The role of age as moderating variable on the effect of relationship marketing toward customer loyalty influence

by Anas Hidayat

THE ROLE OF AGE AS MODERATING VARIABLE ON THE EFFECT OF RELATIONSHIP MARKETING TOWARD CUSTOMER LOYALTY INFLUENCE

Anas Hidayat[*]**, Guruh Ghifar Zalzalah**[**] **and Muhammad Saifullah**[**]

Abstract: The aim of the current research study is to examine the influence of relationship marketing towards customer loyalty and the role of age as moderating on the influence of relationship marketing toward customer loyalty. This study focuses on young (17-25 years) and old (26-35 years) consumer as the objects and a total 200 response gathered from questionnaire distribution. The testing of the hypothesis in this study adopted hierarchical multiple regressions designed to simultaneously examine the structural relationship among the proposed construct. The result of this research was found that there is positive influence of relationship marketing toward customer loyalty Age also found significantly moderates the influence of relationship marketing toward customer loyalty. Relationship marketing can improve and strenght of customer loyalty and age which are old or young also can influence both of them (relationship marketing and customer loyalty).

Keyword: customer age, relationship marketing, customer loyalty

INTRODUCTION

Customer loyalty has been the objective or goal for marketers and company. Customer which continue buying from company, increasing profit for business in the future, and can provide a positive word of mouth are main keys of customer loyalty's indicators (Andreassen & Lindestad, 1998; Selnes & Hansen, 2001; Zeithaml, Berry, & Parasuraman, 1996). In the competitive market, to accomplish that objective has always tight, fluctuate, and difficult. Therefore, company must adapt and develop to that kind of environment, in order to achieve their objectives. The environment is not only the thing that company should be concerns to but also company should consider their competitors.

Ndubisi (2004) stated that a company can leverage firm-customer relationship to get privileged information about customers' needs and in turn provide more satisfactory offerings than competitors. It is important that the company studies

* Universitas Islam Indonesia, Indonesia, *E-mail: anas.hidayat@uii.ac.id*
** ASEAN Business Institute, Indonesia, *E-mail: guruhghifar@gmail.com; musa.saif@gmail.com*

and applied the concept of relationship marketing which can give an understanding about their customers and also it can be a good assistance to organize the firm-customer relationship management and achieve a higher loyalty from the customer.

The role of age can be a reference to understanding consumer loyalty. Schmitt (1999) highlighted age-group differences as a fundamental market characteristic. Wei-Ming Ou (2007) stated that moderation of age can influence the relationship between retailer reputation and shopping expenditure and frequencies of store patronage. On his study, he argue that age positively moderates the relationship between reputation and time travel because retired people have flexible schedule time for shopping trips. Therefore, it is suspected that age can also moderate the relationship of relationship marketing towards customer loyalty. This research aimed to understand the impact of age on the relationship between relationship marketing with customer loyalty. The company can understand who their target customer by knows the customer age and its characteristic, whether it is a teenager, an adult, or maybe an elderly person. By doing so, they can also understand what their target customer want and how to get their loyalty through relationship marketing program.

LITERATURE REVIEW

Relationship Marketing

Relationship marketing is system to construct, create, and upgrade the customer relationship (Berry, 1983). Relationship marketing aimed to create, keep, and improve the relationship with customer and shareholders which are its can give a benefit one to another (Gronroos, 1994). As discussed by Ndubisi (2006), marketing literature has underlines four main points as foundation of relationship marketing, which are trust, commitment, conflict handling, and communication.

According to Chattananon & Trimetsoontorn (2009), trust is defined as the characteristic of a business relationship which every people involved can depend on the integrity of the guarantee offered by the others. Schurr and Ozanne (1985) defined trust as the belief that a one's word or promise is reliable and a party will fulfill his/her commitment in the relationship. Giving guarantees that have been promised is just as important as a means for attaining consumer loyalty, holding the customer base, and securing future productivity, instead of undermine of trust (Taleghani Gilaninia, & Mousavian., 2011). A backstab of this trust by the seller or service provider could lead to defection. Therefore, trust can be defined as a willingness to fulfil the promises to their partner and meet what they expected.

Moorman, Zaltman and Deshpande (1992) defined commitment as a continuous willingness to conserve a worth relationship. Commitment is another major antecedent of relationship marketing and a valuable construct for measuring the tendency of customer loyalty and forecast future repurchase (Taleghani et al., 2011).

Therefore, commitment is how to maintain the performance that has been expected by their partner and it can enhance the long-term relationship to achieve customer loyalty.

Sin *et al.* (2002) defined communication as the formal and informal barter and sharing of significant and timely information among buyers and sellers. Alrubaiee and Nazer (2010) argue that communication support to establish trust by giving partners with a mechanism that able to resolve disputes that enhances partners' capacity to adjust their desires and perceptions.

Dwyer, Schurr and Oh (1987) defined conflict handling as a seller's ability to eludes the potential of problem, answer conflicts before they make problems, and discuss open solution when the problem arise. Conflict handling can become a consideration as how we avoid and make a solution for a problem when it happens before and after the problem exist (Ndubisi and Chan, 2005). Rusbult *et al.* (1988) argue that the tendency of an individual will relies in these behaviour depends on the degree of previous satisfaction with their relationship, the importance of the person's investment in the relationship and an assessment of the alternatives individual has.

Customer Loyalty

Customers which maintain purchasing from the firm, escalate profit for business in the future, and can give a positive word of mouth are primary keys of customer loyalty's indicators (Andreassen & Lindestad, 1998; Selnes & Hansen, 2001; Zeithaml, Berry, & Parasuraman, 1996). Customer loyalty gives firm a continuous income base and diminished costs (ML. Li *et al.*, 2012). Accordingly, it is vital to accomplish customer loyalty for proceeding with benefit for the firm.

Relationship marketing aimed to create, keep, and improve the relationship with customer and shareholders which are its can give a benefit one another (Gronroos, 1994). It is argued that the four underpinnings of relationship marketing are directly connected to and are able for predicting customer loyalty (Ndubisi, 2004). Adjie, Grifûth and Noble (2009) explain that the outcome of relationship marketing generally is to strengthen or expand the long term consumer satisfaction and customer loyalty, and also keep on supplying high satisfaction level to customer. Therefore, marketing relationships have been linked in this research to customer loyalty. Therefore, it is hypotheses as follows:

H1. There is positive influence of Relationship Marketing toward Customer Loyalty.

Customer Age as Moderating Variable

Based on previous research, there is evidence that demographic such as age can influence the relationship some variable towards other. Wei-Ming Ou (2007) found

that moderating of age influence the relationship between retailer reputation and shopping expenditure and frequencies of store patronage. On his previous study, he said that age positively moderates the relationship between reputation and time travel because retired people have flexible schedule time for shopping trips. There is other study that demographics such as age and gender may change the effect of relationship between retailer reputations on consumer behaviour (Kim and Park, 1997). Therefore, it is suspected that demographic characteristic such as age can also moderate the influence of relationship marketing towards customer loyalty. Therefore, it is hypotheses as follows:

H2. Age significantly moderate the influence of Relationship Marketing toward Customer Loyalty.
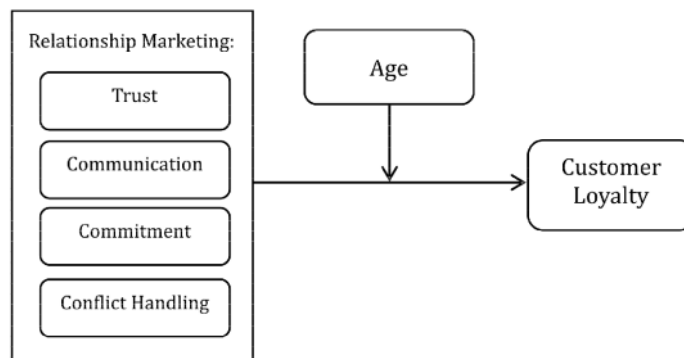

Figure 1: Research model

METHODOLOGY

Sample and Data Collection

The data were collected via questionnaire based on non-probability sampling which is convenience sample. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

The questionnaire spread out to 223 respondents, resulting to usable 200 questionnaires. Most of the respondent in this study are woman that represent about 57% or 114 respondents. The rest of them are male which represent for 43% or 86 respondents. The distribution of respondents' age is balanced to 50%, half of them aged 17 - 25 years and the rest of them are 26 - 35 years. Respondents with monthly expanses less than Rp1.000.000 are about 52.5%. While respondents with monthly expanses between Rp1.000.000 and Rp5.000.000 per month are 43.5%. The rest of them are 4% with spending per month that more than Rp5.000.000.

Measurement

The measurement of trust dimension was adopted from Churchill and Surprenant (1982), and the measurement of communication, commitment, and conflict handling dimension were adopted from Morgan and Hunt (1994). While for the loyalty dimension was measured using items as adopted from Bloemer et al. (1999).

Validity and Reliability

Table 1 shows the Pearson Product Moment correlation for the seven likert scaled variables. All indicator items on the relationship marketing variables (trust,

Table 1
The result of validity and reliability

Indicators	Correlation Coefficient (r xy)	Cronbach Alpha
Trust		0.887
Customer feels safe with the service	0.792	
Customer believe with the company's promises	0.791	
Customer believe that the company's quality service are consistent	0.774	
Employees respect customer	0.841	
Meet their obligations to customer	0.755	
Believe with company's services	0.844	
Commitment		0.827
Customer can get what they need from the company adjustment	0.753	
Customer get personalized service to give what they need	0.844	
Customer get flexibility from the company when service is change	0.851	
Customer get flexibility from the company in order to meet the customer need	0.801	
Communication		0.810
The customer can get the information timely and trustworthy	0.756	
The customer get the information when there is a new service	0.828	
The customer can get what the company promises	0.791	
The customer get the information accurately	0.818	
Conflict handling		0.830
The customer can avoid the problem	0.831	
The customer get the company service before they face the problem	0.898	
The customer get the company's service which is openly discuss when the problem arise	0.872	
Customer loyalty		0.780
The customer always decide that the company is the first choice	0.902	
From the experience that customer had, the company was the first in the mind of customer	0.908	

commitment, communication and conflict handling) and customer loyalty found to be valid, since all of them have value of more than 0.115 with the significance level of less than 5% (p <0,05). All variables also indicated to be reliable with cronbach's alpha of more than 0.6.

DATA ANALYSIS

The statistical tool for the data analysis is using moderation regression analysis. It designed to simultaneously examine the structural relationship among the proposed construct. Below is an estimation of linear regression moderation index that is generated after testing:

Table 2
Estimation of Linear Regression Moderation

Variables	Regression coefficients	t value	p value
(Constant)	1.259	4.111	0.000
Relationship Marketing	0.700	9.595	0.000
Age	0.491	2.674	0.008
Moderation ($X_1.X_2$)	-0.094	-2.086	0.038
F	32.454		
Sig f	0.000		
Multiple R	0.576		
Adjusted R square	0.322		

Relationship marketing variable (X_1) is a variable that influence Customer loyalty with positive regression coefficient of 0.7. It means if relationship marketing (X_1) increase as much as one unit, Customer Loyalty will follow to increase 0.7 unit with the assumption that others variables in a constant condition. This positive relationship is indicating that the higher the relationship marketing of fast food restaurant, the higher customer loyalty they will get.

The result of significance test indicates that *Relationship Marketing* (X_1) has T value of 9.595 and P value of 0.000 which is below than 0.05. That value attest that there is a significant influence of *Relationship Marketing* (*trust, commitment, communication and conflict handling*) toward customer loyalty in fast food restaurant. Thus the first hypothesis which states **"H1: There is positive influence of Relationship Marketing Customer Loyalty toward"** is supported.

Interaction variable ($X_1.X_2$) indicates that Age moderating the relationship between relationship marketing toward customer loyalty with negative regression coefficient of -0.094. It means that the younger the customer, the influence of relationship marketing toward Customer Loyalty will be stronger.

The result of significance test indicates that the interaction of Relationship Marketing and age $(X_1.X_2)$ produce t-value of -2.086 and p-value of 0.038 (<0.05). It means there is a significant effect of age on the influence of relationship marketing toward customer loyalty on fast food restaurants. Thus the second hypothesis which states "**H2: Age Significantly moderate the influence of Relationship Marketing Customer Loyalty toward**" is supported.

To determine the effect of independent variables toward the dependent variable simultaneously, it can be seen from the Adjusted R^2or determination coefficient. Table 2 shows that the Adjusted $R^2$is 0,322. It indicates that the independent variable simultaneously influence dependent variable as much as 32.2%. The rest of the influence (67.8%) is influenced by other variables that not included in the research model.

DISCUSSION

This study found that the there is a positive and significant relationship of trust, commitment, communication and conflict handling on consumer loyalty on fast food restaurants. This means that the better the perceived consumer relationship marketing, then the subscriber loyalty on fast food restaurants will be even greater. This finding is in line with previous studies such as by Ndubisi (2006), Alrubaiee and Al-Nazer (2010), Taleghani, *et al* (2011) and Aminu (2012). Ndubisi (2006) found that relationship marketing positively influence the customer loyalty. Alrubaiee and Al-Nazer (2010) also found that relationship marketing has significant positive influence toward customer loyalty. Taleghani, *et al* (2011) found that trust building, exhibit commitment to service, punctual communication with customers, and efficient conflict handling are strengthening the customer loyalty. Aminu (2012) found that trust and complaint handling are correlated with customer loyalty significantly and positively.

Customer Age is found to be significantly moderating the influence of relationship marketing towards customer loyalty. This means the younger the age of customers, relationship marketing can make stronger influence toward customer loyalty. It is true that younger customer in Indonesia tend to be loyal with fast food restaurant. It is become a trend for younger customer to not only to eat in fast food restaurant but also to hang out in there.

Based on the discussion above, it is recommended for fast food restaurant to improve the relationship marketing and to consider factors such as trust, commitment, communication and conflict handling. By doing so, it can push to higher loyalty of their customer. Since customer age moderates the influence of relationship marketing on customer loyalty, fast food restaurant needs to give different treatment to different age groups. It is also recommended that fast food restaurant focus to segment and target younger customer that have greater potential of loyalty impacted by their relationship marketing.

CONCLUSION

This study empirically investigates the effect of relationship marketing towards customer loyalty in fast food restaurant in Indonesia. Four underpinnings of relationship marketing were included to measure relationship marketing variable. All the constructs were significantly influence customer loyalty in fast food restaurant in Indonesia. It is mean the higher the perceived relationship marketing by the costumers of fast food restaurant, the greater the level of their loyalty. Customer Age also found to be a significant moderating factor of the relationship of relationship marketing toward customer loyalty. It is means younger customer tends to be more loyal resulted from the relationship marketing held by the fast food company.

This study only include four underpinning of relationship marketing, which are trust, commitment, communication, and conflict handling whereas there are several underpinning that not included. It is suggested for further study to add or modify other factors of relationship marketing that not included in this study such as bonding, satisfaction, shared values, empathy, reciprocity, and others. It is also recommended for further research to separate each component of relationship marketing to compare and find out the greatest antecedent of loyalty of the relationship marketing. This finding may also limited to only in Indonesia context. Therefore it is suggested to conduct similar study in another context.

References

Adjei, M.T., Griffith, D.A., & Noble, S.M. (2009), When do relationships pay off for small retailers? Exploring targets and contexts to understand the value of relationship marketing. *J. Retail., 85*: 493-501.

Alrubaiee, L., & Al-Nazer, N. (2010), Investigate the Impact of relationship Marketing Orientation on Customer loyalty: The Customer Perspective. *International Journal of Marketing Studies, 2*(1), May 2010.

Aminu, S.A. (2012), Empirical Investigation of The Effect of Relationship Marketing on Banks's Customer Loyalty in Nigeria. *Interdisciplinary Journal of Contemporary Research in Business, 4*(6).

Andreassen, T. W., & Lindestad, B. (1998), Customer Loyalty and Complex Services: The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management, 9*(1), 7-23

Andreassen, T.W., & Lindestad, B. (1998), The Effect of Corporate Image on in the Formation of Customer Loyalty, *Journal of Service Research, 1*(1), 82-92.

Berry, L.L. (1983), *Relationship marketing*, in Berry, L.L., Shostack, G.L. and Upah, G.D. (Eds), Emerging Perspectives of Services Marketing, American Marketing Association, Chicago, IL.

Bloemer, J., de Ruyter, K., & Wetzels, M. (1999), Linking perceived service quality and service loyalty: a multi-dimensional perspectives. *Journal of Marketing, 33*(4), 1082-106.

Chattananon, A., & Trimetsoontorn, J. (2009), Relationship marketing: a Thai case. *International Journal of Emerging Markets*, 4(3), 252-274.

Churchill, G.A., & Surprenant, C. (1982), An investigation into the determinants of customer satisfaction. *Journal of Marketing Research*, 19(4), 491-504.

Dwyer, F.R., Schurr, P.H., & Oh, S. (1987), Developing buyer-seller relationships. *Journal of Marketing*, 51(1), 11-27.

Gronroos, C. (1994), From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Management Decision*, 31(2), 4-20.

Kim, B.D., & Park, K. (1997), Studying Pattern of Consumer's grocery Shopping Trip. *Journal of Retailing*, Winter 1997, 73, 4; ProQuest pg. 501.

Li, M.L., Green, R.D., Farazmand, F.A., & Grodzki, E. (2012), Customer Loyalty: Influence on Three Types of retail Stores's Shoppers. *International Journal of Management and Marketing Research*, 5(1).

Moorman, C., Zaltman, G., & Deshpande, R. (1992), Relationships between providers and users of market research: the dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314-28.

Morgan, R.M. & Hunt, S.D. (1994), The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20-38.

Ndubisi, N. O. & Chan, K. W. (2005), Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction. *International Journal of Bank Marketing*, 23(3), 542-57.

Ndubisi, N. O. (2004), Understanding the salience of cultural dimensions on relationship marketing, its underpinnings and aftermaths. *Cross Cultural Management*, 11(3), 70-89.

Ndubisi, N. O. (2006), Relationship Marketing and Customer Loyalty. *Journal of Marketing Intelligence & Planning*, 25(1), 98-106.

Rusbult, C. E., Farrell, D., Rogers, D., &Mainous, A. G. (1988), Impact of exchange variables on exit, voice, loyalty, and neglect: an integrative model of responses to declining job satisfaction. *Academy of Management Journal*, 31, 599-627.

Schmitt, B. H. (1999), *Consumer Segmentation in China. In Marketing Issues in Transitional Economies*. Rajeev Batra eds. Norwood, MA: Kluwer Academic Publishers.

Schurr, P. H. & Ozanne, J. L. (1985), Influence on exchange processes: buyers' preconceptions of a seller's trust worthiness and bargaining toughness. *Journal of Consumer Research, 11*(4), 939-53.

Selnes, F. and Hansen, H. (2001), The potential hazard of self-service in developing customer loyalty. *Journal of Service Research*, 4(2), 79.

Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Lee, J. S. Y., & Chow, R. (2002), The effect of relationship marketing orientation on business performance in a service-oriented economy. *Journal of service marketing*, 16(7), 656-676.

Taleghani, M., Gilaninia, S., & Mousavian, S.J. (2011), The Role of Relationship Marketing in Customer Orientation process in the Banking Industry with focus on Loyalty (case study: banking industry of Iran). *International Journal of Business and Social Science*, 2(19), [Special Issue - October 2011].

Wei-Ming, Ou. (2007), Moderating Effects of Age, Gender, Income and Education on Consumer's Response to Corporate Reputation. *Journal of American Academy of Business*, *10*(2), Cambridge; Mar 2007; ABI/INFORM Complete, 190.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996), The behavioural consequences of service quality. *Journal of Marketing Management*, *60*(April), 31-46.

The role of age as moderating variable on the effect of relationship marketing toward customer loyalty influence