent variables. The item’s feasibility is based on loading factors, composite reliability (CR) and average variance extracted (AVE). The results show that relational marketing variables have very good construct reliability. The customer value variable has good discriminant validity. Satisfaction has very good discriminant validity.

**Evaluation of Goodness of Fit Model**

Satisfaction is moderates the relationship between relational marketing and customer value on loyalty. The hypothetical proof model for moderation is displayed by the addition of two new constructs, namely the interaction of satisfaction and relational marketing as well as the interaction of satisfaction and customer value. The two additional constructs is calculated without interaction to produce the latent variable score (LVS) of relational marketing construct, customer value and satisfaction. Furthermore, hypotheses are analysed with the Satisfaction variable as a moderator in the relationship between relational marketing on loyalty and customer value on loyalty. The results with additional Satisfaction as moderation variable are shown in Figure 1.
Structural Equation Modeling (SEM) becomes more popular in behavioural studies as a statistical method to test various relationships in a model (Kerlinger, 2000). This method has a better function than other multivariate techniques such as multiple regression analysis, path analysis and factor analysis (Maruyama and McGarvey, 1980). SEM has been used successfully to analyse problems in social science studies (Joreskog and Sorbom, 1982). AMOS 20 software is used to evaluate the validity and causality between variables of this model (Arbukle & Wothke, 1999).

The results of the path coefficient test in the initial model show that three path coefficients statistically have significant effects (p <0.05). Customer value is significantly explained by relational marketing. Satisfaction is explained by relational marketing and customer value, as shown in table 1.
Table 1: Regression Coefficient Test Results on Hypothesis Model

<table>
<thead>
<tr>
<th>Effect From</th>
<th>To</th>
<th>Coefficient</th>
<th>CR</th>
<th>p</th>
<th>Coefficient</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational</td>
<td>Loyalty</td>
<td>0.255</td>
<td>2.121</td>
<td>0.034</td>
<td>0.267</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer</td>
<td>Loyalty</td>
<td>0.525</td>
<td>3.432</td>
<td>&lt;0.001</td>
<td>0.442</td>
<td>Significant</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Loyalty</td>
<td>0.198</td>
<td>1.698</td>
<td>0.089</td>
<td>0.201</td>
<td>Significant</td>
</tr>
<tr>
<td>Relational x S.</td>
<td>Loyalty</td>
<td>-0.161</td>
<td>-1.222</td>
<td>0.222</td>
<td>-0.109</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Customer x S.</td>
<td>Loyalty</td>
<td>0.547</td>
<td>2.748</td>
<td>0.006</td>
<td>0.250</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Table 1 shows one insignificant pathway (p> 0.05). First is the effect of satisfaction on loyalty and the effect of relational marketing and satisfaction on loyalty. The coefficient of satisfaction on loyalty is not significant because the satisfaction is proven to moderate the relationship between customer value and loyalty. The coefficient between relational marketing and satisfaction on loyalty is not significant because satisfaction is not proven to moderate the relationship between relational marketing and loyalty.

AMOS 20 computation for this SEM model generates goodness of fit indexes. Furthermore, index values will be compared with the critical value (cut-off value) of each index. A good model is expected to have goodness of fit index criteria that meet critical value limits. For the initial test results show that not all indicators can be accepted.

The initial model often generates unsatisfactory results. The model should be evaluated or re-specified. The evaluation of this model should improve the model fit under study. This is commonly done by researchers, although some people are criticised and call it a "data-driven statistical conclusion" (Chin and Todd, 1995).

There are two approaches in model re-specification. First is 'trimming theory' to answer which parameters will be removed in order to improve the suitability of model (Dillon, 1984; Pedhazur, 1982). The second is 'theory building' to add parameters to improve model suitability. The second way is commonly known as modification indexes (MI). One recommendation from MI is the correlation between error indicators (in this model it deals with error items). Reddy (1992) suggests that calculation results of MI for large and rational values between error indicators should not be ignored. Theoretically this item relationship is difficult to find, but with an empirical approach the addition of these parameters can be done. The evaluation of this model removes the insignificant path coefficient, namely the path of relational marketing and satisfaction with customer loyalty. Figure 2 shows modelling after evaluation.
Figure 2. Evaluation Model Results

Figure 2 shows the evaluation of model hypothesis. Table 2 shows summary results of the analysis and the recommended values to measure the model feasibility. It is better than the initial model, and all the criteria have met the recommendations.
Table 2: Criteria of Models Fit Index Evaluation

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Results</th>
<th>Critical Value</th>
<th>Model Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Absolute fit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chi-square ($\chi^2$)</td>
<td>101.379</td>
<td>( \leq 114.27 )</td>
<td>Good</td>
</tr>
<tr>
<td>Probability</td>
<td>0.095</td>
<td>( \geq 0.05 )</td>
<td>Good</td>
</tr>
<tr>
<td>Degree of Freedom</td>
<td>84</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GFI</td>
<td>0.890</td>
<td>( \geq 0.90 )</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.046</td>
<td>( \leq 0.08 )</td>
<td>Good</td>
</tr>
<tr>
<td><strong>Parsimony fit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>1.207</td>
<td>( \leq 2.00 )</td>
<td>Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.842</td>
<td>( \geq 0.90 )</td>
<td>Marginal</td>
</tr>
<tr>
<td><strong>Incremental fit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>0.975</td>
<td>( \geq 0.95 )</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>0.969</td>
<td>( \geq 0.95 )</td>
<td>Good</td>
</tr>
</tbody>
</table>

Source: statistical output

The model fit test results for absolute fit contains chi square, GFI and RMSEA values that meet the requirements. The GFI value of 0.890 is marginal because it has a value between 0.80-0.90. RMSEA = 0.046 has a good status because it is less than 0.08. A GFI value of 0.890 means that 89.0% of population covariance matrix can be explained by the sample covariance matrix. The results of the test model with chi-square produce a value of 101,379 with a probability of 0.095. These results explain that variance-covariance matrix from empirical data is the same as the proposed model (prob > 0.05). The absolute fit component of this structural model is acceptable. CFI and TLI values have reached 0.975 and 0.969 and are good because they are above 0.95. The criteria in parsimony fit have not been met. The evaluation results of this model are acceptable, because the parsimony fit component meets the recommendation limit.

The model fit index in incremental fit section consists of CFI and TLI values. The Tucker Lewis Index (TLI) value recommends at least 0.90 and the results of TLI model calculation have reached 0.969. While the feasibility index with Comparative Fit Index (CFI) recommends a value of at least 0.90 and the calculation result has reached 0.975. It means the incremental fit component of this structural model can be accepted.

**Hypothesis Testing**

Table 3 shows the results of hypotheses testing.
Table 3: Summary of Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypothesis Statement</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Relational marketing affects loyalty</td>
<td>Accepted</td>
</tr>
<tr>
<td>2</td>
<td>Customer value affects loyalty</td>
<td>Accepted</td>
</tr>
<tr>
<td>3</td>
<td>Satisfaction affects loyalty</td>
<td>Accepted</td>
</tr>
<tr>
<td>4</td>
<td>Satisfaction moderates the effect of relational marketing on loyalty</td>
<td>Rejected</td>
</tr>
<tr>
<td>5</td>
<td>Satisfaction moderates the effect of customer value on loyalty</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Table 3 shows that 4 hypotheses are accepted at 5% significance level.

Discussion

The Effect of Relational Marketing on Customer Loyalty

The results showed that relational marketing affects customer loyalty. Therefore, H1’s statement that "Relational marketing has a significant effect on customer loyalty" is accepted. The regression coefficient value of relational marketing variable is 0.232. This means that relational marketing has a positive and significant effect on customer loyalty. This study’s results are consistent with those of Zulkifli (2012: 56), who found that relationship marketing is an effort to attract customers and improve relationships with customers. It can be said that relationship marketing is an effort to improve consumers information so that companies can meet the needs and desires of their customers. This is consistent with Basalamah (2010: 79-80), who states that a good relationship between companies and consumers makes consumers satisfied with the products they use. They will tell the advantages of these products to others and consumers will recommend them to others.

The Effect of Customer Value on Customer Loyalty

The results showed that customer value affects customer loyalty. Therefore, H2’s statement that "Customer value has a significant effect on customer loyalty” is accepted. The regression coefficient of customer value is 0.514. This means that customer value has a positive and significant effect on customer loyalty. Better customer value will increase customer loyalty. This study’s results support the research of Suliyanto (2013) and Pratama (2015) that customer value has a significant effect on customer loyalty. These results indicate that culinary businesses are always expected to provide value to each service offered to make consumers feel satisfied and loyal.
The Effect of Satisfaction on Customer Loyalty

The results showed that satisfaction affects customer loyalty. Therefore, H3’s statement that "Satisfaction has a significant effect on customer loyalty" is accepted. The regression coefficient for the satisfaction variable is 0.149. It means that satisfaction has a positive effect on customer loyalty. Higher satisfaction will increase the customer loyalty. This study results support the research of Aryani and Rosinta (2010) that satisfaction affects loyalty. This shows that the success or failure of a business in forming loyal customers depends on its ability to increase satisfaction.

The Effect of Relational Marketing on Customer Loyalty with Satisfaction as a Moderation Variable

The results show that satisfaction does not moderate the effect of relational marketing on customer loyalty. Therefore, H4’s statement that "Satisfaction moderates the effect of relational marketing on customer loyalty" is rejected. This means that satisfaction does not strengthen the effect of relational marketing on customer loyalty. Relationship marketing is a step used to attract customer attention and nurture customers and improve and manage satisfaction and loyalty relationships. Therefore, relationship marketing strategy is the process of forming and connecting in an effort to manage customers and build linkages to increase customer value, customer loyalty and compatibility (Jushermi and Arsriandi, 2013: 2).

Effect of Customer Value on Customer Loyalty with Satisfaction as a Moderation Variable

The results showed that the satisfaction variable did not moderate the effect of customer value on customer loyalty. Therefore, H5’s statement that "Satisfaction moderates the effect of customer value on customer loyalty" is rejected. This study’s results do not support research from Palilati (2007), which found that satisfaction moderates the effect of customer value on customer loyalty. This means that satisfaction does not strengthen the effect of customer value on customer loyalty. Satisfaction partially affects customer loyalty. Satisfaction only becomes an independent variable not a moderation variable.

Research Implications

This research suggests the need to improve relations with customers by staying friendly with each customer to make them feel happy, valued and cared for. In addition, traditional stalls should improve their value in customers eyes by maintaining flavour in an effort to increase satisfaction. Improving satisfaction can be done by improving the service quality from employees and by not discriminating between one consumer and another. Customer loyalty needs to be further enhanced through relational marketing by providing customer discounts at
certain times for customers. Increasing customer loyalty through customer value also needs to be done by adding variations to the menu for customers or by offering a more complete menu than is currently available.

Conclusions

This research concludes that relational marketing affects customer loyalty, customer value affects customer loyalty, satisfaction affects customer loyalty, satisfaction does not moderate the effect of relational marketing on customer loyalty, and satisfaction does not moderate the effect of customer value on customer loyalty. Adjusted R square value is 0.516. This means that the contribution or effect of relational marketing variable, customer value and satisfaction on customer loyalty is 51.6%, while 48.4% is affected by other variables outside the research model, for example location and brand equity.

This study’s results support research conducted by Firdaus and Annisya (2006), which shows that the affecting factors of customer value and loyalty are product, service, employees and image. This also supports the research of Aryani and Rosinta (2010), who found that service quality has an effect on satisfaction and loyalty, and that satisfaction has an effect on loyalty. Suliyanto (2013) shows that customer value has a positive effect on customer satisfaction, customer value, and that customer satisfaction has a positive effect on loyalty. Paliati (2007) shows that satisfaction is a mediator and moderator for the relationship between customer value and customer loyalty.
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