

14th ISCA 2024

The Effect of Relationship marketing in Increasing Loyalty through Customer Satisfaction in the Service Industry at PT Cahaya Turangga Sakti with a Focus on Customers in the OM 60 & NBM, OM 70 Section at Pertamina International RU IV Cilacap Refinery

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ABSTRACT

This study analyzes the effect of Relationship Marketing on customer loyalty through customer satisfaction at PT Cahaya Turangga Sakti, specifically in the Oil Movement (OM) 60, Non-BBM (NBM), and OM 70 divisions at the Pertamina International RU IV Cilacap Refinery. In the face of intense business competition in the service industry, companies need to implement effective strategies to improve relationships with customers and maintain their loyalty. The survey method is used to collect data from customers, and the analysis results show that Relationship Marketing significantly affects customer satisfaction. When companies understand and fulfill customer needs through effective communication, the level of customer satisfaction increases, which further increases customer loyalty. This study also found that customer satisfaction serves as a mediator that strengthens the relationship between Relationship Marketing and customer loyalty. The results of this study provide important insights for companies in formulating more effective Relationship Marketing strategies to increase competitiveness in the market. This research is expected to contribute to the development of customer relationship management literature in the service industry.

Keywords: Relationship Marketing; Customer Satisfaction; Loyalty; Service Industry

1. Introduction

In the context of increasingly crowded business competition, service companies are required to formulate effective strategies to maintain and increase customer loyalty. One method that has proven successful is relational marketing (RM). This approach involves understanding and fulfilling customer needs, while building mutually beneficial long-term relationships. PT Cahaya Turangga Sakti operates in the service sector and operates in a highly competitive environment, especially at Pertamina International RU IV Cilacap refinery. The Oil Movement (OM) 60 and Non-fuel (NBM) sections as well as OM 70 have a significant role as they interact directly with customers and provide essential services such as fuel supply and maritime logistics support. In this sector, customer satisfaction and loyalty are key factors for long-term sustainability and success. However, in recent years, PT Cahaya

Turangga Sakti has faced challenges related to declining customer satisfaction and loyalty. This is caused by various factors, including rising customer expectations, failures in service, and lack of service customization to customers' specific needs. Therefore, the company needs to evaluate and improve the relational marketing strategy that has been implemented.

Effective Relationship Marketing implementation can assist PT Cahaya Turangga Sakti in identifying customer needs and preferences more precisely, providing more personalized services, and improving positive communication and interaction with customers. Thus, Relationship Marketing can serve as a tool to increase customer satisfaction, which in turn will contribute to increased customer loyalty. In addition, the influence of Relationship Marketing on customer loyalty in the service industry is also supported by relevant theories and business models. One of them is the SERVQUAL model which measures service quality based on five dimensions: Tangibles (physical evidence), Reliability, Responsiveness, Assurance, and Empathy.

By understanding and applying these dimensions, companies can design Relationship Marketing strategies that are more effective in meeting and exceeding customer expectations. However, the implementation of Relationship Marketing is not without its challenges. Companies need to invest sufficient resources in information technology, employee training, and organizational culture change to support the implementation of Relationship Marketing. In addition, it requires commitment from all levels of management to ensure that Relationship Marketing is not just a tool, but an integral part of the company's business strategy.

Through this study, the researcher intends to analyze the implementation of Relationship Marketing at PT Cahaya Turangga Sakti, especially in the OM 60 & NBM, OM 70 section at Pertamina International RU IV Cilacap Refinery, and how it can increase customer satisfaction and loyalty. This research is expected to provide useful insights for companies in designing and implementing more effective Relationship Marketing strategies, as well as contributing to the academic literature on customer relationship management in the service industry. Thus, this research will answer the main question, namely How the implementation of Relationship Marketing can increase loyalty through customer satisfaction at PT Cahaya Turangga Sakti, especially in the OM 60 & NBM, OM 70 section at Pertamina International RU IV Cilacap Refinery.

2. Literatur Review

2.1 Relationship Marketing

Relationship marketing is the company's relationship with customers who establish business by prioritizing service and satisfaction, especially to old customers. According to (Zeithmal et. al, 2006) Relationship Marketing is an effort to explore consumers better, so that companies can meet their needs and wants in the long term. According to (Kotler, 2003) relationship marketing is a movement from a mindset based solely on competition and conflict, towards a mindset based on mutually beneficial interdependence and cooperation. Relationship marketing recognizes the importance of various parties, including: suppliers, employees, distributors, agents, and retailers to work together to provide and maintain the best values for target customers.

Relationship marketing (RM) has become an important strategy for companies, especially in the service industry which relies heavily on customer interactions. RM focuses

on building long- term relationships with customers, which can increase customer loyalty and business sustainability. Morgan and Hunt (1994) suggest that RM encompasses the process of building,

developing, and maintaining mutually beneficial relationships between companies and customers. This is particularly relevant in the service sector, where service quality and personalized interactions are critical to a company's success.

According to Kotler and Armstrong (2006) in forming stronger bonds with customers Relationship Marketing can be done through 3 approaches, namely:

- Customer Value, Customer value is the customer's evaluation of the difference between all the benefits and costs of market offers compared to competing offers (Kotler, 2006). The core in creating customer value is the ability to know customers and identify customer needs and wants.
- Customer Satisfaction, A marketer or company is required to know everything related to customers such as their expectations and desires so that this can be used as a reference in an effort to provide satisfaction value to customers. According to Lovelock and Wright (2005)
- Interaction, according to Chan (2003) Interaction is a form of two-way communication between customers and service providers that aims to exchange information. There are several things that need to be considered in establishing interactions with customers, namely (Chan, 2003): Recognize customers personally in order to create a mutually beneficial relationship, Make it easy for customers to interact, Provide an interesting experience for customers, and Provide personalized service to customers.

2.2 Customers Satisfaction

According to Tjiptono (2001), in a business-customer situation, some of the parties directly involved are marketers, consumers, consumer activists, and consumer behavior researchers. One of the benefits for the company of successfully increasing customer satisfaction is the creation of a more harmonious relationship between the company and its customers. In the view of (Kotler and colleagues, 2004), customer satisfaction is the level of feeling a person feels after comparing the performance of the product or service received with their expectations. In other words, customer satisfaction depends on the difference between perceived performance and consumer expectations. Customer satisfaction can be achieved with several factors that influence buyer loyalty.

The importance of customer satisfaction is not only in increased loyalty, but also in the positive word of mouth recommendations that the company can receive. According to research by (Anderson and Srinivasan, 2003), companies that are successful in meeting customer needs usually have higher customer retention rates. According to Cahaya Turangga Sakti, a decrease in customer satisfaction can adversely affect loyalty. The reason behind this phenomenon is due to increasingly high customer expectations that are not met due to the lack of appropriate service quality improvement.

Studies show that effective use of relational marketing (RM) can increase customer satisfaction by helping companies understand customer preferences and provide more personalized services. The model used to assess relevant service quality is the SERVQUAL model. It consists of five key elements: physical evidence (material), reliability, responsiveness, safety, and empathy. By understanding and applying these five aspects,

companies can improve service quality and ultimately improve customer satisfaction and loyalty.

2.3 Relation Marketing On Loyalty

Relationship Marketing against having repeat customers is the main target of every company because it plays an important role in ensuring the continuity of the company's operations. Companies must focus on retaining customers in order to maintain their important loyalty. According to Oliver, Hurriyati (2008), loyalty is the determination of a consumer to continue to use or repurchase a product or service in the future. Although there are situational factors and competitors' marketing efforts that have the potential to influence consumer behavior, these efforts remain strong.

Customer loyalty includes various aspects of attitudes and behaviors in a multidimensional concept. In terms of behavior, loyalty can be recognized by consumers' repeated purchase actions of certain brand products. In the context of attitude, loyalty indicates an emotional bond or preference for a brand, which makes consumers continue to choose that brand even though there are other options (Hallowell, 1996). Oliver (1999) explains that loyalty develops through four stages: cognitive loyalty, affective loyalty, affective loyalty, and behavioral loyalty. This phase explains the steps that consumers take from getting to know the brand to developing loyalty to make repeat purchases, despite being affected by external factors and promotions from competitors.

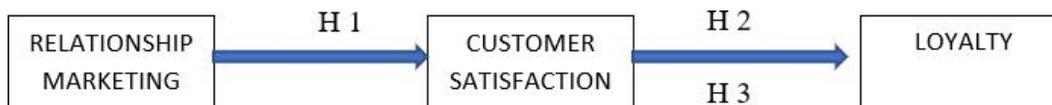
Hospitality industry studies emphasize the importance of customer engagement in maintaining loyalty. In this situation, customer loyalty is seen as an important element that can create "brand watchers" who are not only loyal but also actively champion the brand through word-of-mouth recommendations (Kandampully, Zhang, & Bilgihan, 2015). Gremler and Brown (1999) discovered that loyalty in the service industry has unique characteristics compared to loyalty in physical products. Loyalty to services involves not only repeat purchases but also a positive attitude towards the service provider and choosing that service only when necessary.

However, implementing Relationship Marketing (RM) in the service industry is not an easy task. In order to implement RM well, companies need to allocate funds for information technology, employee training, and changing the organizational culture (Payne & Frow, 2005). To ensure that RM becomes an integral part of the company's business strategy, involvement from all levels of management is required. When using PT. Cahaya Turangga Sakti, RM is faced with various challenges, such as adapting to changing customer needs and utilizing technology to improve service quality. This requires the company to create a more flexible and sustainable strategy in order to achieve higher customer satisfaction and loyalty.

2.4 Hypotesis

Creswell and Creswell (2018) stated that a hypothesis is a formal statement that expresses the expected relationship between independent and dependent variables. According to Abdullah (2015), a hypothesis is a temporary solution made to be tested during the research process. From that explanation, it can be concluded that a hypothesis is a statement formulated by researchers regarding the possibility of a link between variables in a study. Hypothesis works as a temporary answer that guides research and is tested through data collection and analysis. Therefore, hypothesis is very important in research because it helps in determining the relationship between variables to be investigated and analyzed.

As part of this study, the following hypotheses were conjectured:



Gambar 1: Hypotesis Framework

H 1: Relationship marketing has a positive effect on customer satisfaction

H 2: Customer satisfaction has a positive effect on customer loyalty

H 3: Relationship Marketing has a positive effect on customer loyalty through customer satisfaction as a mediator.

3. Research Methodology

3.1 Research Design

This study aims to evaluate the impact of relational marketing (RM) on HEI customer loyalty by utilizing customer satisfaction as a mediating variable. The Power of Light Turanga Shakti. The research focused on two main business areas: OM 60 & NBM area and OM 70 Refinery of Pertamina International RU IV Cilacap. As competition intensifies in the service sector, especially in customer service and experience, companies realize that their future success depends largely on high levels of customer satisfaction and loyalty. Thus, an in-depth knowledge of the factors that influence customer loyalty is crucial to the company's business strategy.

In this regard, this study utilizes the survey method in a quantitative approach to identify as well as test the relationship between the mentioned variables. Data was collected through distributing questionnaires to customers in the two business areas that were the focus of the study. With this way of research, the researcher was able to obtain data from a representative sample, so it is hoped that the results of the study can provide a precise picture of the influence of RM on the company's customer satisfaction and loyalty the power of light and energy. This research also aims to evaluate the hypothesis made from the literature study that relational marketing has a positive impact on customer loyalty, both directly and through customer satisfaction as a mediator. Thus, it is expected that this research can contribute to the theory and practice of more effective RM strategies to increase customer satisfaction and loyalty, especially in the competitive service industry.

3.2 Population dan Sample

In this study, the population studied was the customers of PT Cahaya Turangga Sakti working in the OM 60 & NBM and OM 70 sections of the Pertamina International RU IV Refinery in Cilacap with a total of around 500 employees. In order for the research sample to appropriately represent the population, the researcher utilized the Slobin formula. This formula is useful for determining the number of samples needed so that the data obtained is accurate and controls the margin of error of 5%.

$$n = \frac{N}{1+N(e^2)} \tag{1}$$

$$n = \frac{500}{1+500(0,05^2)} = \frac{500}{2,25} = 222,22$$

Di mana:

- **n** = the desired sample size
- **N** = total population
- **e** = margin of error (for example: 0.05 for 5%)

The population identified in this study consisted of 500 customers from the business areas of PT OM 60 & NBM and OM 70 Cahaya Turanga Shakti. Based on calculations using the Slovin formula with a margin of error of 5% (0.05), ideally 222 respondents are needed to achieve optimal accuracy. The Slovin formula is intended to ensure that the sample size is representative enough and provides accurate data with a high degree of certainty.

However, due to limited resources, only 60 respondents participated in this study. Although this number does not match the ideal sample size suggested by Slovin's calculation, it is still considered to provide a good picture of the population as a whole. According to Sugiyono (2013), although a small sample size can reduce the level of generalization, this study can provide valid data to test the proposed hypothesis. Therefore, the results of the 60 respondents can then be used to analyze the relationship between relational marketing, customer satisfaction, and customer loyalty at PT Cahaya Turanga Shakti.

3.3 Data Collection Techniques

Information for this study was collected through a closed survey using a 5-point Likert scale. The use of Likert scales is considered appropriate as it allows researchers to interpret respondents' attitudes and perceptions towards statements in a more structured and easy manner (Skaran & Bogie, 2016). This scale can also be used to evaluate the extent to which respondents agree or disagree with various aspects that are at the center of attention in the research.

The survey consists of three main parts:

- **Relationship Marketing (RM):** Calculated based on four aspects: individualized attention, communication, personalized service, and efforts to establish long-term relationships with customers. The purpose of these factors is to evaluate how successful a company is in forming and maintaining positive connections with its customers.
- **Customer Satisfaction:** Rated in four aspects including satisfaction with service, product quality, response to complaints, and overall satisfaction. These aspects reflect how customers perceive the company's products and services.
- **Customer Loyalty:** Calculated based on four factors related to customer loyalty, the tendency to recommend the product to others, and the customer's choice to use the service again in the future. This rating indicates a customer's potential loyalty to your company.

After 60 identified respondents completed the questionnaire, the data obtained was analyzed using SPSS software. This software has the ability to analyze quantitative data with various relevant statistical techniques to help test hypotheses and further understand the relationship between relational marketing variables, customer satisfaction, and customer loyalty.

3.4 Research Instrument

The reliability test was conducted using Cronbach's alpha coefficient to ensure the internal consistency of the survey instrument used. This overall is necessary in a quantitative study so that you can assess the extent to which survey items provide consistent and reliable results. According to Nunnally and Bernstein (1994), if the Cronbach alpha value is more than 0.70, it is usually considered to have an adequate level of reliability. That is, if the Cronbach alpha value of an instrument exceeds 0.70, the instrument is considered reliable. This means that such questions are reliable for measuring the mentioned variables: relational marketing, customer satisfaction, and customer loyalty in this study. The results of this reliability test are used to ensure that the data that has been collected can be trusted and further analysis can provide appropriate conclusions.

3.5 Data Analysis Technique

Data analysis for this study was conducted through a structured process using SPSS software to obtain detailed and precise results. The stages in the analysis were:

- Testing the Reliability Level: The first step was to test the reliability of the questionnaire using Cronbach's alpha. The purpose of this test is to assess the internal consistency of the questionnaire items. If the Cronbach's alpha value exceeds 0.70, then the measuring instrument is considered reliable and consistent in measuring relational marketing variables, customer satisfaction, and customer loyalty (Nunnally & Bernstein, 1994).
- The next linear regression test was conducted to examine the correlation between relational marketing as the independent variable and customer satisfaction and loyalty as the dependent variable. This regression test will help you determine if there is a statistically significant relationship between relational marketing and both. This research helps identify the direct influence of relational marketing on customer satisfaction and loyalty.
- Mediation testing with the Sobel test is performed: The final step is mediation testing using the Sobel test to evaluate whether customer satisfaction acts as a mediator in the relationship between relational marketing and customer loyalty. Baron and Kenny's (1986) method can be applied in this mediation test to determine whether the relationship between relational marketing and customer loyalty is affected by customer satisfaction directly or not. Thus, Sobel's examination can assist in assessing the meaningfulness of the mediator and enhance the understanding of the relationship of the variables in this research framework.

In this analysis phase, this research will provide additional information regarding the

impact of relational marketing on customer satisfaction and loyalty and the role of customer satisfaction as a mediator in these relationship.

4. Result

4.1 Reliability Test

Before conducting further analysis, a reliability test using Cronbach's Alpha was conducted to ensure the internal consistency of the questionnaire. Based on the reliability test results, the Cronbach's Alpha value for each variable is as follows:

- Relationship Marketing: 0,85
- Customer Satisfaction: 0,88
- Customer Loyalty: 0,90

Since all Cronbach's Alpha values are > 0.7 , the questionnaire is declared reliable.

4.2 Linear Regression for Hypothesis Testing

There are three hypotheses tested in this study:

- H1: Relationship Marketing has a positive effect on Customer Satisfaction.
- H2: Customer Satisfaction has a positive effect on Customer Loyalty.
- H3: Relationship Marketing has a positive effect on Customer Loyalty through Customer Satisfaction as a mediator.

4.3 Regression Results 1: The Effect of RM on Customer Satisfaction

The first regression was conducted between Relationship Marketing variables (RM1 - RM4) as independent variables and Customer Satisfaction as the dependent variable. The results were:

$$R^2 = 0,65 , p - value = 0,03$$

These results indicate that Customer Satisfaction has a significant effect on Customer Loyalty with an influence level of 65%. This supports H2. The first regression also shows that Relationship Marketing has a significant effect on Customer Satisfaction with a significance value of $p = 0.03$ (< 0.05). The regression coefficient of 0.45 indicates that an increase in Relationship Marketing by one unit will increase Customer Satisfaction by 0.45 units.

4.4 Regression Results 2: The Effect of Customer Satisfaction on Loyalty

The second regression was conducted between the variables Customer Satisfaction as the independent variable and Customer Loyalty as the dependent variable. The results are:

$$R^2 = 0,72 , p - value = 0,01$$

These results indicate that Customer Satisfaction has a significant effect on Customer Loyalty with an influence level of 72%. This supports H2. The second regression also shows that

Customer Satisfaction has a significant effect on Customer Loyalty with a value of $p = 0.01$. The regression coefficient of 0.60 indicates that an increase in Customer Satisfaction by one unit will increase Customer Loyalty by 0.60 units.

4.5 Mediation Test (Sobel Test)

To test whether Customer Satisfaction mediates the relationship between Relationship Marketing and Customer Loyalty, the Sobel Test was conducted. The test results show:

Tabel 1: Regression & mediation results (sobel test)

Variabel	koefisien	Standar error	Hasil
RM – Customer satisfaction	$a = 0,50$	$Sa = 0,10$	-
Satisfaction - Loyalty	$b = 0,60$	$Sb = 0,12$	-
Indirect influence ($a \times b$)	0,30	-	-
Sobel Test Z-Value	$Z = 3,53$	-	$p = 0,025$

The value of $Z = 3.53$ indicates that the indirect effect is quite strong. To convert the Z value into a p-value, we use a standard normal distribution table or statistical software. A value of $Z = 3.53$ yields a p-value of about 0.025. A p-value of 0.025 indicates that there is statistical significance at the 5% level ($\alpha = 0.05$). This means that we can reject the null hypothesis (H_0), which states that there is no mediation, and conclude that Customer Satisfaction significantly mediates the relationship between Relationship Marketing and Customer Loyalty. These results indicate that the effect of Relationship Marketing on Customer Loyalty is significantly mediated by Customer Satisfaction. This supports H3. Thus, Customer Satisfaction plays an important role as a mediator, which means that the effect of Relationship Marketing on Customer Loyalty mostly occurs through increasing customer satisfaction.

5. Conclusion

According to this research, it can be concluded that the use of relational marketing at PT Cahaya Turangga Sakti significantly increases customer loyalty by satisfying them. By establishing personalized and interactive relationships, companies can meet customer needs more efficiently, thus creating higher levels of satisfaction. Studies show that satisfied customers tend to return and use your services again, demonstrating a clear link between customer satisfaction and loyalty (Anderson & Srinivasan, 2003; Hallowell, 1996).

In this regard, companies must continue to innovate, especially in technology and workforce training, in order to maintain the quality of services provided. Conducting a relationship-based marketing strategy consistently not only strengthens direct interaction with customers, but also increases long-term competitive advantage in the service industry. (2004), as stated by Kotler and his colleagues, proved that focusing on customer relationship management is crucial in maintaining relevance and competitiveness in today's market.

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