



**THE IMPACT OF BRAND IMAGE MODIATION ON THE INFLUENCE OF
RELATIONSHIP MARKETING ON CUSTOMER LOYALTY**

Amin Kuncoro

Universitas Maritim AMNI Semarang, Jl. Soekarno Hatta No.180, Palebon, Pedurungan, Semarang, Central Java
50246, Indonesia
kiasekuler@gmail.com

ABSTRACT

The aim of the research is to analyze relationship marketing on customer loyalty mediated by brand image. The research design uses quantitative descriptive using primary data sources taken directly from respondents via questionnaires. The research sample of Herbalife customers in Kodya Semarang with a minimum subscription period of 1 year amounted to 157 respondents. The research results explain that relationship marketing influences customer loyalty, while brand image is able to mediate. However, there is an obstacle, namely that respondents who are outside the Semarang Municipality cannot be used as samples so the results cannot be generalized.

Keywords: brand image; customer loyalty; relationship marketing

INTRODUCTION

Customer loyalty is absolutely necessary for a company to be able to survive and be able to compete with other companies. To build consumer loyalty, efforts are needed from the company to continue to provide the best quality in every product or service it has, so that a strong perception of quality is formed in the minds of consumers. Satisfied and loyal customers are an opportunity to get new customers. Retaining all existing customers will generally be more profitable than switching customers because the cost of attracting a new customer can be five times the cost of retaining an existing customer (Kotler et al. 2006). Loyalty describes a customer's commitment to doing business with an organization, by purchasing goods and services repeatedly, and recommending its services and products to friends and groups (McIlroy & Barnett, 2000). In the conventional marketing era, many marketers believed that customer loyalty was basically formed because of the contribution of value and brand. Marketers realize that customer loyalty is a very important driver for creating sales. According to customers, companies that perform well are customers who are willing to make their first purchase and then want to make subsequent purchases repeatedly (Chan, 2003).

Relationship marketing explains that customer loyalty must be built with hard work in the form of personalization where customers become the core of marketing activities. Customers who have the intention to repurchase and recommend products and services to others are likely to be loyal customers. Relationship marketing is able to harness the power of customer desires with the pressure of information technology to provide customer satisfaction. The scope includes demands for integrated quality management globally to face customer business needs more aggressively. Business strategy is focused on sustainability and customer satisfaction and works to anticipate needs and adapt product results. Basically, relationship marketing is a long-term relationship and bond between producers, consumers and suppliers and other actors. The essence of relationship marketing at least involves lasting relationships and continuous exchange and requires mutual trust and dependence.

The relationship marketing concept emphasizes the importance of long-term good relationships with consumers and marketing infrastructure, which can create awareness in the form of comprehensive relationships and commitment. Relationship marketing is defined as attracting, maintaining and improving relationships with customers (Wibowo, 2006). Relationship marketing is a more long-term approach, which is different from the transactional marketing approach which is more short-term oriented. Relationship marketing can be done in various ways, one of which is the relationship marketing model consisting of relationship marketing inputs, namely: which includes Understanding Customer Expectation (UCE), Building Service Partnership (BSP), Total Quality Management (TQM), Empowering Employees (EE), and Relationship marketing outcomes which include Customer Satisfaction (CS), Customer Loyalty (CL), Quality of Product (QP), Increased Profitability (IP). Relationship marketing according to this model is carried out continuously, requiring companies to always communicate with customers in order to get feedback from customers for future improvements and to integrate relationship marketing into the company's strategy (Adi and Purwanto, 2006).

The next effort from the company in implementing relationship marketing is to invite customers to participate (Building Service Partnership) in programs held by the company, considering customers as partners, providing additional services in the form of fast service to customers, always maintaining good relationship, and close cooperation with customers. Relationship marketing is also pursued by empowering front-line employees (Empowering Employees), including by employees approaching customers to find out what they need, employees doing what they can to overcome problems experienced by customers, being responsive in providing service. Quality is a factor contained in a product that causes the product to be valuable according to the purpose for which the product was produced (Handoko, 1995:54). The quality of a product contains various goals, both producer goals and consumer goals. Manufacturers consider the quality of a product to be good if the product sells well and is liked on the market, so that it can bring optimal profits. Meanwhile, consumers will consider the quality of the product to be good if their needs and desires for the product can be satisfied. So it can be said that the quality of goods or services produced by a company is a reflection of the company's success in the eyes of consumers in carrying out its production business.

In the product quality assurance program, the company will always try to carry out intensive quality control activities on the basic material components of the product, the production process and the final product. What is meant by quality control is an activity to ensure whether policies regarding quality (standards) can be reflected in the final results. In this quality control, products are checked according to standards and all deviations are recorded and analyzed, the results of which will be used as feedback for implementers in taking corrective action in the future (Assauri, 1993: 227). By implementing quality control, it is hoped that quality output will be obtained, reducing the number of defective or damaged products in the production process, which will help reduce quality assurance costs, and enhance the company's reputation by creating an image that its products have added value.

Hsieh and Li's research (2007) explains that brand image will support customer loyalty. Researchers suggest that brand image is an intermediary variable. Djumarno, et al, (2017) brand image, product quality and customer relationships influence customer loyalty. Khoironi, et al, (2018) explained that brand image and product quality influence customer loyalty. It was also explained that customer satisfaction is an intervening variable between brand image and product quality. Andreani, et al. (2014) brand image and customer loyalty have an impact on customer satisfaction. Martenson (2007) provides an explanation that customer loyalty is influenced by brand image. Ndubisi (2005) also explains that customer loyalty is influenced by four marketing

foundations, namely commitment, communication, conflict handling and loyalty, but gender is not able to act as a moderator. Ishaq, et al. (2014) with research results on customer satisfaction as a mediator between product quality and company image.

Some researchers still show differences in research results, apart from that researchers are interested in researching with brand image as an intervention. The reason is that most previous research uses brand image as a moderating variable. Another reason for choosing consumer or customer loyalty is that there are several differentiating factors, namely customer relationships, product quality, customer perception and customer satisfaction. The researcher's reason for taking the Herbalife healthy home as an object is that it can be seen from its marketing system using customer relations (relationship marketing), in addition to using a member system. Researchers use relationship marketing variables or what is better known as customer relations, then use brand image and product quality. Based on the information above and the phenomena explained in the background, the title of this dissertation is Customer loyalty is influenced by relationship marketing and product quality through brand image. The aim of the research is to analyze relationship marketing and product quality on customer loyalty mediated by brand image.

METHOD

The research uses an explanatory research method to prove the influence of relationship marketing on customer loyalty with brand image as a moderator. The data used was taken by distributing questionnaires and also obtained through data collection methods via secondary data. Research was conducted on Herbalife customers in Kodya Semarang, especially customers who have subscribed for at least 2 years. The reason researchers use customers for at least 2 years is because these customers already know the ins and outs and benefits of Herbalife products. The research location is Herbalife in Semarang District because the growth rate in Semarang is better compared to other regions in Indonesia. The research sample consisted of 157 respondents. In this research, a model is used that explains the causal relationship between variables, including the existence of variables that have multiple roles. This means that in one case it is an independent variable, but in another case it is a dependent variable. A model that can explain cause and effect relationships like this is the Structural Equation Modeling (SEM). Structural Equation Models are a type of multivariate analysis in social sciences.

RESULTS AND DISCUSSION

Results of the construct validity test of the research variables

Construct validity testing is testing a measurement model which is generally used to check the level of unidimensionality of a latent variable constructed by researchers. Convergent validity, namely a measurement model with reflective indicators, is assessed based on the loading factor value for each indicator which reflects the latent variable. A latent construct is considered good if the resulting factor loading value exceeds 0.5 and is significant (Ghozali, 2006). The results of construct validity testing for each factor loading value of the relationship marketing variable which consists of four indicators, the product quality variable which consists of eight indicators, the brand image which consists of four indicators and the customer loyalty variable which consists of four indicators have been proven to exceed the specified cut-off value (0.5). The results of this comparison prove that each indicator reflects the latent variable being measured. Thus, the relevance between each indicator and the research latent variable has established unidimensionality.

Structural Equation Model Assumption Test Results

The results of SEM assumption testing prove that there are no problems with multicollinearity, outliers and normally distributed data. The observation data has met the requirements to be tested on the structural equation model built by researchers with the help of the AMOS (Analysis Moment of Structure) program. The acceptance criteria of the structural equation model can be compared with the suggested cut-off values. Evaluation of the Goodness of fit Index value is presented in table 1:

Table 1.
Evaluation of Goodness of Fit Structural Equation Model

<i>Goodness of fit indices</i>	Result	<i>Cut-off value</i>	Information
χ^2 Chi-Square	152,122	$\leq 166,406$	Good
<i>Probability (p)</i>	0,551	$\geq 0,05$	Good
CMIN/DF	1,552	$\leq 2,00$	Good
RMSEA	0,002	$\leq 0,08$	Good
GFI	0,971	$\geq 0,90$	Good
AGFI	0,921	$\geq 0,90$	Good

Table 1 shows a comparison between the Goodness of fit values produced by the structural equation model and the recommended cut-off values. The test results prove that the Chi-Square value (152.122) does not exceed the Chi-Square table ($\alpha=5\%$, $DF=114$) of 164.406 with a probability value level of $0.551 > \alpha=5\%$ level. This comparison explains that the null hypothesis is accepted, meaning that there is no difference between the structural equation model built and observational data, meaning that the structural equation model built based on theory is able to explain the condition of the phenomenon measured by the researcher. Thus the structural equation model can be accepted and used as an analytical tool.

The test results explain that relationship marketing has an effect on customer loyalty. Relationship marketing is an approach that emphasizes efforts to attract customers through improving relationships with customers. Relationship marketing is interpreted by commitment, trust, communication and conflict handling. Relationship marketing is related to customer trust in the company which is interpreted by problems that arise being resolved quickly by the company. Apart from problems that arise, you are able to communicate to customers about new products and try to avoid conflicts with customers. The research results also support Ndubisi's (2006) research with the results of research on increasing customer loyalty caused by relationship marketing. Djumarno, et al. (2017) provide the opinion that relationship marketing has an impact on customer loyalty. Szamanski (2001) believes that the better relationship marketing will increase customer loyalty. Vahie & Paswan (2006) with research results that relationship marketing has a positive effect on customer loyalty. Bojei & Abu (2014) explained that strong relationship marketing has an impact on customer loyalty.

The research results show that relationship marketing has an influence on brand image. Relationship marketing is a relationship built by a company with customers. Relationship marketing requires customer trust that if a problem arises it will be resolved quickly by the company. Apart from that, being able to communicate to customers about new products and trying to avoid conflicts with customers. The research results also support research by Hsieh & Li (2007) explaining that brand image increases if influenced by relationship marketing. Vahie & Paswan (2006) argue that relationship marketing has a positive effect on brand image. Relationship marketing is a way to communicate to customers in order to increase long-term growth for the company. Relationship marketing is explained by commitment, trust, communication and conflict handling. The test results explain that relationship marketing influences customer loyalty through brand image. Relationship marketing is interpreted by trying to avoid conflicts with customers, so that they can contribute to customers buying

products according to schedule. This means that customers already understand the products they will buy by providing education to other people when they want to buy Herbalife products.

The research results also support Ndubisi's (2006) research on relationship marketing increasing customer loyalty. In line with the research results of Djumarno, et al. (2017) which explains that customer loyalty will increase if influenced by relationship marketing. The research results explain that brand image has an influence on customer loyalty. Brand image is the result of consumers' thoughts when they hear or see a brand. Brand image is determined by brand loyalty, brand personality, brand behavior and attitudes. Brand image gives customers the power to be loyal to the product and not switch to other products. The formation of a brand image is closely related to the existing perception of the brand. The formation process is called positioning. When the differences and advantages of a brand are compared to other brands, the term brand positioning appears. The research results are also supported by research by Andreani, et al. (2012) with research results that brand image has a positive effect on customer loyalty. In order for a brand's position to be strong, of course it must be known first by placing the brand in consumers' minds. The existence of a brand in the mind is limited to brand recognition. At the lowest level, where consumers just know the existence of the brand, they cannot yet form a perception about the brand. Djumarno, et al. (2017) also argue that a strong brand image will contribute to increasing customer loyalty.

CONCLUSION

Relationship marketing which is related to customer loyalty is explained by trust which is proven to be able to increase customer loyalty by proving regular use and repurchase by using Herbalife customers to buy according to schedule. Product quality which is related to performance is proven by Herbalife having clear functions and is proven to be able to increase customer loyalty by proving that customers buy Herbalife according to schedule. Brand image which is related to brand behavior is explained by customers choosing Herbalife because of the brand. Other evidence of brand image is explained by brand royalty and brand personality with customers who are loyal to Herbalife products because they will not switch to other products.

REFERENCES

- Adi dan Purwanto. 2006. Analisis Pengaruh Implementasi Relationship Marketing Di Sebuah Penyedia Jasa Internet Di Karanganyar Pada Kepuasan Pelanggan, Loyalitas Pelanggan dan Kualitas Pelayanan. Fokus Manajerial, Vol 4, No 1, hal 14-22.
- An-Tien Hsieh dan Chung-Kai Li. 2007. The moderating effect of brand image on public relations perception and customer loyalty. Marketing Intelligence & Planning. Vol. 26 No. 1, 2008 pp. 26-42.
- Assauri, Sofjan, (1993), Manajemen Produksi. Edisi Ketiga, Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia, Jakarta.
- Assauri, Sofjan, (1999), Manajemen Produksi dan Operasi. Edisi Empat, Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia, Jakarta.
- Akbar, Adam, 2012 “ Analisis Pengaruh Citra Merek, Harga,dan Kualitas Produk Terhadap Keputusan Pembelian Note book Toshiba,”Jurnal ,Universitas Gunadarm.Jakarta.
- Ananda, Aris 2011. Manajemen Ekuitas Merek : Memanfaatkan Nilai Dari Suatu Merek. Spektrum Mitra Utama. Jakarta.

- Supomo, Bambang dan Indriantoro, Nur. 2002, *Metodologi Penelitian Bisnis*, Cetakan Kedua, Yogyakarta; Penerbit BFEE UGM.
- Swasta, Basu, Dharmesta dan Irawan, (2008) *Manajemen Pemasaran Modern*, Liberty, Yogyakarta.
- Lovelock, Christopher, Lauren Wright, 2005. *Principles of Service Marketing and Management*, USA : Prentice-Hall International Edition..
- Lovelock, Christopher H, Wright, Lauren, 2007. *Principles of Service Marketing and Management: International*. USA : Prentice-Hall International Edition.
- Andreani, Fransisca, Taniaji, Tan Lucy and Puspitasari, Ruth Natalia Made 2012. The Impact of Brand Image, Customer Loyalty with Customer Satisfaction as A Mediator in Mcdonald's. *Jurnal manajemen dan kewirausahaan*, vol.14, no. 1, maret 2012: 63–70.
- Ferdinand, Augusty. 2014. *Metode Penelitian Manajemen*. BP Universitas Diponegoro. Semarang.
- Gaffar, Vanessa. 2011. *Customer Relationship Management and Marketing Public Relation*. Bandung: Alfabeta. Griffin, Jill (2012) *Customer Loyalty: How To Learn It, How To Keep It*. Jakarta: Penerbit Erlangga.
- Tjiptono (2000). *Manajemen Jasa*. Andy Offset. Yogyakarta.
- Kotler dan Kevin Lane Keller, 2006. *Marketing management*, Person Education Inc.
- Kotler dan Keller, 2006. *Manajemen Pemasaran*. Jakarta.
- Kotler dan Amstrong, (2010). *Principles of Marketing*. United States of Amerika: Perason.
- Kuncoro, Mudrajad. 2003. *Metode Riset untuk Bisnis & Ekonomi*. Jakarta: Erlangga.
- Kandampully & Suhartanto, 2000, D, Customer Loyalty in the Hotel Industry : the Role of Customer Satisfaction and Image *International Journal of Contemporary. Management*, 12
- Morgan, R.M. and Hunt, S.D. (1994), "The commitment-trust theory of relationship marketing", *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38. Morgan, Robert M., dan Shelby D. Hunt, 1994, "The Commitment-Trust Theory of Relationship Marketing", *Journal of Marketing*, Vol. 58, July, pp. 20- 38.
- McIlroy, A.S., & Barnett. (2000). Building Customer Relationships: Do Discount Cards Work? *Managing Service Quality. Journal*, 10 (6), 347-355.
- Muhammad Ishtiaq Ishaq, et al. 2014. Role of Corporate Image, Product Quality and Customer Value in Customer Loyalty: Intervening Effect of Customer Satisfaction. *J. Basic. Appl. Sci. Res.*, 4(4)89-97, 2014 © 2014, TextRoad Publication ISSN 2090-4304 *Journal of Basic and Applied Scientific Research*.
- Nelson Oly Ndubisi, 2005. Effect of gender on customer loyalty: a relationship marketing approach. *Marketing Intelligence & Planning* Vol. 24 No. 1, 2006 pp. 48-61.

- Chan, Syafruddin. 2003. *Relationship Marketing : Inovasi Pemasaran Yang Membuat Pelanggan Bertekuk Lutut*. PT Gramedia Pustaka Utama. Jakarta.
- Griffin, Jill, 2003, *Customer Loyalty : How to Earn It, How to Keep It*, Lexington Books, The Free Press, Singapore
- Griffin, K., 2008. "The Contribution of Studies of Source Credibility to a Theory of Interpersonal Trust in the Communication Process," *Psychological Bulletin*, Vol. 68, No. 2:104-120, 2003.
- Handoko, T. Hani. 1995. *Manajemen*. BPFE: Yogyakarta.
- Djumarno , Oktaviadri Sjafar dan Said Djameluddin, 2017. *The Effect of Brand Image, Product Quality, and Relationship Marketing on Customer Satisfaction and Loyalty*. *International Journal of Business Marketing and Management (IJBMM)* Volume 2 Issue 10 November 2017, P.P.15-24 ISSN: 2456-4559.
- Oliver, Richard L., 1999, "Whence Consumer Loyalty", *Journal of Marketing.*, Volume 63 Special Issue, pp. 33-44.
- Palmetier (2009). *Relationship Marketing*. Cambridge: Marketing Science Institute.
- Rita Martenson, 2007. *Corporate brand image, satisfaction and store loyalty A study of the store as a brand, store brands and manufacturer brands*. *International Journal of Retail & Distribution Management* Vol. 35 No. 7, 2007 pp. 544-555.
- Rahman Arif, 2010, *Strategi Dahsyat Marketing Mix*, cetakan pertama, penerbit : Transmedia, Jakarta.
- Sugiyono, 2003, *Metode Penelitian Bisnis*, CV Alfabeta, Bandung.
- Sugiyono, 2013, *Metodologi Penelitian Kuantitatif, Kualitatif Dan R&D*. (Bandung: ALFABETA)
- Sivesan. 2012. *Impact of Relationship Marketing on Costumer Loyalty on Banking Sectors*. *Jurnal of South Academic Research*. Volume 2, Issue 3, pp. 179-191.
- Saputra dan Ariningsih, 2014, *Masa Depan Penerapan Strategi Relationship Marketing pada Industri Jasa Perbankan*, *SEGMEN Jurnal Manajemen dan Bisnis*, Volume 10 No. 1.
- Khoironi, Tubagus Agus, Hidayat Syah dan Parlindungan Dongoran, 2018. *Product Quality, Brand Image and Pricing To Improve Satisfaction Impact on Customer Loyalty*. *International Review of Management and Marketing* | Vol 8 . Issue 3. 2018
- Velnampy, and Sivesan, S. 2012. *Customer Relationship Marketing and Company Satisfaction A Study On Mobile Service Providing Company In Srilanka*. *Global Journal Inc*. Vol. 12 (18) 2012.
- Wibowo S. 2006. *Relationship Marketing Inputs Terhadap Customer Loyalty Pada Industry Hospitality*, Surabaya.

