

**THE EFFECT OF RELATIONSHIP MARKETING DIMENSION ON  
CUSTOMER RETENTION AT PT ASTRA INTERNATIONAL TBK.  
TOYOTA (AUTO 2000) LAMPUNG**

**(Undergraduate Thesis)**

**By**

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**FACULTY OF ECONOMICS AND BUSINESS  
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BANDAR LAMPUNG  
2016**

## **ABSTRACT**

### **THE EFFECT OF RELATIONSHIP MARKETING DIMENSION ON CUSTOMER RETENTION AT PT ASTRA INTERNATIONAL TBK. TOYOTA (AUTO 2000) LAMPUNG**

**By**

**KEMAS RAHMAT ZEN VANI**

Relationship marketing has become one of the important strategy for a company to retain consumer and build good and long lasting relationship with consumers. Relationship marketing formed by the existence of several dimensions, such as trust, commitment, equity and empathy and is one of marketing strategies utilized to compete in global business. Therefore, the objective of this research is to analyze whether the dimensions of trust, commitment, equity and empathy has effect on consumer retention. By applying descriptive research design, PT. Astra International Tbk. Toyota (Auto 2000) Lampung as object research, multiple regression analysis, and the result showed that the relationship marketing dimension (trust, commitment, equity and empathy) affect consumer retention. The research suggestion for management of PT. Astra International Tbk. Toyota (Auto 2000) Lampung is to improve commitment variable in terms of quality of service regarding to body repair services and spare part service, in order to keep consumer satisfaction and retention.

**Keywords:** *relationship marketing, trust, commitment, equity, empathy, customer retention*

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TOYOTA (AUTO 2000) LAMPUNG**

**Researcher**

**KEMAS RAHMAT ZEN VANI**

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As One of Requirements to Achieve  
**BACHELOR OF ECONOMICS**

**In**

Management Department  
Faculty of Economics and Business University of Lampung



**FACULTY OF ECONOMICS AND BUSINESS  
UNIVERSITY OF LAMPUNG  
BANDAR LAMPUNG  
2016**

**Thesis Title : THE EFFECT OF RELATIONSHIP MARKETING  
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## **BIOGRAPHY**

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## MOTTO

“Then which of the favours  
of your Lord will ye deny?”

- Qur'an: Ar-Rahman -

“The person who will change the  
world is the one who stares you  
back in the mirror”

-Kemas Rahmat Zen Vani-



## DEDICATION

With gratitude of all joy and blessings given by Allah SWT, I hereby dedicate my undergraduate thesis for my dearest family, **My father Kemas Ivan Rizal My mother Nyimas Mutiarani, and my Brother and Sister, Nyimas Tiara Vani and Kemas Rahmat Jonsua Vani** for the everlasting prayer and all support given to finish my undergraduate thesis.

And from the innermost part of my heart, I am indebted and truly grateful to my dearest Father, Kemas Ivan Rizal and my dearest Mother, Nyimas Mutiarani who always grant me **wisdom, virtue, honesty, morality, guidance, love, and priceless life experiences** which drives and hone me into a **better, stronger and wiser man**.

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The researcher realized that the writing of this undergraduate thesis is still far from perfection. However, the researcher hoped that this humble thesis will be useful for us all.

Bandar Lampung, 17<sup>th</sup> October 2016

Researcher



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## **I. INTRODUCTION**

### **1.1 Background**

Upon several decades, marketing concept had developed from transactional marketing on early 1950 to relationship marketing on 1990 (Buttle, 1996).

According to American Marketing Association (2016), this development started from people whom started to work according to their own specialization and created demand to both individual and organization to facilitate bigger exchange process. Up until certain years, marketing concept is limited to physical goods distribution, meanwhile the mass marketing which happens on early 1950 had transformed the marketing concept to be mass production strategy to push the production cost as minimum as possible. Then, the term target market on 1980 and customizable market on 1990 until 2000s had developed to be one to one marketing which known as relationship marketing. Until now, this is one of the most popular strategy in marketing.

Kotler and Keller (2012:20) stated, the key result of marketing is to develop a deep connection, personally or organizationally which directly or indirectly, affect the success of a company' marketing activity. Marketing was previously focused

on selling and buying in a narrow scope as a transaction, then it later changed into focus on building a relationship based on value and changes for fulfilling the consumer needs, which known as relationship marketing. Relationship marketing is a concept about shaping connection in order to make a good relationship with consumer. Along with the development of varieties marketing concept, numerous company had start to implement strategy on attracting consumer, preserving consumer and managing consumer. One of those marketing concept is relationship marketing. In the beginning, relationship marketing was started by companies in United States. Then, the same phenomenon were also happen in Indonesia which made companies in Indonesia started to implement relationship marketing.

Saputra and Ariningsih (2014:70) stated that relationship marketing is a marketing strategy concept which attempt to build long term relationship with consumer to preserve solid and beneficial relation among service or product providers and consumers which able to build repetitive transaction and create consumer loyalty. For conclusion, it could be considered that relationship marketing is focus on long term sustainability on company. Relationship marketing is a process which connect the company with consumers, meanwhile customer retention is a behavior which appear as a respond to company' environment.

According to Alma (2007:130) customer retention is a customer decision to stay or repurchase a product or service on the latter. Customer retention is a form of loyalty which related with purchasing behavior of a consumer that shown with how high the frequency of consumer on purchasing a product (Ang and Buttell, 2006:1). In the other word, customer retention sees on how many consumer who

return on purchasing the same product or utilizing the same service times after times.

PT Astra International Tbk or usually called as Auto 2000 or Toyota is one of a company which operates on automotive sector and had officially acknowledged by Indonesian government as a sole agent on selling Toyota brand car to all over Indonesia. Moreover, PT. Astra International Tbk. Toyota (Auto 2000) moves on spare parts importing for Toyota brand car and also includes handling and repairing services for Toyota brand car.

PT. Astra International Tbk. Toyota (Auto 2000) is one of a company which possess various strategy in attracting and increasing their customer retention level. Various strategy may be implemented by a company in the middle of tight competition on an effort to attract consumer such as; product with varieties models, interesting design, good quality and low prices.

In Lampung itself, there are two Auto 2000 outlets, yet the strategy implemented by PT. Astra International Tbk. Toyota (Auto 2000) Raden Intan and Auto 2000 Rajabasa were just the same with strategy which PT. Astra International Tbk. Toyota (Auto 2000) generally implemented, as one of the attempt to create good and continuous relationship between consumer and company in the form of relationship marketing, with a sole purpose to offer the best service with various convenience and advantages which offered to consumer or consumer candidates through:



- Trust
  - Consistency

In a company which implement consistency, keeping the quality in all aspects is not easy. In this matter, PT. Astra International Tbk. Toyota (Auto 2000) shows consistency in increasing service quality through training and Aftersales Service Skill Contest or a competition for mechanic on conducting after sales service
  - Respect

PT. Astra International Tbk. Toyota (Auto 2000) shows respect by implementing Kaizen principal as base strategy which highly consider respect for every consumer on every service process whether it is before sales or after sales
  - Consumer belief

Consumer belief components obtained through the availability of Toyota Recall or calling back purchased vehicles to be repaired or installation of auxiliary components if there are security issues inside produced vehicle
- Commitment
  - Personal service

PT. Astra International Tbk. Toyota (Auto 2000) provides personal service to consumer with the availability of Toyota easy care which give service to consumer in car repair in location of where the consumer is, like at home, office, on the road or parking lot

- Flexibility
 

On flexibility, PT. Astra International Tbk. Toyota (Auto 2000) involves employee and service system on customer service department which have the principal to adjust their service in fulfilling consumer needs
- Obligation fulfilling
 

PT. Astra International Tbk. Toyota (Auto 2000) have obligation to fulfill consumer needs which will later become customer. This obligation materialized in the form of warranty or purchasing and service warranty align with warranty card or service card possessed by consumer
- Equity
  - Same treatment
 

Providing the same treatment for every customer with the existing service architecture or building and service standard possessed PT. Astra International Tbk. Toyota (Auto 2000) in building an outlet and on service system for every consumer
  - Information easiness
 

Easiness in obtaining accurate information for every consumer about Toyota Auto 2000 through mobile apps and company website, this matter is related with company commitment to provide accurate information on product purchasing and consumer service

- Promise fulfillment
 

Easiness in obtaining vehicle in the form of purchasing promise appropriate with the deal and on time, appropriate with consumer request and adjusted with the company capability to fulfill the request
- Empathy
  - Solution for consumer
 

Easiness in obtaining total solution service for every consumer during vehicle ownership such as: after sales service in the form of insurance service, vehicle resell worth calculation and paperwork extension
  - Listen to complaints and consumer request
 

Booking service and 24/7 call center to provide easiness in listening to consumer complaints and adjusting with consumer needs which sometimes have tight schedule
  - Two ways communication
 

Maintenance reminder system which is a reminding service system as two ways communication tool appointed to consumer in a form of phone call and text messages to do checkup, handing and periodic repairs in make sure Toyota vehicle condition stays at its prime.

PT. Astra International Tbk. Toyota (Auto 2000) had implemented the relationship marketing strategy to create good and continuous relationship between consumer and company with prioritizing the easiness to find information, convenience and consumer safety, fulfilling responsibility and company' promises, equal treatment for every consumer, respect and appreciation for

consumer, giving solution, two-way communication and service adjustable to consumer needs. Not only that, various strategy implemented by PT. Astra International Tbk. (Auto 2000) were done to keep competing with competitors in Indonesia.

These are the competition data of automotive companies in Indonesia:

**Table 1 Market Share of Automotive Company in Indonesia Year 2013-2015**

No	Company Name	Market Share (2013)	Market Share (2014)	Market Share (2015)
1.	Toyota	36%	35%	34%
2.	Daihatsu	14%	15%	15%
3	Suzuki	13%	14%	14%
4.	Mitsubishi	11%	12%	12%
5.	Honda	10%	11%	11%
6.	Nissan	4%	3%	4%
7.	Isuzu	2%	2%	2%
8.	Mazda	2%	1%	1%
9.	Other	8%	7%	6%

Source: Processed data from GAIKINDO, 2016

According to table 1, it can be concluded that Toyota is the market leader of car selling on automotive company in Indonesia by controlling majority of market share from 2013-2015, followed by Daihatsu in second position and Suzuki in third position. 34% of control in market share shows that Toyota is a brand favored by Indonesian consumer, a quite large margin between Toyota and Daihatsu has clearly shown the superiority of PT. Astra International Tbk. Toyota

(Auto 2000) in Indonesia. However there is yearly declining tendency of the Toyota market share from 2013-2015, resulting in percentage shift lower by one percent each year. Furthermore, the following is the table of national sales data of Toyota year 2013 - 2015:

**Table 2 National Sales Data of Toyota Car Year 2013-2015**

National Sales of Toyota Cars 2013-2015 (Units)					
2013		2014		2015	
Month	Volume	Month	Volume	Month	Volume
January	32680	January	35923	January	35888
February	31520	February	35318	February	38632
March	33558	March	32726	March	36960
April	33306	April	39668	April	39327
May	34264	May	36282	May	31649
June	34737	June	35125	June	37107
July	37176	July	39210	July	28757
August	36353	August	24899	August	30273
September	25848	September	40235	September	29250
October	35855	October	39246	October	30540
November	36996	November	40781	November	27986
December	34427	December	34819	December	27123
<b>Total</b>	<b>406.270</b>	<b>Total</b>	<b>393.997</b>	<b>Total</b>	<b>384.462</b>

Source: Processed data from GAIKINDO, 2016

Table 2 shows the fluctuation in sales level which happen every month and affect the variation of yearly sales. The total sales which is previously 406.270 units decreased by 12.273 units to be 393.997 units on 2014. As well as the total sales on the next year which decreased by 9.535 units to be 384.462 units on 2015.

High level of sales on 2013 were decreasing every year and even PT. Astra International Tbk. Toyota (Auto 2000) is one of the market leader, the emerging problem is on the capability of the company to preserve the consumer.

PT. Astra International Tbk. Toyota (Auto 2000) had owned 96 outlet which distributed on 37 cities in Indonesia, including Bandar Lampung with 2 outlets which are Auto 2000 Raden Intan and Auto 2000 Rajabasa. Both outlets contributes on increasing the total sales volume of PT. Astra International Tbk. Toyota (Auto 2000) in Bandar Lampung as the only trusted selling outlet of Toyota automotive product. These are the sales data of Auto 2000 Raden Intan and Auto 2000 Rajabasa year 2012-2014:

**Table 3 Sales of Auto 2000 Raden Intan and Auto 2000 Rajabasa year 2012-2015**

Year	Month	Sales Volume (Units)	
		Raden Intan	Rajabasa
2012	January – June	1574	1682
	July - December	1858	1568
	<b>Total</b>	<b>3432</b>	<b>3250</b>
2013	January – June	1675	1629
	July - December	1855	1587
	<b>Total</b>	<b>3530</b>	<b>3266</b>
2014	January – June	1747	1567
	July - December	1664	1507
	<b>Total</b>	<b>3411</b>	<b>3024</b>
2015	January – June	1432	1430

Source: Auto 2000 Raden Intan and Auto 2000 Rajabasa, 2015

Based on table 3, sales volume of Auto 2000 Raden Intan and Auto 2000 Rajabasa started from January until December year 2012 is 3432 units and 3250 units, then the total sales is increased by 98 units and 16 units on 2013, which

makes the total sales become 3530 units and 3266 units on the end of 2013.

However, the sales is decreased by 119 and 242 on year 2014 which makes the total sales volume decreased by about 4% and 8% to be 3411 and 3024 units. The same condition happen to sales volume in first semester of 2015 which is the lowest sales volume in the last three years and concerned to significantly affect the total sales volume on 2015. Sales volume on first semester of 2014 which previously is 1747 units and 1567 units, was significantly decreased by 315 units and 137 units to be 1432 units and 1430 units on first semester of 2015.

However, even had dominated the market share in Indonesia and with yearly sales average above 3000 units in Bandar Lampung only, and had strategy to create good and continuous relationship between consumer and company, the problem is how far is the capability of PT. Astra International Tbk. Toyota (Auto 2000) especially Auto 2000 Lampung in preserving the decreasing sales level. Sales level is strongly related to customer retention as the utilizable indicator to measure if a consumer willing to repurchase or stay as a consumer in a certain company.

According to Levitt on Tjiptono (2008:380), “basically, the sole purpose of every business is to create and preserve consumer”. If a company keep attracting new consumer to replace the moving consumer, it is impossible for the company to grow and gain market share. Developing a long term relation with consumer, has a better value and considered as an effective method to increase the profitability of a company.

According to research Clancy & Shulman year 1994 on Tjiptono (2008:380) it shows that “the cost of retaining a consumer is usually only 25% of the cost to get

a new consumer. Other than that, with the available marketing program, the possibility to retain a consumer now is more than 60%, meanwhile the probability to get a new consumer is less than 30%”. According to Richeld & Sasser on Tjiptono (2008:380) “the 5% increase in customer retention may increase a long term profit increase of 25% until 95% on several industries”. The same matter were also stated by Tjiptono (2008:381), “customer retention which based on capability to construct consumer orientation which gives several benefits, like increasing productivity and income growth”.

Companies oriented on consumer will not allow their consumer to switch into competitors. Companies will attempt to give their best on prioritizing the consumer, not only to repair the product or service quality but also to make consumer do repurchasing. Before consumer become loyal, the consumer will stay first, and the duration of how long the consumer stays is known as customer retention, which is the capability of a company to retain the consumer until they become loyal. There is less available research which studies about the relation between relationship marketing with customer retention, yet relationship marketing has a role in the successful customer retention. PT. Astra International Tbk. Toyota (Auto 2000) Lampung, were chosen as the research object because these companies already implemented relationship marketing when treating the consumer and gave contribution to the sales output of PT. Astra International Tbk. Toyota (Auto 2000). Based on the described background, researcher had shown interest to do a research entitled **“THE EFFECT OF RELATIONSHIP MARKETING DIMENSION ON CUSTOMER RETENTION AT PT ASTRA INTERNATIONAL TBK. TOYOTA (AUTO 2000) LAMPUNG”**.



## **1.2 Problem Formulation**

In this research, there will be discussion about relationship marketing dimension which affect customer retention which are trust, commitment, equality and empathy. Based on the problem formulation, several questions comes up as follows:

1. Do trust have effect toward customer retention?
2. Do commitment have effect toward customer retention?
3. Do equity have effect toward customer retention?
4. Do empathy have effect toward customer retention?

## **1.3 Research Purposes**

The purpose of this research are:

1. To know the effect of trust toward customer retention
2. To know the effect of commitment toward customer retention
3. To know the effect of equity toward customer retention
4. To know the effect of empathy toward customer retention.

## **1.4 Research Benefits**

There are several benefits which can be obtained on the writing of this research, which are:

1. For researcher, this research is one of the scientific works to fulfill the requirements for Bachelor Degree (S-1) and used to apply knowledge

obtained during study to see the comparison between theory and practices in society

2. For the researched companies, especially PT. Astra International Tbk. Toyota (Auto 2000) Lampung, both to be a beneficial input to increase the quality of service provided
3. For society especially PT. Astra International Tbk. Toyota (Auto 2000) Lampung consumer, the result of this research will be beneficial as a media to give input, advices and perspective to company for increasing the quality of service and attaining consumer satisfaction
4. For other parties, this research is expected to be beneficial in the development of science in management sector, especially in service quality and satisfaction then give information to next researcher who take the same topic of research.

## **II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **2.1 Marketing Definition**

Marketing is an effort to deliver value of a product or service from company to consumer. However, the definition had broadly developed to also include various activities in an effort to deliver products to consumer. Starting from product pricing, distribution activities or product delivery and promotion which conducted by a company to deliver its product to consumer. Deeper understanding about marketing definition may be achieved by doing several approach toward several marketing formulation from experts in marketing sector such as:

Kotler and Keller (2012:27) define marketing as an identification process and the crossing between human needs and society needs or it may be simply defined as fulfillment of beneficial needs. Marketing definition according to American Marketing Association on Kotler and Keller (2012:27) is activities, a number of institution and process of creating, communicating, delivering and supply exchanging with its own value for customer, client, partner and society as a whole.

Chandra (2001:29) stated that marketing started from the emerging needs from customer. Something that customer wants which is vary and challenging in marketing world. Marketing is actually broader than selling.

According to several definition by marketing experts, we may conclude that marketing is a process of value delivering from a created product of a company in exchange of profit and fulfillment of consumer needs.

## **2.2 Relationship Marketing**

### **2.2.1 Relationship Marketing Definition**

Relationship marketing explains that customer loyalty and retention needs to be built by hard effort where customer is the core of marketing activities, then with the existing relationship marketing strategy, it tries to stretch the customer lifetime as an individual who do transaction and able to keep customer loyalty and retention (Chan, 2003:4).

### **2.2.2 Relationship Marketing Purpose**

Relationship marketing provide added value and applicable value on a long term for service provider (Lerman, 2013:60). Stone (2001:2) explains that relationship marketing is a form of marketing, selling, communication, service and consumer care which aimed to:

- a. Identify the identity of every individual who become a customer in a company

- b. Build a good relationship between consumer and company as a result of every transaction
- c. Build a mutualistic relation between consumer and company.

### **2.2.3 Relationship Marketing Benefit**

According to Kotler and Keller (2012: 20), relationship marketing will be useful to establish a beneficial relation on a long term toward four components, as an effort to protect the owned company as follows:

#### **1. Customer**

The most essential component required by a company, they are the primary target of a company in a product marketing

#### **2. Employee**

Employee have their own interest in doing their job, they have the drive to make a product favored by consumer and increasing company income, which in the end will lead to increase in their own wage

#### **3. Marketing partner**

Distributor, supplier, agent and marketing channel is the third party outside company who will get the benefits from relationship marketing

#### **4. Financial community**

Investor, analyst and stock holder are people who will obtain humongous benefits if the company is successful in implementing relationship marketing strategy. This is because the amount of investment they provide will increase along with the increase in company' income.

#### **2.2.4 Relationship Marketing Dimension**

Relationship marketing according to Gronroos (1994) on Velnampy and Sivesan (2012:2), is affected by four variables which are:

##### **a. Trust**

Trust is the base of partnership strategy, when a lot of parties have desire to committed or bond their self to a certain relation. Trust is a factor of commitment building because commitment includes trust and sacrifice factors. Commitment will not be formed without trust (Gronroos, 1994:8).

Trust significantly affect commitment in a relationship. Trust is also an owned belief inside a relationship with co-workers related to honesty and cooperation of one another. Trust could be created when a side is comfortable in doing exchange with the other side, with full of honesty and also trustworthy. To acquire trust from customer, then a company needs to do communication effectively, adopting norms which is believed by customer and keep away from negative appraisal (Gronroos, 1994:8).

The biggest failure on a relationship between consumer and a marketer is lack of trust. Relationship between consumer and company needs trust to make it become long lasting. Customer may recommend the company to other customer because trust is based on experiences in the past and become the prediction for the future, trust and commitment have effect in creating a value for customer (Gronroos, 1994:9).

### **b. Commitment**

Commitment is a belief between involved parties who wants a continuous relation, and considered as important in preserving the certain relation.

Commitment of a company is the core of relationship marketing, company commitment may be obtained by considering customer as the prime priority, long term, and based on beneficial relation. Company commitment could also be defined as promise or creed of a company to preserve relation which already been well, because the relation is essential (Gronroos, 1994:10).

### **c. Equity**

Equity theory refer to a state where a person feels equally the same with the feel of others, proper to the sacrifice given. According to Gronroos (1994:11), when a person feels difference, they will try to do change or even left the relation with service provider which in this matter is company itself. Company must consider equity in their treatment to consumer, because if an individual feels on an unequal relation, they will feel troubled.

### **d. Empathy**

Empathy from relationship marketing perspective related to process in understanding customer expectation and other essential matters to achieve success. A company that unable to understand its customer will not able to successfully serve the needs of its customer. Consumer needs to be

comprehended, leaded and being listened (Gronroos, 1994:12). The importance of two ways communication between consumer and company is illustrated in two ways communication of relationship marketing.

### **2.3 Customer Retention**

Griffin (2005:13) explains that, “customer retention is the duration of relation with customer with the percentage of customer who had fulfilled a number of repurchasing on a limited period of time”.

According to Stanley on Hurriyati (2005:140) “customer retention is retaining the existing customer by building a long term relationship”.

According to Engel, F James; Roger D. Blackwell and Paul W. Miniard (2006:50), “the effort to retain customer is essential in marketing strategy”.

This matter is strengthened by statement from Richeld and Sasser on Tjiptono (2008:380), “increases in customer retention by 5% will increase the long term profit between 25% until 95% on several industries”.

According to Kotler and Keller (2012:35) there are several important facts which support customer retention which are:

- a. Acquisition on new customer will need five times bigger cost rather than satisfying and retain old customer. Acquisition on new customer needs effort in persuading satisfied customer to left their previous distributor



- b. Averagely, a company loses 10% of their customer every year
- c. Decrease in 5% of customer switch level will increase the profit from 25% until 85%, depends on the industry
- d. The level of customer profit will tend to increase along with retained customer lifetime because the existing purchase, retention and premium, and decrease in operational cost to serve

According to Hasan (2009:73) to retain the consumer, these strategies may be implemented:

- a. Conducting research to measure, assess and define needs, mannerism and behavior
- b. Involves active-cross functional participation in managing satisfaction and retaining customer
- c. Drive the consumer to wants and easily address their needs, expectation, perception and even complaint to company
- d. Information benefits (database) of needs, preference, purchasing frequency and customer satisfaction to a product
- e. Decide the primary needs of a buyer which will be served and fulfilled
- f. Create a product with superior value for the served target market
- g. Provide high level of satisfaction to create barrier for customer to switch product with low cost, more discount than other distributor and satisfying service
- h. Choose a buyer group as sales target

- i. Execute the most different strategy by choosing high quality or low price or combining both.

According to Ahmad and Buttle on Tjiptono (2008:205), customer retention strategy for consumer market consist of:

- a. Focus on creating both economics and non-economic benefits
- b. Focus on an attempt to develop and preserve social bonds with individual customer
- c. Focus on perfecting the service quality

This matter is strengthened with argument from Tjiptono (2008:381) who stated that customer orientation in building customer retention have benefit which one of them is “acquiring positive respond from customer who is satisfied and loyal towards a product or service of a company, and that matter is very precious and may be potential to spread their experience to another person”.

## **2.4 Hypothesis Development**

In relationship marketing, good relationship between consumer and company will lead to good quality and good consumer satisfaction (Gummesson, 1999).

Consumer is an essential subject for every company, because without consumer the process of company will not run well. However, it is not limited only to product purchasing, but on how a company create a good relationship with consumer to make them become a loyal purchaser of a product (Weitz and Bradford, 1999).

This type of marketing implies the development of long term relationships with each customer in order to better understand that customer's needs and better deliver the 'service' that meets the individual requirements which in the end will increase company profits (Chaffey et. al, 2000). Good communication between company and consumer will make consumer feel more appreciated and comfortable, yet makes them undoubtedly willing to do repurchasing which will create consumer who do repurchasing in the certain company. According to Chan (2003:14) relationship marketing is an introduction in detail to every consumer by creating two-way communication and managing a beneficial relationship between consumer and a company, resulting in make the company to have long term thinking framework.

The X variable of this research were adapted from research framework on Gronroos (1994:8) theory entitled "From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing", which stated that there are four variables which create relationship marketing, which are:

1. Trust as X1, which is how far a company able to convince consumer toward the precision of offered promises in building a relationship. The level of trust is measured by consumer purchasing capability in conducting transaction with only one company
2. Commitment as X2, which is the capability of company to fulfill their promises and responsibility to maintain the relation with consumer.

Commitment is measured by the willingness to accept and support values implemented by company

3. Equity as X3, which is the capability of company to do information exchange and service to every consumer with equally fair way. The achievement is measured by the easiness to get information regarding to company and equality in satisfaction level on every consumer
4. Empathy as X4, which is the capability of company to understand, realize and sensitive to feelings, thoughts and experiences which is communicated by consumer to company.

Y variable customer retention is the duration of relation with customer and the level of consumer percentage who already do repurchasing on a certain period of time (Griffin, 2005:13). Customer retention concept implement process to preserve available consumer by increase the good relationship with every sides by utilizing products/service from company. Company successfulness is measured by its capability to retain or preserve consumer on a long term. The research result from previous research which is proposed to support this research are stated in the following table 4 of Previous Research Result and Mapping.

**Table 4 Previous Research Results and Mapping**

<b>Name/Year</b>	<b>Title</b>	<b>Analysis Tools and Research Variable</b>	<b>Research Result</b>
Gronroos (1994)	From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing  Journal of Management Decision Vol. 32, August 1994 : 4-20	Structural Equation Modeling (SEM)  Dependent Variable: Marketing Mix (X)  Independent Variable: Relationship Marketing (Y)	Based on this research, it can be inferred that Marketing Mix is significantly affect Relationship Marketing.
Morgan and Hunt (1994)	The Commitment-Trust Theory of Relationship Marketing  Journal of Marketing Vol. 58, July 1994 : 20-38	Structural Equation Modeling (SEM)  Dependent Variable: Commitment (X1), Trust (X2)  Independent Variable: Relationship Marketing (Y)	Based on this research, it can be inferred that commitment and trust is significantly affect Relationship Marketing.
Thirunavukkarasu Velnampy and Sivanandamoorthy Sivesan (2012)	Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka  Global Journal of Management and Business Research Vol 12, February 2012	Reliability and Validity Testing, Multi-collinearity testing and Regression  Dependent Variable: Trust (X1), Commitment (X2), Empathy (X3), Equity (X4)  Independent Variable: Customer Satisfaction (Y)	Based on this research, it can be inferred that Trust, Commitment, Empathy and Equity significantly affect Customer Satisfaction.

**Table 4 Previous Research Results and Mapping (Cont.)**

<b>Name/Year</b>	<b>Title</b>	<b>Analysis Tools and Research Variable</b>	<b>Research Result</b>
S M Asif Ur Rahman and Muhammad Resan Masoom (2012)	Effect of Relationship Marketing on Customer Retention and Competitive Advantage: A case Study on Grameen Phone Ltd.  Asian Business Review, Vol 1, September 2012	Non-probability Testing  Independent: Relationship Marketing Strategies (X)  Dependent: Customer Retention and Competitive Advantage (Y)	Based on this research, it can be inferred that Relationship Marketing Strategies significantly affect Customer Retention and Competitive Advantage
Abdallah Q. Bataineh, Ghaith M. Al-Abdallah, Hanadi A. Salhab and Amer M. Shoter (2015)	The Effect of Relationship Marketing on Customer Retention in The Jordanian' Pharmaceutical Sector  International Journal of Business and Management, Vol 10, February 2015	Reliability and Validity Testing, Multiple Regression  Independent: Relationship Marketing (X1) and Relationship Quality (X2)  Dependent: Customer Retention (Y)	Based on this research it can be inferred that, Relationship Marketing and Relationship Quality significantly affect Customer Retention
Tiara Rochmawati (2015)	Pengaruh Relationship Marketing terhadap Customer Retention (Retensi Pelanggan) pada Wardah Beauty House Yogyakarta	Multiple Linear Analysis  Dependent Variable: Trust (X1), Commitment (X2), Communication (X3), Conflict Handling (X4)  Independent Variable: Customer Retention (Y)	Based on this research, it can be inferred that Trust, Commitment, Communication and Conflict Handling simultaneously have positive effect to Customer Retention.

Source: Gronroos (1994), Morgan and Hunt (1994), Thirunavukkarasu Velnampy and Sivanandamoorthy Sivesan (2012), S M Asif Ur Rahman and Muhammad Resan Masoom (2012), Abdallah Q. Bataineh, Ghaith M. Al-Abdallah, Hanadi A. Salhab and Amer M. Shoter (2015), Tiara Rochmawati (2015)

The proposed research model for this research were referenced from research of Gronroos (1994) on Velnampy and Sivesan (2012:2) which resulted in relation and effect of Relationship Marketing Dimension on Customer Retention. The following figure 1 is the proposed research model for this research.

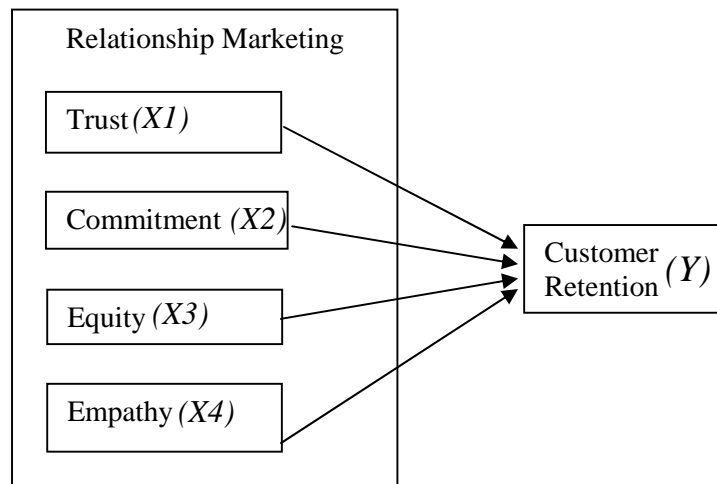


Figure 1. Proposed Research Model, source: Gronroos (1994) on Velnampy and Sivesan (2012:2)

Therefore, the research hypothesis of this research are formulated as follows:

H1: There is effect of trust on customer retention

H2: There is effect of commitment on customer retention

H3: There is effect of equity on customer retention

H4: There is effect of empathy on customer retention

### **III. RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This research uses descriptive verification with ex post facto and survey approach.

Descriptive research is a research with purpose to describe or show the current condition of the research object or subject (person, institution, society, etc.) according to the existing facts as it is. Meanwhile, verification shows which finds the relation between independent variable towards dependent variable. Ex post facto approach is one of the approach utilized to obtain direct data from research field which able to describe data from the past and field condition before further research. Thus, survey approach is an approach utilized to obtain data from certain natural place (not artificial) and data collecting by questionnaire, test, structured interview and so on (Sugiyono, 2011:12).

This research consist of X variable which is relationship marketing Dimension towards Y variable which is customer retention. Analyzed data obtained from spreading questionnaire to respondents who bought or use products or service from PT. Astra International Tbk. Toyota (Auto 2000) Lampung (Auto 2000 Raden Intan or Auto 2000 Rajabasa) for more than 3 years and purchase Toyota car more than once.



### 3.2 Research Objects

This research analyze the relation between the effects of relationship marketing dimension on customer retention at PT. Astra International Tbk. Toyota (Auto 2000) Lampung. Research object which will be the independent variable (X) is relationship marketing dimension and the dependent variable (Y) is customer retention. The research object of this research is PT. Astra International Tbk. Toyota (Auto 2000) Lampung, which is Auto 2000 Raden Intan and Auto 2000 Rajabasa.

### 3.3 Data Collecting Method

The data collecting method utilized on this research are:

1. Surveys

- a) Questionnaire

Data collection not always need the presence of the researcher, but represented by questionnaire which already systematically sorted first (Sanusi, 2011:109). Questionnaire for respondents will be directly distributed by researcher and researcher will collect it after data filling is done.

2. Observation

Observation is a way to collect data through recording subject behavior, objects or events which systemically done without questions or communication with investigated subject or object. Observation involves the observation on activities or condition either behavioral or non-

behavioral (Sanusi, 2011:111). Researcher conducted observation as pre-research by visiting PT. Astra International Tbk. Toyota (Auto 2000) Lampung, which is Auto 2000 Raden Intan and Auto 2000 Rajabasa and watch how the interaction between consumer and company.

### 3. Documentation

Documentation is conducted by collecting secondary data from various sources, both individually or institutionally (Sanusi, 2011:111).

Researcher collects data from various sources such as; scientific journals, literature, previous research, thesis and collected data from institution or body related to the research conducted by the researcher.

## 3.4 Data Type and Source

### 3.4.1 Data type

The data type utilized on this research are:

- a. Qualitative data which is data that not in a form of number, this data can be collected from both verbal or written information
- b. Quantitative data is data in the form of number which obtained from researched object.

### 3.4.2 Data source

The data source utilized on this research are:

- a. Primary data is data which directly collected from researched object and the result of questionnaire and observation conducted by researcher
- b. Secondary data is data obtained from previous study such as scientific journals, literature, previous research, thesis and collected data from institution or body related to the research conducted by the researcher.

### **3.5 Population and Sample**

#### **3.5.1 Population**

According to Sugiyono (2011:61), generalized region population consists of object or subject with certain quality and characteristic which categorized by researcher to be studied and concluded. Population on this research is all consumer who purchase and use products or service on PT. Astra International Tbk. Toyota (Auto 2000) Lampung (Auto 2000 Raden Intan or Auto 2000 Rajabasa) for more than 3 years and purchase Toyota car more than once. Because the researcher only possess half of the data which caused by the limited time, cost and difficulties in accessing the data, the existing population become unknown population. The matter is happen because the available data cannot represent the data as a whole. Because of that matter, researcher do sampling on this research.

#### **3.5.2 Sample**

Sample according to Sugiyono (2011:64) is part of amount and characteristic possessed by the population. Because on this research it is hard to obtain

information in detail and implied to the sample criteria required by researcher. Thus, the limited time and cost which make researcher categorize the population of this research as unknown population and chose to use sampling method. Method utilized on this research is Non Probability Sampling, which is sampling technique that not giving equal chances to every element (member) of the population to be chosen as sample member (Sugiyono, 2011: 66). Researcher uses Non Probability Sampling because this method is faster and cheaper rather than Probability Sampling.

Non Probability Sampling method used in this research use purposive sampling technique. Purposive Sampling is technique with certain consideration (Sugiyono, 2011:68). The technique is used by researcher because it is difficult to access the whole population of this research, because there is certain characteristic needs to be fulfilled to make the population able to be categorized as sample in this research, which is purchasing and use product or service on PT. Astra International Tbk. Toyota (Auto 2000) Lampung (Auto 2000 Raden Intan or Auto 2000 Rajabasa) for more than three years and purchase Toyota car for more than once. Because of that, it is necessary for researcher to decide which sample to be studied.

Researcher not use Quota Sampling which is usually used to study population with the similar proportion or comparing two population (Sugiyono, 2011:71) because this research is not purposed to find differences between consumer in Auto 2000 Raden Intan with consumer in Auto 2000 Rajabasa, but to see whether there is positive effect of Relationship Marketing Dimension (X) on Customer Retention (Y) on the research object.

Indrawan and Yaniawati (2014:104) explains for unknown population, the guidance for collected sample size can be measured by:

$$N = Z^2 P(1-P)/d^2$$

$$Z = 1,96$$

$$P = \text{maximum estimation } 0,5$$

$$d = \text{alpha } (0,098)$$

Which makes

$$n = 1,96^2 \cdot 0,5 (1-0,5) / 0,098^2 = 100.$$

Sample used will be 100 respondents.

### 3.6 Operational Variable

According to Sugiyono (2011:60), operational variable is basically everything in any form which is determined by the researcher to be studied so there will be information about the matter, which will later be concluded. The researcher use two variables in this research which are:

#### 1. Independent variable (X)

Independent variable is the variable that affect the dependent variable.

The independent variable of this research is relationship marketing dimension.

Four dimension of relationship marketing which are:

- Trust as X1
- Commitment as X2
- Equity as X3
- Empathy as X4

## 2. Dependent variable (Y)

Dependent variable is the effect of the existing independent variable or the variable that is affected by the independent variable. Customer retention is the dependent variable of this research.

### 3.7 Measurement Scale

Questionnaire filling of this research will use Likert scale to measure the respond of respondents as follow:

- a. Scored 5, with category of very agree (SS)
- b. Scored 4, with category agree (S)
- c. Scored 3, with category neutral (N)
- d. Scored 2, with category disagree (TS)
- e. Scored 1, with category very disagree (STS)

**Table 5 Operational Variable**

Variable	Variable Dimension	Question Indicators	Scale
<b>Relationship Marketing</b> Relationship Marketing is effort from company to extend the life on consumer lifetime as individual who transact and preserving consumer loyalty  <b>Gronroos (1994)</b>	<b>Trust (X1)</b> , trust is the establishing factor of commitment because commitment includes trust and sacrifice. Commitment cannot be established without trust.  <b>Gronroos (1994)</b>	1. Company consistently give service to consumer  2. Company shows respect to consumer  3. Consumer belief towards company	Likert

**Table 5 Operational Variable (Cont.)**

Variable	Variable Dimension	Question Indicators	Scale
	<p><b>Commitment</b> (X2), can be described as promise or vow to maintain good relationship because it is essential.</p> <p><b>Gronroos (1994)</b></p>	<ol style="list-style-type: none"> <li>1. Personal service from company for consumer</li> <li>2. Company flexibility in fulfilling consumer needs</li> <li>3. Company fulfill its responsibility to consumer</li> </ol>	Likert
	<p><b>Equity</b> (X3), Equity in relationship marketing related to equal feeling of consumer correspond to given sacrifices between one consumer and another</p> <p><b>Gronroos (1994)</b></p>	<ol style="list-style-type: none"> <li>1. Company give the same service for every consumer</li> <li>2. Company gives accurate information for every consumer</li> <li>3. Company makes and fulfill its promises for every consumer</li> </ol>	
	<p><b>Empathy</b> (X4), empathy on relationship marketing related with process of understanding consumer expectation and other essentials to comprehend its consumer. If a company unable to understand its consumer, then the company will not able to fulfill their demand successfully.</p> <p><b>Gronroos (1994)</b></p>	<ol style="list-style-type: none"> <li>1. Company offers solution to consumer</li> <li>2. Company listen and hear to complaints and consumer demands</li> <li>3. Company do two way communication with consumer</li> </ol>	

**Table 5 Operational Variable (Cont.)**

Variable	Variable Dimension	Question Indicators	Scale
<b>Customer Retention</b> is the duration of how long the relation between consumer and the percentage which already fulfill a number of repurchasing in a limited period of time.  <b>Griffin (2005)</b>	Customer Retention (Y)	1. Consumer do repurchasing  2. Consumer have no intention to do purchasing in another company  3. Consumer recommends the company to another consumer  4. Consumer spends more money for company	Likert

Source: Gronroos (1994), Griffin (2005)

### 3.8 Validity and Reliability Testing

#### 3.8.1 Validity Testing

According to Sugiyono (2011:173), the primary instrument used on the research is the list of questions distributed to respondents. Instrument created before being distributed to respondents must through validity testing by factor analysis with the help of SPSS 16.0, so that the questions will actually discover the data to answer the problems, hence the research purpose is achieved. The sample used to be tested is 30 respondents beyond 100 primary sample to be used as validity and reliability test sample first. The validity measurement will show the capability of instrument to measure the necessary matter. The stages to see validity test uses requirement as follows:



- a. KMO value, the adequacy sampling KMO is index which utilized to test the compatibility of analysis factor. KMO values is between 0,5 until 1 to identify if the factor is adequate already
- b. Index Measure of Sampling Adequacy (MSA), used to see correlation between variable from analysis factor. MSA Index is between 0 until 1, MSA value which is close to one means that the predicted variable is perfect without error (Hair, 2006)
- c. Communalities value, is the estimation from share or common variance between variables. Index communalities is more or equal with 0,5 ( 0,5), then variable is able to be predicted and further analyzed
- d. Factor loading, is the magnitude of an indicator with formed factor (Malhotra, 2010). Validity criteria of an indicator could be categorized as valid to form a factor if factor loading is bigger or equal to 0,5 ( 0,5) or better if factor loading bigger or equal to 0,7 ( 0,7).

### **3.8.2 Reliability Testing**

Reliability testing according to Arikunto (2010) means to “know the consistency of measurement tools on its utilization, or in the other word, tools like questionnaire have consistent result if repetitively used on different times. The test will use Alpha Cronbach technique, where an instrument could be categorized as reliable if the alpha of reliability coefficient is 0,6 or more. The alpha formula used (Arikunto, 2010) on this research is:

$$r_{11} = \left( \frac{k}{k-1} \right) \left( 1 - \frac{\sum b^2}{N} \right)$$

Where:

$$\dagger = \frac{\sum x^2 - \frac{(\sum x)^2}{N}}{N}$$

$r_{11}$  = instrument reliability

$k$  = number of questions

$\dagger b^2$  = number of variance item

$\dagger t^2$  = number of total variance

### 3.9 Data Analysis Method

#### 3.9.1 Qualitative Data Analysis

Qualitative analysis is statistical method used to analyze data by describing or describing data to make general conclusion or generalized (Sanusi, 2011:116).

Qualitative data is data which is not number, which is uncountable and in the form of information or explanation which based on theoretical approach and logical appraisal. Qualitative analysis used to give descriptive description about responses given by respondents on questionnaire or list of questions which related to marketing theory. The researcher do qualitative analysis by deciding frequency table and the average from sample data which is acquired after the questionnaire is distributed. Then explains about the variation of response from respondents towards the given questions.

### 3.9.2 Quantitative Data Analysis

Quantitative analysis is analysis which use systematic analysis in processing the data. This research use quantitative analysis by using multiple regression analysis. Multiple regression analysis method were based on obtained sample data to see the magnitude of relation between relationship marketing dimension (X) on customer retention (Y) at PT. Astra International Tbk. Toyota (Auto 2000) Lampung. According to Sarwono (2009), data is statistically processed for the sake of analysis and hypothesis testing with SPSS 16.0. Multiple regression method were formulated as follows:

$$Y = a + {}_1X_1 + {}_2X_2 + {}_3X_3 + {}_4X_4 + e$$

Y = Customer retention

a = Constants

${}_1 - {}_5$  = Multiple regression coefficient

X1 = Trust

X2 = Commitment

X3 = Equity

X4 = Empathy

e = Standard error

### 3.10 Normality Testing

One of the requirement which need to be fulfilled on the utilization parametrical statistical analysis is data normality testing. The purpose of normality testing is to know if residual variable have normal distribution. The data if it is not normally distributed, then the parametrical analysis will not be

able to be used because the statistical data on parametrical analysis is derived from normal distribution (Sugiyono, 2011:239). According to Santoso (2002:393) distribution from population is categorized as normal if the probability value is  $> 0,05$  and population is not normally distributed when the probability is  $< 0,05$ . Normality testing method used on this research is Kolmogorov-Smirnov. Researcher choose the method because it is the most simple and commonly used method and will not cause different perception between one observers to another.

### **3.11 Hypothesis Testing**

Statistical counting may be considered as statistically significant if the value of statistic test lies on critical area (where  $H_0$  is rejected). Conversely, it is not significant if the statistical value lies on the area where  $H_0$  is accepted.

There are three kind of exactness which needs to be done in regression analysis:

#### **3.11.1 Partial Significance Testing (t-Test)**

According to Sugiyono (2011:215) t-test measure how big is the effect of independent variable on dependent variable.

$$H_0: b_1=b_2=b_3=b_4=0$$

Means that partially, there is no positive relation between relationship marketing dimension variable (X) on customer retention (Y).

$$H_a: b_1, b_2, b_3, b_4, \neq 0$$

Means that partially, there is positive relation between relationship

marketing dimension variable (X) on customer retention (Y).

**Criteria:**

Ho accepted and Ha rejected if counted significance is  $> 0,05$

Ho rejected and Ha accepted if counted significance is  $< 0,05$

### 3.11.2 Simultaneous Variable Testing (F-Test)

According to Sugiyono (2011:215) F-testing is basically shows if all independent variable on the model have the effect to dependent variable.

$$H_0: b_1=b_2=b_3=b_4=0$$

Means that altogether, there is no positive and significant relation between relationship marketing dimension variable (X) on customer retention (Y).

$$H_a: b_1 \neq b_2 \neq b_3 \neq b_4 \neq 0$$

Means that together, there is positive relation between relationship marketing dimension variable (X) on customer retention (Y).

**Criteria:**

Ho accepted and Ha rejected if counted significance is  $> 0,05$

Ho rejected and Ha accepted if counted significance is  $< 0,05$

### 3.11.3 Determination Coefficient ( $R^2$ )

Determination coefficient ( $R^2$ ) is basically how big the capability of a model to describe dependent variable (Sugiyono 2011:257). The higher number of  $R^2$ , the more important the variable is.

## **V. CONCLUSION AND SUGGESTION**

### **5.1 Conclusion**

Based on analysis result and explained discussion, thus a conclusion can be made which support hypothesis proposed by researcher, based on:

1. Result from hypothesis 1 testing shows that trust variable is positively and significantly affect customer retention or meaning that hypothesis 1 is accepted. This is shown by t count value which is 2,189 bigger than 1,985 and significance 0,023 lower than 0,05.
2. Result from hypothesis 2 testing shows that commitment variable is positively and significantly affect customer retention or meaning that hypothesis 2 is accepted. This is shown by t count value which is 1,997 bigger than 1,985 and significance 0,042 lower than 0,05.

3. Result from hypothesis 3 testing shows that equity variable is positively and significantly affect customer retention or meaning that hypothesis 3 is accepted. This is shown by t count value which is 7,016 bigger than 1,985 and significance 0,000 lower than 0,05.
4. Result from hypothesis 4 testing shows that empathy variable is positively and significantly affect customer retention or meaning that hypothesis 4 is accepted. This is shown by t count value which is 2,798 bigger than 1,985 and significance 0,006 lower than 0,05.

## **5.2 Suggestion**

Suggestion created which related to the result of this research are:

### **a. For Company:**

It is advised for PT. Astra International Tbk. Toyota (Auto 2000) Lampung, to increase its commitment toward consumer because based on research result, this is a variable with the least effect and significance towards customer retention. Improving the quality of services regarding to better technician performances on body repair services and better spare part provided from the company. This can be achieved by communicating with Toyota Auto 2000 Headquarter in Jakarta because PT. Astra International Tbk. Toyota (Auto 2000) Lampung are the branch of the company in Lampung. Communicating the result of this research and formulate the most adequate strategy in tackling

commitment issues found. The researcher believe that the suggestion will be helpful in increasing customer retention in the future.

b. For Further Research

1. For further research by other researcher, it is advised to add more variables into account. In this research the least coefficient value counted is commitment with 0,151 and the highest value counted is equity with 0,553. Thus resulting in more variable to be added in which affect customer retention which not added on this research.
2. Adding more research samples to help contribute in producing better research results.



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