

INFLUENCE RELATIONSHIP MARKETING TO CUSTOMER SATISFACTION AND LOYALTY

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ABSTRACT

This study aims to clarify the effect of relationship marketing on satisfaction, and the influence of satisfaction on loyalty. This type of research is explanatory research or explanatory research with quantitative approach. The population of this study were all members of the Ananda Shop Baking Ingredients. A sample of 100 respondents who had been a member, and active during the last 6 months and taken by using judgment sampling and data collection methods using questionnaires. Analysis of the data used is descriptive analysis and sem - pls. The results of this study found that: the variable relationship marketin variables significantly influence customer satisfaction and customer satisfaction variables significantly influence pelnggan loyalty variables. Thus, Ananda Shop Baking Ingredients should be deeper and more serious in a relationship with the customer in order to forged increasingly close relationship and its longevity.

Keywords: Relationship Marketing, Customer Satisfaction, Customer Loyalty

INTRODUCTION

In this period of free competition, every company has a tough competition. To win the competition, the company must be able to give satisfaction to the customer. Various efforts are made to satisfy the needs of consumers so that they are willing to come back to the companies. Foodstuffs distributors also have had a lot of competitors since the free trade era in Indonesia. Foodstuffs from other countries begin to come in with competitive prices and good quality. While the companies have comparative advantages, the free trade policy will not affect them. Every company should put customer satisfaction orientation into their main goal to win the competition. Competition favoring customers' demand has also been made through one of the local flour products in Semarang. This has been done by opening a training ground for its food product users. Competition with food distribution companies also began to occur, not only with quality products and competitive prices but also with giving the best service for their customers

Table 1. Competitor data

COMPETITOR	STRENGHT	WEAKNESS
Sari Murni Cake Material Shop	Complete product Strategic location Provide a discount	Customer relationship
Harapan Jaya Cake Material Shop	Competitive price Strategic location	Do not have enough stock
Kartika Cake Material Shop	Cheap price	Non-strategic location

Ananda Cake Shop is located in one of big roads in Semarang city. This company has target customers running bakery business. This pastry shop which used to be a very small has been run since 1979. Today, this shop has a great location. Ananda store has many customers. It has comparative advantages by prioritizing good relations with customers and offering the best services for customers. But with the already tight competition, the impact on the sale of cake materials at Ananda store has decreased.

Table 2. Sale Data per month

No.	Month	Sale	Customers
1	April 2014	285,046,976	2,553
2	May 2014	275,756,886	2,450
3	June 2014	220,765,468	2,412
4	July 2014	239,213,450	2,405
5	August 2014	253,141,750	2,330
6	September 2015	210,674,800	2,300
7	November 2015	208,540,950	2,295
8	December 2015	205,745,756	2,275
9	January 2015	200,659,765	2,150

Source: Company's Internal Data 2014-2015

Table 2 shows competition with competitors has been increasingly tight. This condition makes companies do various efforts to keep their customers and get more new customers. The way they build marketing relationships is to hold a training place where customers can directly see the process of foodstuff making. This training place becomes a place for customers and companies to establish good relationships. The companies can directly listen to what customers expect from them. According to Kotler and Keller (2009: 134) "Creating loyal customers is at the core of every business."

Problem Formulation

The research problems of this present study are formulated as follows

- Does Relationship Marketing affect customer satisfaction?
- Does Relationship Marketing affect customer loyalty?
- Does customer satisfaction affect customer loyalty?

Research Objectives

The purposes of this research are to investigate if:

- marketing relationship provides customers' satisfaction.
- marketing relationship provides customers' loyalty.
- customers' satisfaction affects customers' loyalty.

Research Benefits

1. Theoretical benefits: it is to offer insight about the importance of customers' marketing relationship in maintaining customer satisfaction to gain their loyalty.
2. Practical benefits: It is to develop marketing relationships and to serve a reference to other researchers in the future. This study concerns which dominant factors affect customers' satisfaction to get customer loyalty. As owners are able to identify weaknesses and advantages of their company, they begin to improve their employees' performance to maximize, develop relationships with their customers

LITERATURE REVIEW

Ardeliasari (Darema Journal Management Vol.9 No. 1, May 2014) mentions the implementation of Marketing Relationship has covered some dimensions such as Understanding a Customers' Expectation variable, building Service Partnership, empowering Employees, and conducting Total Quality Management. They have a positive and significant relationship with customers' loyalty. The dimension of Relationship Marketing that has the highest level of relationship with Customers' Loyalty is Building Service Partnership (BSP) or Kd2. This research has been conducted by Dr. Velnampy (Global Journal of Management and Business Research Volume 12 Issue 18 Version 1.0 Year 2012) aims to know

A marketing relationship is a major paradigm shift in marketing theory and its practice in the existing world. According to Ndubisi in his journal entitled "marketing relationship and customer loyalty" have big impacts on four fundamentals of marketing relationships-trust, commitment, communication, and conflict management - to customers' loyalty in Malaysia.

According Heruswato (Business Management Indonesia Vol.42 No. 2/April-June 2013) customers' loyalty is belief to have a strong influence on business success. The meaning of loyalty is not only limited to the relationship between consumers and brands, but to social relation aspects, especially in the form of relationship. The consumer's attachment to the brand will increase the people's good perception about certain products or brands. Conscientious consumers will get stronger if the product/brand is to provide their satisfaction consistently and continuously.

Relationship marketing is a process of creating, maintaining and enhancing strong relationships with customers and other stakeholders (Kotler and Armstrong, 2010: 789). Sivesan (2012) says that relationship marketing is a very important concept to attract and retain customers within an organization. In Saputra (2014), relationship marketing has important variables of trust, commitment, and communication.

Understanding customer satisfaction, according to Kotler and to Tse and Wilton as cited by Tawakkal (2013), has something to do with customers' satisfaction (expectations and performance or perceived results). In determining the level of customer satisfaction, five main

factors need to consider such as product quality, service quality, emotional, price, and cost (Riadi, 2013).

According to Kertajaya in Luthviellah (2015) loyalty is obtained through the fulfilment of humans' need to have, support, and get a sense of security and comfort. Meanwhile, according to Oliver in Luthviellah (2015), the definition of customer loyalty is the commitment of customers to survive to re-subscribe or re-purchase products or services selected consistently in the future. The indicators of customer loyalty according to Kotler & Keller in Saputri (2013) are repeated purchase, retention, and referrals.

Philosophically, the customer is a king (Kotler, *et al.*, 2010: 4). The business that favour influencing and satisfying consumers becomes the top priority in almost all business activities. Companies that excel in competition can influence consumers' purchase decisions. As customers are satisfied, companies can survive and develop their business. In Stevanus (2012), one way to provide customer satisfaction is to build marketing relationship strategy. In this era of globalization, technology and information systems are widely used by companies to support all business activities. The effort in getting loyal customers is done by applying customer's relationship. Customers' loyalty and relationship are indispensable (Rinaldi, 2015). Jones and Sasser state customers' loyalty is an endogenous variable caused by a combination of satisfaction. In so doing, customers' loyalty is to favour customers' satisfaction. If the relationship between satisfaction and customers' loyalty is positive, high satisfaction will increase customer loyalty.

Previous Studies

1. The results of Mayang Azka Ardeliasari (Darema Journal Management Vol. 9 No. 1, May 2014) marketing relationship has a positive and significant relationship with customer loyalty.
2. Research conducted by dr.T. Vacnampy & S. Sivesan (Global Journal of Management and Business Research Volume 12 Issue 18 Version 1.0 Year 2012) shows Relationship relationship marketing has an interest, to develop and retain customers.
3. According to Ign. Heruswato (Business Management Indonesia Vol. 42 No. 2/April-June 2013) in his research customer loyalty is believed to have a strong influence on business success.

According to Nelson Oly Ndubisi relationship marketing is important to test the relationship with loyalty.

RESEARCH FRAMEWORK

Theories

1. Relationship marketing is a process for creating, maintaining and enhancing strong relationships with customers and other stakeholders (Kotler and Armstrong, 2010: 789)
2. Customer satisfaction is the feeling of pleasure or disappointment of someone who emerged after comparing the perception / impression to the performance (or outcome) of a product and its expectations Tawakkal (2013)

Loyalty is "a strong feeling of support and allegiance; A person showing firm and constant support (Luthviellah, 2015)

ANALISIS MODEL

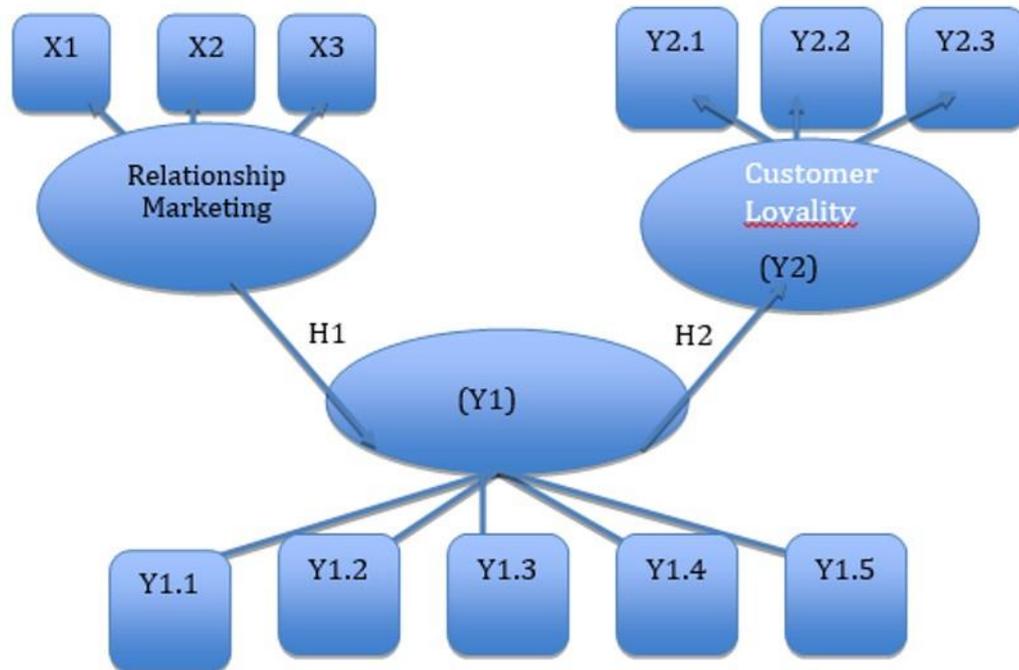


Figure 1. Model Analysis

Figure 1. shows marketing relationship has an effect on customers' satisfaction, and customers' satisfaction influences customers' loyalty.

HYPOTHESES

From the above theoretical framework, the hypothesis are formulated as follows:

H1: relationship marketing will have a positive effect on customers

H2: customer satisfaction will affect customers' loyalty

RESEARCH METHODS

Research Approach

The samples are drawn randomly. The data are obtained through questionnaires. The data analysis is intended to test the hypothesis: to investigate if marketing relationship affects customers' satisfaction and loyalty (Sugiyono, 2012: 7). The researcher has used a quantitative method because the data are in the form of numbers.

To complete the research data, this study has used Partial Least Square (PLS). PLS is one of the ways to analyze Structural Equation Modelling (SEM). One of SEM's advantages is the ability to construct models as latent variables or variables not directly measured. However, they are estimated and assumed to be related to latent variable. In PLS - SEM, there are two models: inner model (structural model) and outer model (measurement model).

Place and time of research

The research site is at Ananda Cake Shop in Semarang. In this location the researchers have distributed questionnaires to customers who had made a purchase at Ananda Soup Shop.

Table 3. Activity Stages

No	Activity Stages	Month			
		June	July	August	September
1	Preparation	x			
2	Survey	x	x	X	
3	Data Collection			X	X
4	Data Analysis			X	X

Source: Internal Company Data (2014-2015)
Sampling

One method used to determine the number of samples is to use the Slovin formula (Sevilla et al, 1960: 182), as follows

$$n = \frac{N}{1 + Ne^2} \quad n = \frac{2000}{1 + 2000 \times 0.1^2} = 95,23 = 96$$

where:

N: Number of Samples

N: Number of Population

E: Limit Tolerance of Error (error tolerance)

The sample technique is judgment sampling or purposive sampling. The samples are data that customers did transaction within 6 months. The data are taken from the number of subscribers recorded in 2000 population using the 1/10 tolerance limit. Using the Slavin formula, 96 customers making transactions are selected.

Method of Collecting Data

In this study, the data are quantitative data. These data can be measured numerically. There are 2 types of data sources in this study: primary and secondary data. The primary is obtained by distributing questionnaires to customers at Ananda Cookies Shop. Secondary data are obtained from the internal company. These data include data on competitors or competitors of the company, books, journals and other documents that support the study.

Data is gained through questionnaire. This method is used to explore information relating to marketing relationship that affects customers' satisfaction and loyalty.

Research Instruments

The measurement of data is to use Likert scale. This scale has been the most widely used scale in research for survey (Natsi, 2014). While responding to questions on a Likert scale, respondents determine the level of their approval of a statement by selecting one of the available options. The five scaled options are arranged as follows:

Score 1. Very (Disagree/Bad/Less)

Score 2. No (Agree/Good/Less)

- Score 3. Neutral/Enough
- Score 4. (Agree/Good/Like)
- Score 5. Very (Agree/Good/Like)

Variables and Operational Definition

The variables in this study are relationship marketing (X), Customer Satisfaction (Y1) and Customer Loyalty (Y2). In Table 4.2 will be shown in detail about the operational definition in this study

Table 4. Variable Indicators

Variabel	Definisi	Indikator	Sumber
Relationship Marketing (X) Reflective	Relationship marketing is a process for creating, maintaining and enhancing strong relationships with customers and other stakeholders	a) Trust b) Commitment c) Communication	(Kotler and Armstrong, 2010: 789) Saputra (2014)
Customers' satisfaction (Y1) Reflective	Customer satisfaction is feeling happy or disappointed someone who emerged after comparing the perception/impression of the performance (or result) of a product and hope-hope	a) Product quality b) Service quality c) Emotional d) Price e) Cost	Tawakkal (2013) Riadi (2013)
Customers' Loyalty (Y2) Reflective	Loyalty is <i>"a strong feeling of support and allegiance; a person showing firm and constant support"</i>	a) Repeat Purchase b) Retention c) Referrals	Luthviellah (2015) Saputri (2013)

Data analysis technique

This study uses SEM-PLS (partial least squares path modelling) method of SEM-PLS. This method is used to test the predictive relationship among constructs: to see if there is any relationship or influence among constructs. The numbers of samples in this study are 96

respondents. This study use SmartPLS 2.0 M3. According Ghozali (2012: 47-88), there are some stages of analysis in using the PLS-SEM.

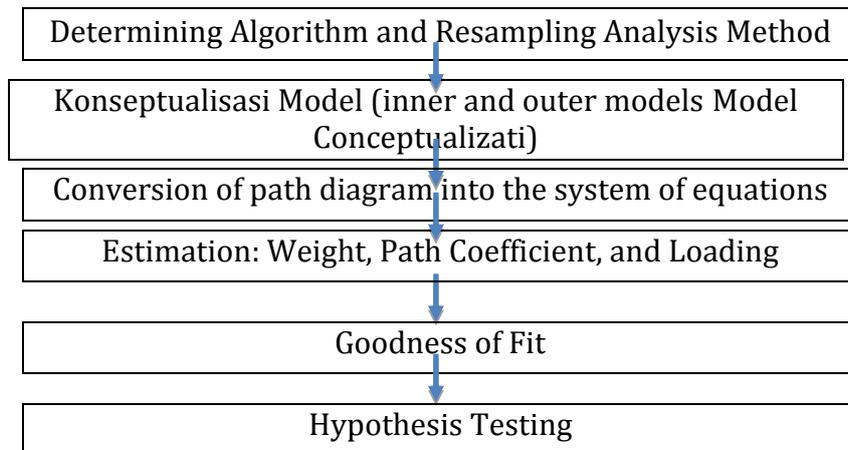
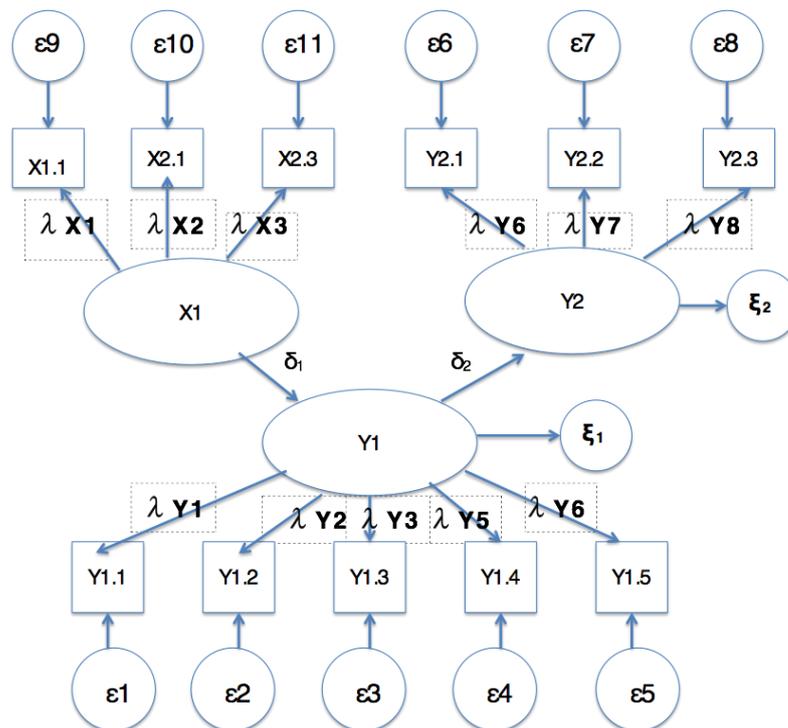


Figure 2. Stages of SEM-PLS Analysis
Source: Ghozali, 2012: 47-55

The conceptualization of the model is the first step in the PLS, at this stage the researcher defines the conceptually constructed concept and determines its dimension. And the conceptualization of the model is divided into 2 stages, namely designing the measurement model (outer model) and Designing the structural model (inner model). Ghozali (2012) revealed that after the model conceptualization, the next step is the determination of algorithmic analysis method that will be used for model estimation, while resampling is used to estimate the value of statistical significance that cannot be done by PLS which can only estimate the value of the regression coefficient. The next step is to draw the path diagram of the research model performed. The provisions in model drawings are theoretical constructs that show latent variables drawn with circles or ovals, Indicators in drawings with box shapes, and asymmetric relationships depicted with a single arrow direction. For inner and outer results the model is expressed in the form of a path diagram to make it easier to understand, here is a path diagram of the inner and outer model
Line Channel Construction



Converting the Path Diagram into the system of equations:

A. Outer Model

Exogenous Latent Variable

Variable x, Relationship Marketing (reflective)

$$X1.1 = \lambda_{x1}x1 + \varepsilon9$$

$$X1.2 = \lambda_{x2}x2 + \varepsilon10$$

$$X1.3 = \lambda_{x3}x3 + \varepsilon11$$

Endogen Latent Variable

Variable y1, Customer Satisfaction (reflective)

$$Y1.1 = \lambda_{y1}Y1 + \varepsilon1$$

$$Y1.2 = \lambda_{y2}Y2 + \varepsilon2$$

$$Y1.3 = \lambda_{y3}Y3 + \varepsilon3$$

$$Y1.4 = \lambda_{y4}Y4 + \varepsilon4$$

$$Y1.5 = \lambda_{y5}Y5 + \varepsilon5$$

Variable y2, Customer Loyalty (reflective)

$$Y2.1 = \lambda_{y6}Y2 + \varepsilon6$$

$$Y2.2 = \lambda_{y7}Y2 + \varepsilon7$$

$$Y2.3 = \lambda_{y8}Y2 + \varepsilon8$$

B. Inner model

The system of inner model equations as follows:

$$Y1 = g1 X1 + \xi1$$

$$Y2 = g2 Y1 + \xi2$$

With description:

- L_x = Lamnda (small), loading factor of exogenous latent variable
- L_y = Lamnda (small), loading variable factor latent endogen
- G = Gamma (small), the coefficient of influence of exogenous variable on endogen
- Ξ = Zeta (minor), model error
- D = Delta (small), measurement error on exogenous latent variable
- E = Epsilon (small), measurement error on endogenous latent variable

Weight Estimation, Line Coefficient and Loading

The estimation method is a small square method. This includes three things: weight estimation used to calculate latent variable data, path estimation connecting among latent variables, and loading estimation among latent variables depicting indicators and means for indicators and latent variables.

Evaluation of the Goodness of Fit

Outer Model (measurement model)

The outer model is a model that tests each latent variable and the indicator. The measurements of formative and reflective models are different (Anwar, 2015: 9).

Outer reflective model

Validity

Table 5. Rule of Thumb Validity of Outer Reflective Model

Validity	Parameter	Rule of Thumb
Convergent Validity	Loading Factor	> 0.5
	AVE	> 0.5
	Communality	> 0.5
Discriminant Validity	Cross Loading	> 0.7

Source: Partial Least Square "Technical Concepts, and SmartPLS 2.0 applications" (Ghozali, 2012: 81)

Reliability

Table 6. Rule of Thumb Reliability of Outer Reflective Model

Parameter	Rule of Thumb
Cronbach's Alpha	> 0.7
Composite Reliability	>0.7

Source: Partial Least Square (Ghozali, 2012:81)

The reliability of the reflective outer model follows the following rule: the Cronbach's Alpha value must be greater than 0.7 and the composite (ρc) is a perfectly acceptable within the limit value of > 0.7 by looking at Cronbach's Alpha. The value of Cronbach's specified Alpha is greater than 0.7 (Ghozali, 2012: 81).

$$\rho_c = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum_i \text{var}(\epsilon_i)}$$

Inner Model (Structural Model)

Tabel 7. Rule of Thumb Inner Model

Criteria	Rule of Thumb
R – Square	0.75 (strong) , 0.5 (moderate), and 0.25 (weak)
Q2 Predictive relevance	0.35 (strong) , 0.15 (moderate), 0.22 (weak)

Source: Partial Least Square (Ghozali, 2012: 85)

Hypothesis Testing

Tabel 8. Rule of Thumb Hypothesis Test

Criteria	Rule of Thumb
Significance (2-tailed)	t-value > 1,65 (significance level 10%), > 1.96 (significance level 5%), >2,58 (significance level 1%)

Source: Partial Least Square (Ghozali, 2012: 85)

Statistical hypothesis for outer model:

H0 : $\lambda_i = 0$ towards

H1 : $\lambda_i \neq 0$

Statistical hypothesis for inner model: Exogenous latent variable towards endogenous:

H0 : $\gamma_i = 0$ towards

H1 : $\gamma_i \neq 0$

RESULTS AND DISCUSSION

Characteristics of Respondents

The numbers of samples are 100 people.

1. Gender

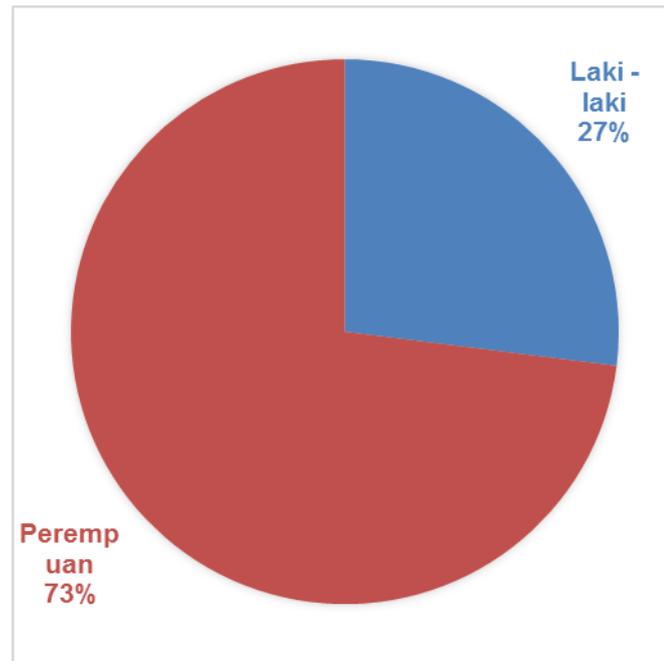


Figure 3. Gender of Respondents
Source: Processed Results with Excel

2. Age

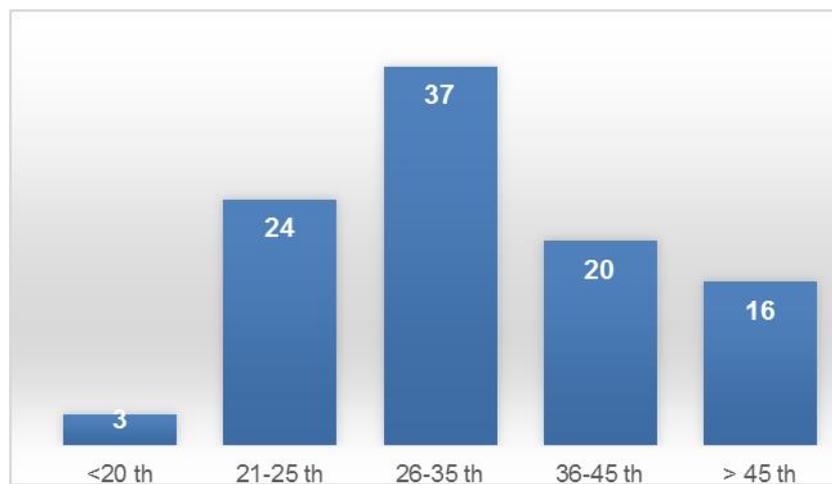


Figure 4. Age of Respondents
Source: processed products with Excel

Descriptive Statistics Relationship Marketing

Table 9.

Latent Variable	Questions	Mean	Standard deviation
Marketing Relationship of Ananda Cake Shop	Ananda Cake Shop gains trusts from Customers (x1)	3.21	0.409
	Ananda Cake Shop get customers' commitment (x2)	3.19	0.394
	Ananda Cake Shop establishes relationships with customers' communities (x3)	3.24	0.429

Descriptive statistics above show the cake ingredients Ananda has a commitment to the customer (X2), the value of which has the smallest standard deviation. While the indicator (X2) has a mean value of 3.19, this indicates the respondent's answer to customer commitment (X2) is more homogeneous when compared with the respondent's answer on other indicators.

Descriptive Statistics of Customers' Satisfaction

Table 10.

Latent Variable	Questions	Mean	Standard deviation
Customers' Satisfaction to Ananda Cookies Store	Ananda store has good product quality (y1.1)	3.39	0.490
	Ananda has good product service (y1.2)	3.43	0.517
	The Customer of Ananda Cake Shop is proud of buying from Ananda's cake shop (y1.3)	3.32	0.548
	Ananda Cake Shop Shop has competitive prices (y1.4)	3.22	0.504
	Ananda Cake Shop provides bonus fee for delivery service (y1.5)	3.12	0.456

Descriptive statistics above show that the ingredients of Ananda cake store provides bonus cost for delivery service, the value of which has the lowest standard deviation. While the indicator (y1.5) has a mean value of 3.12 this indicates the respondent's answer to Ananda cake ingredients giving bonus cost for delivery service (y1.5) is more homogeneous when compared with the respondent's answer to other indicators.

Descriptive Statistics Customer Loyalty

Table 11.

Latent Variable	Questions	Mean	Standard deviation
Customer Loyalty to Ananda Cake Materials store	Ananda Cake Shop provides bonus fee for delivery service (y2.1)	3.33	0.493
	Customers remain loyal to the Ananda Cake Shop even though it is a competitor (y2.2)	3.31	0.465
	Customers positively recommend Ananda Cake Shop to others (y2.3)	3.31	0.465

Descriptive statistics above show customers remain faithful to the cake shop despite the existence of competitors (y2.2). Moreover, the customers have positively recommended poster cake shop to others (y2.3), the value of which has the same deviation value. While the indicators (y2.3) and (y2.2) have the same means of 3.31, this finding indicates the customers remain loyal to the cake shop in spite of the existing other competitors. They even give their positive recommendation about Ananda cake shop to others. This is more homogeneous when compared with the respondent's answer on other indicators.

Data Processing with SEM - PLS

By using smartPLS software then model structure can be seen in Figure 5

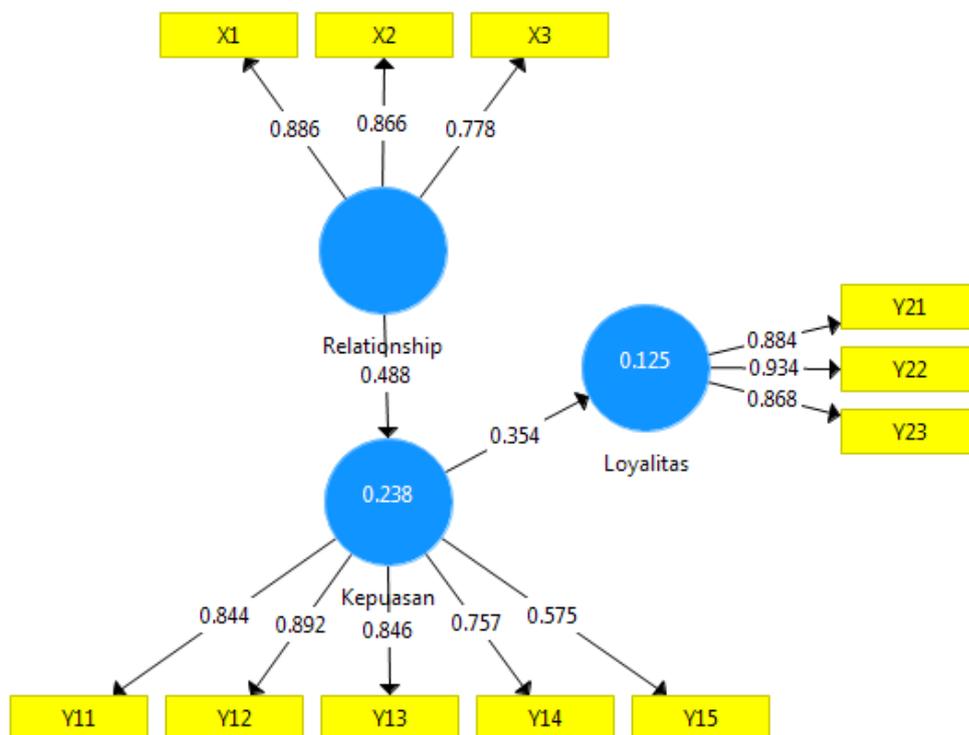


Figure 5.

Reflective Outer Model

Validity

The validity test is performed on the reflective model contained in the analysis model, *i.e.* Relationship Marketing (X1), Customer Satisfaction (Y1) and Customer Loyalty (Y2). For reflective variables, researchers discuss the convergent validity that includes three things: the loading factor, AVE, and communality. Next discriminant validity is discussed by looking at cross loading. The reliability is seen through cronbach's alpha value and composite reliability.

Table 12.

	Original Sample (O)
X1 <- Relationship	0.886
X2 <- Relationship	0.866
X3 <- Relationship	0.778
Y1.1 <- Satisfaction	0.844
Y1.2 <- Satisfaction	0.892
Y1.3 <- Satisfaction	0.846
Y1.4 <- Satisfaction	0.757
Y1.5 <- Satisfaction	0.575
Y2.1 <- Satisfaction	0.884
Y2.2 <- Satisfaction	0.934
Y2.3 <- Satisfaction	0.868

Table 5.3.1 states that factor loading values for each indicator X1, X2, X3, Y1.1, Y1.2, Y1.3, Y1.4, Y1.5, Y2.1, Y2.2, Y3.3 are greater than critical value of 0.5. This can concluded that the indicators are valid.

Average Variance Extracted (AVE)

The AVE value is used to measure the number of variants that the construct can capture as compared to the variance caused by measurement error (Yamin and Kurniawan, 2011)

Table 13.

	Average Variance Extracted (AVE)
Relationship	0.713
Satisfaction	0.625
Loyalty	0.803

Source: Processed Results with SmartPLS

Based on the value of loading factor and AVE it can be seen that the convergent validity has been met. This takes place because the value of factor loading and AVE are greater than 0.5.

ii. Discriminant Validity

In testing the validity of discriminant is measured by using cross loading. Discriminant validity is evaluated by cross loading. The value of cross loading is shown in Table 5.7.

Regarding the cross loading value in Table 5.3.3, there is no high correlation on indicators that are not latent variables. The loading value for each construct is greater than those of the cross loading.

Cronbach's Alpha

Table 5.3.4

Test results of reliability can be seen in table 5.3.4. The value of Cronbach's Alpha for each reflective indicator can be said to be in accordance with the explanatory research requirements that is ≥ 0.6 .

Composite Reliability

Table 14.

	Composite Reliability
Relationship	0.881
Satisfaction	0.891
Loyalty	0.924

Table 5.3.5 shows the reliability test value of the composite reliability of each reflective indicator in the study can be said to be good and in accordance with the terms and conditions that is ≥ 0.7 .

Outer loading Hypothesis Testing

Table 15. The Results of Outer Loading

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)
X1 <- Relationship	0.886	0.881	0.043	20.590
X2 <- Relationship	0.866	0.865	0.042	20.739
X3 <- Relationship	0.778	0.772	0.065	11.927
Y11 <- Satisfaction	0.844	0.838	0.040	20.998
Y12 <- Satisfaction	0.892	0.892	0.025	36.388

Y13 <- Satisfaction	0.846	0.846	0.033	25.875
Y14 <- Satisfaction	0.757	0.754	0.060	12.719
Y15 <- Satisfaction	0.575	0.575	0.093	6.203
Y21 <- Loyalty	0.884	0.882	0.041	21.816
Y22 <- Loyalty	0.934	0.934	0.019	50.344
Y23 <- Loyalty	0.868	0.866	0.040	21.578

Source: Processed Results with SmartPLS

The outer model test for reflective variables includes relationship marketing, customer satisfaction and customer loyalty. This is shown in in table 5.3.6. The test is done by looking outer weight with t count more than 1.65. This value indicates that X1, X2, X3, Y.1.1, Y1.2, Y1.3, Y1.4, Y1.5, Y2.1, Y2.2, Y2.3 are eligible.

Evaluation of Structural Model (Inner Model)

Evaluation of the inner model is done by calculating the values of R2 and Q2.

R-Square value

The value of R2 can be seen in Table 5.9

Table 16. R square value

	R Square
Satisfaction	0.238
Loyalty	0.125

Source: Processed Results with SmartPLS

The value of R-Square for the variable of satisfaction that is equal to 0,238 means that the percentage of the diversity of satisfaction variable can be explained by relationship marketing variable equal to 23,8%. Meanwhile, the rest 76.2% is explained by other variable. It can be concluded that 76.2% relationship marketing affects customer satisfaction. Based on R2 value, the coefficient of determination of endogenous variable is still weak.

Q - Square values

Then calculated the value of Q2 by the formula

$$Q2 = 1 - (1-R12) (1-R22)$$

$$Q2 = 1 - (1 - 0.238) (1 - 0.125)$$

$$Q2 = 1 - 0.762 \times 0.875$$

$$Q2 = 1 - 0.66675$$

$$Q2 = 0.33325$$

Based on the value of Q2, the prediction capability with pinfolding is considered good

Path Coefficient

Table 17.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)
Relationship -> Satisfaction	0.488	0.502	0.075	6.542
Relationship -> Loyalty	0.172	0.188	0.062	2.791
Satisfaction -> Loyalty	0.354	0.368	0.080	4.407

The result of coefficient path showed that the direct influence between latent relationship variable to satisfaction and satisfaction toward loyalty was significant with t-statistic ≥ 1.65 . These results mean that satisfaction is influenced by loyalty and relationship influenced by satisfaction. While the indirect influence among latent variable relationship with loyalty is significant with t - statistic ≥ 1.65 , this means that loyalty is also influenced by relationship.

5.5 Discussion

5.5.1 Influence of Relationship Marketing to Customer Satisfaction

Based on Table 5.4 it can be seen that the value of t comparing relationship marketing to customer satisfaction of 6.542 is greater than the value of table t that is ≥ 2.58 . Therefore relationship marketing (X1) significantly influences customers' satisfaction (Y1) about the shops.

Before Research	After Research
1. Broadcast SMS to all members	<input type="checkbox"/> Holding a gathering event to all members <input type="checkbox"/> Telephone/telemarketing to customers as a reminder
2. Trust to customers of products sold	<input type="checkbox"/> Provide sample products for free <input type="checkbox"/> Provide education for purchased products

<p>3. Giving gifts to members</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Give members timeframe to collect points <input type="checkbox"/> Provide direct rewards to members at the time of shopping
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The Effect of Customers' Satisfaction on Loyalty

Based on Table 5.4 it can be seen that the value of t hits relationship marketing to customer satisfaction of 4.407 is greater than the value of table t that is ≥ 2.58 . Therefore customer satisfaction (Y1) has a significant influence on customer loyalty (Y2) in baking shop.

This research is in agreement with previous research, Heruswato (Business Management Indonesia Vol.42 No. 2/April-June 2013) Customer loyalty is believed to have a strong influence on business success. The impact of customers' satisfaction on current loyalty Ananda cake shop is to provide good product quality. The companies should favour customers to select while giving different prices for certain products.

Based on the findings, researchers make managerial implications for customers' satisfaction variables on customer loyalty. It is intended to improve the deficiencies.

Before Research	After Research
<p>1. Provide free postage in the city with minimal spending</p>	<ul style="list-style-type: none"> • Provide free shipping for members • Provide bonus on postage on certain days
<p>2. The product offered has been tested its quality</p>	<ul style="list-style-type: none"> • Provide product demos • Demonstrate the superiority of the product
<p>3. Provide a diverse price with the quantity of purchase</p>	<ul style="list-style-type: none"> • Provide special pricing to members • Provide special discounts on store birthdays
<p>4. Provide quality product selection</p>	<ul style="list-style-type: none"> • View products to be sold that are acceptable to customers

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