

Relationship Marketing Model on Customer Commitment: the role Economics, Resources and Social Content

Rahab¹, Supadi²

¹ Management Department, Faculty of Economics, Jenderal Soedirman, Indonesia

² Development Economics Department, Faculty of Economics, Jenderal Soedirman, Indonesia

Abstract. The purpose of this study are to examine (1) effect of economics, resources and social content on customer's satisfaction and trust, (2) effect of satisfaction and trust on relationship commitment. This study is quantitative research. The data was collected through surveys. Unit of analysis is Small and Medium Enterprises (SMEs) in Central Java. Sampling techniques is convenience sampling. The number of samples to be taken as many as 149 SMEs. The result show economics and social content plays an important role in delivering on customer satisfaction and trust. Resources content only effect on customer satisfaction but not for trust. Trust and satisfaction effect on customer relationship commitment. These findings provide a theoretical justification of the role of economic content, resource content and social content to increase customer satisfaction

Keywords: Economic, Trust, Resource, Social, Relationship Commitment

1. Introduction

Banking and financial services industry in Indonesia is currently faced with a very tight competition, complex and rapidly changing business environment. Competition becomes increasingly fierce fighting after the foreign bank share the same customer on indonesia banking market. These foreign banks have advantages in terms of big names worldwide, the choice of innovative products, as well as the global network. Non-bank financial institutions that operate in a more special is also growing. This situation illustrates the intense competition to gain market share more widely. This is in line with what was stated by Lovelock (2004) that the service sector is the sector most likely to have the changes resulting from rapid changes experienced by other factors, such as technological changes that directly raise the competitive climate in the indonesia banking industry. Therefore, the managers of banks seek to provide the best service to its customers.

Various methods are used to serve and provide facilities for customers such as personal services, SMS banking, internet banking and so on. Internet technology brings many changes related to the way banking firm serving the customer. Besides the technology, banking companies and marketers are also racing to modify their marketing strategies. Firms understand that customers are increasingly important to the life company.

The customer should be kept and maintained so as not to leave to other companies. Bank should be able to create a marketing strategy that is able to give a touch of personal service by creating a two-way communication with building and managing long-term relationship of mutual benefit with customers. This is called relationship marketing. According to Zeithaml and Bitner (2003) basically describes the relational marketing paradigm shift in marketing than focusing on the acquisition/ transaction to be focused on retention/ relationship. Relationship marketing is a business philosophy, a strategic orientation that focuses more on maintaining and improving relationships with existing customers than to gain new customers. This philosophy assumes that the search for the value they need, consumers and business customers prefer long-term relationship with an organization rather than continually moving from one organization to another organization.

Barney (2001) stated that customers who continue to do business with a company in the long run more advantageous for several reasons. First, it takes a huge cost to recruit and serve its customers for the first time: advertising, credit research, the application process and other initial costs. Second, when customers feel more comfortable with a company, they will probably spend more of their money for other products or

services produced by the company. The Loyal customers who give you the possibility to encourage others to do business with the company. Based on this assumption it is the marketers who want to succeed in the long term will run relationship marketing strategies in retaining existing customers. Therefore, bank managers must strive to continuously improve its services and establish long-term relationship of mutual benefit with customers by trying to create trust, satisfaction, and commitment so hopefully these customers are willing to establish long term relationships with the state owned banks . This study aims to determine the effect of economic content, resource content and social content on customers' trust and customers' commitment and than effect of trust and satisfaction on relationship comitment.

Empirical research that examines the implementation of relationship marketing in the banking industry have been carried out by several researchers such as: Kumar et al., (2003); Lacey (2003); Venetis & Ghauri (2004) ; Boonajsevee (2005). In Indonesia context, Sulistyorini (2007) examine effect of economics, resources and social content on customers trust, customers satisfaction and customers commitment of Bank of North Sumatra. Another study conducted by Sulisyandari et al (2010) that examine the role of economics content and social content in the implementation of relationship marketing in the stated-owned bank (BUMN Bank) in building relationships with customers. Completing a study done by previous research, the research tries to provide knowledge on the implementation of relationship marketing in the BUMN Bank in an effort to build long term relationships with small business borrowers.

2. Hypotheses

H1: Economic content has a positive effect on customer trust

H2: Economic content has a positive effect on customer satisfaction

H3: Resource content has a positive effect on customer trust

H4: Resource content has a positive effect on customer satisfaction

H5: Social content has a positive effect on customer trust

H6: Social content has a positive effect on customer satisfaction

H7: Trust has a positive effect on customer relationship commitments

H8: Satisfaction has a positive effect on customer relationship commitments

3. Research Methods

Quantitative approach is used on this study. This study including confirmatory research, because it begin with a hypothesis or research question involves the proper procedures and specific data sources (Hartono, 2004). The data was collected through surveys. Based on the dimensions of time, this study is a cross sectional study because it is done only once, at a time (Hartono, 2004). The unit of analysis in this study is the company (Small and Medium Enterprises). The population of this study are small and medium enterprises in 4 (four) regency in central java. Sampling techniques is convenience sampling. The number of samples to be taken as many as 149 SMEs. The samples meets the minimum amount of sample required for analysis of data by using the Partial Least Square (PLS) which is 10 times the number of indicators on the variables that have the most number of indicators on research models (Ghozali, 2006). In this study, variables that have the most number of indicators of market orientation is variable as many as 13 indicators. Therefore the minimum number of samples required for adequate analysis tools as: $10 \times 6 = 60$ samples. The data used in this study is the primary data is data obtained directly from the source studies (Cooper and Schinder, 2006). Data obtained by sending questionnaires directly the owners of small and medium enterprises.

4. Result

4.1. Measurement Model

Validity test is done regarding with convergent and discriminant validity. To assess convergent validity is seen from factor loading every indicators, score of Average Variance Extractes (AVE) and communality. The result show that loading factor more than 0,7, it means that model have high convergent validity.

To measuring discriminant validity by comparing AVE root in every constructs with among others constructs correlation. The result show that AVE root score is more than the correlation among other constructs. Thus, according to these indicators is also showing that the discriminant validity are fulfilled.

Table 1. AVE dan AVE root score

Variable	AVE	AVE root
Relationship comitment	0,642073	0,801294
Economic content	0,634864	0,796783
relational comitment	0,749578	0,865778
Resource content	0,785800	0,886453
Satisfaction	0,787274	0,887284
Social content	0,722953	0,850266
Trust	0,696021	0,834278

Table 2. Correlation between construct with AVE root

\sqrt{AVE}	comitment intention	Economic content	relationship comitment	Resource content	satisfaction	Social content	Trust
Relationship comitment	0,801294						
Economic content	0,543508	0,796783					
relationship comitment	0,587963	0,492051	0,865778				
Resource content	0,493154	0,720994	0,463693	0,886453			
Satisfaction	0,641069	0,696762	0,591902	0,523730	0,887284		
Social Content	0,467756	0,517847	0,536552	0,574397	0,474303	0,850266	
Trust	0,616451	0,736255	0,644979	0,686331	0,725014	0,582107	0,834278

Reliability measurement is done by composite reliability with a minimum threshold of 0,7. Hair et al., (2006) also determine that reliability of constructs should be $\geq 0,7$ to indicate that a sufficient convergence or the existence of internal consistency. Based on PLS software is known that the realiability of constructs are met. It can be seen from the score of composite reliability of all constructs $> 0,7$. Thus, those constructs were met of stabilization and consistency is that among one item with other items within a construct is mutual correlating.

Table 3. Composite Reliability score

Variable	Composite Reliability
comitment intention	0,843156
Economic	0,837491
relationship commitment	0,899755
Resource	0,916686
Satisfaction	0,917346
Social	0,886697
Trust	0,901331

4.2. Structural Model

To assess the significance of the model line (path) between the constructs in the structural model viewed from the path coefficient, T-value path between constructs, or to see the value of p. P values obtained using the program Excel TDIST function. The results of significance testing between the construct pathway models can be seen in table 4.

Table 4. Hypotheses Testing

	Original Sample	T-Value	P-Value	Result
Economic content-> satisfaction	0,629813	4,816412	2,66251E-06	Supported
Economic content -> trust	0,457505	3,206092	0,000908604	Supported
Resource content-> Satisfaction	0,023075	0,127668	0,449336661	Not supported
Resource content -> Trust	0,236091	1,534584	0,064054135	supported (moderate)
Satisfaction->relationship commitment	0,262004	1,708334	0,045370019	Supported
Social content -> satisfaction	0,161410	1,343666	0,091079647	supported (moderate)
Social content -> kepercayaan	0,209579	1,734599	0,042977976	Supported
trust->relationship commitment	0,455023	2,891098	0,002364175	Supported

5. Discussion

5.1. Effect of Economic Contents on Customer's Trust

This study showed that the economic content positively effect on customer's trust. Economic contents on this study are the economic benefit received by the customer for having a relationship with the bank. Companies can improve customer relationships by delivering economic benefits. Banks can give in return for a special price, for example: banks offer higher interest rates for long-term savings. In addition to monetary incentives, customers who develop long-term relationships with service providers will get faster service than other customers (Berry, 1995; Gwinner et al., 1998; Peterson, 1995). Doney and Cannon (1997) stated that consumer confidence can be developed through various processes. Trust can emerge through a process capability, which means an assessment of the ability of others to fulfill their obligations. Subscribers (customers) are motivated to believe in the service provider that offers the aspect of economics as a trustworthy party because of the willingness of an offer is interpreted as the capability of service providers.

5.2. Effect of Economic Contents on Customer's Satisfaction

The results indicated that economic contents positively effect on customer's satisfaction. This suggests that if the assessment of the customer to the content economy higher, level of customer satisfaction for banks higher. Banks that can provide economic content to the customer by providing greater benefits from the sacrifice incurred, will lead to customer satisfaction. Satisfied customers who will be willing to establish long term relationships and be more valuable to the bank rather than get a new customer because customer who have good reputation have a higher account balance, the fees are relatively low, and tend to use other products and services.

At the bank, SMEs as a debtor who has never gotten the credit will be easier to get another loan or subsequent loans because banks do not require a huge time and cost to assess the credibility of the client so that the costs of customers to get cheaper loans. In addition, the time and effort it takes customers to get credit products become less. This condition will lead customer satisfaction. This finding is consistent with the Sulistiarini (2007) that the economic content has an influence on customer satisfaction. Sulistiarini (2007) stated that customer satisfaction will be met if the bank that can provide economic content to the customer by providing greater benefits from the sacrifices incurred. Economic content be antecedent of the emergence of customer satisfaction. Economics content that is felt by customers relating to service the bank will increase customer satisfaction.

5.3. Effect Social Content on Customer's Trust

This study found that social content has a positive effect on customer trust. That is, social content contributed significantly to promote increasing customer's trust. Social content of social relationships that are formed from the interaction between the service provider with customers (Morgan, 2000). Social content lead to conformity among the parties involved in a relationship. Conformity assessment lies in the words and actions of partners or potential partners during the interaction.

Employee's abilities to interact with their customers demonstrated by employee's communications activities with customers. Customer is treated as family by bank employees. Interaction activity assessed on the customer's perception of the communication that exists continuously or periodically from the bank to inform the marketing activities that provide benefits and value to its customers. Communication plays a vital role in providing an understanding of the desires and capabilities of each partner, so that relationships can be well maintained. Communication is a requirement in building customer's trust. The result of communication with customer will obtain the understanding and information about benefits and information about products using to customers.

This study confirms the importance of social content in the form of trust, therefore, banks should improve continuously in the socialize employees including the ability to communicate and how to treat customers. This finding consistent with Sulistiarini (2007) which revealed that the interactions that occur between customers and employees within the given time period, may provide opportunities for employees to build relationships with customers. Interaction can be develop into friendship between the customer and the employees bank. When there is a personal relationship, then the confidence to build and maintain long-term relationship between the customer and the bank will increase. These findings also support Morgan (2000) stated that in the event of socialization, the parties involved in a relationship will share the values and culture and establish certain norms in a relationship. Communication is often done at the time of interaction will resolve the dispute and correct perceptions and expectations. This will encourage the emergence of trust.

Another study conducted Lacey (2003) found that social content have a significant effect on confidence. Personal contact can make both sides understand each other so as to help avoid misunderstandings, avoid a refusal to cooperate or other consequences that can cause failure of relationship. Thus, the social aspect can encourage true understanding making it easier for both parties to trust each other. Sulistyandari et al., (2010) showed that the development of trust depends on the ability of the parties to predict the behavior of others. Repeatedly interaction between customers and banks helping customers to assess the credibility and the good of the service provider. Therefore, social content can contribute a higher level of trust.

5.4. The Effect of Social Content on Customer's Satisfaction

This study found that the social content has a positive effect on customer satisfaction. This means that the hypothesis that the social aspect has a positive effect on customer satisfaction supported the Government Owned Bank, at a confidence level of 90 percent. Nevertheless, these findings need to be considered with caution because the level of marginal significance. Nevertheless, the findings of this study suggests that the social content contribute in boosting customer confidence. Relationships are formed because of the social interaction that develops between the customer and service provider (employee). At the time of interaction, bank employees to communicate with customers. Communication that occurs is an integral part of the interactive marketing function. Jasfar (2001) found that the communication is carried out by the service provider to its customers will encourage customers to stay afloat.

This finding is consistent with research Boonajsevee (2005) that affect the social benefit of customer satisfaction. This implies that satisfaction is a mediator between relational benefits and relational marketing outcomes is the intention to have sex. Sulistyandari et al (2010) states that the interaction between customers and bank employees is central to the perception of the quality of bank customers. Customers also want a social relationship in addition to functional benefits then there is a positive influence on the social aspects of customer satisfaction. Sulistiarini (2007) revealed that customers are satisfied not only caused by a banking product or service, but also encouraged by how customers are treated by the company. The feeling grew as a result of contact with the company. From social contact, bank employees can understand customer's needs and expectations.

5.5. Effect Resources Contents on Customer's Trust

The results showed that the content of resources affect the trust. This means that if a customer assessment of the content of their resources aimed at increasing the higher the customer confidence in the bank. Ownership of resources that are important to customers will cause customers to believe it to remain a customer of Bank Owned. According to Lacey (2003) reputation of the company (company reputation) is the

customer perception of quality associated with the company name. This means the company's reputation has a positive effect on customer response to product or service. Reputation is usually present in the minds of customers. Customer assumes that the bank which has a good reputation will provide excellent service and have a good financial performance. This will encourage the emergence of customer confidence. Customer confidence can make a bank won the competition and consumer sympathy fight. These findings support Lacey (2003) findings that the resource content significantly effect on customer's trust. Customers resources content oriented would be willing to trust the company to develop an ongoing relationship to receive benefits from the relationship. Influence the content of resources on trust for the content of resources will reduce uncertainty, increase customer safety, and strengthening customer perceptions of bank reputation.

5.6. Effect of Content Resource to Customer's Satisfaction

This finding shows that resource content has no effect on customer's trust. This findings can be explained that resources content is owned by the company have not been able to provide customer satisfaction to the bank. In the context of this study bank's reputation has not been able to drive customer satisfaction. The lack of effect of resource content with the bank customer satisfaction possible because customers feel that the service of what has been provided by banks have not been able to meet the expectations of its customers. This leads to the perception of consumers on the services provided by the bank is still low.

5.7. Effect Customer's Satisfaction on Relationship Commitment.

This study finds that customer satisfaction positively effect on relationship commitment. These findings is supported by Boonajsevee (2005) and Hennig-Thurau et al., (2002) who stated that an increase in customer satisfaction will build stronger relationship commitment to a bank. Customer will be satisfied, if the bank can meet or exceed their expectations and less likely to build a new relationship with another bank, when it has a strong emotional attachment to a particular bank. These findings indicate that the level of satisfaction of SMEs determines the level of SMEs' relationship comitment to their Bank.

5.8. Effect Customer's Trust on Relationship Commitment

This study found that trust positively effect on relationship commitment. This findings can be explained by the dimensions developed by Peppers and Rogers (2004) which states that measuring customer trust through: 1) credibility, it means that employees can be trusted, 2) reliability, it means the bank can be reliable in providing the promised services accurately, thoroughly and reliably. Reliability is based on the belief that the other exchange partners have the expertise to do the job effectively and reliably, and 3) integrity, it means that employees have the qualities as an employee who has strong moral principles. The three of these dimensions can form customer's trust. Trust will affect customer's relationship commitment to bank. Wong and Sohal (2002) founded that trust be a predictor of relationship commitment. Trust plays an important role in building relationships, because of the relationship commitment formed from the trust is very valuable for the person involved in the relationship. Person will have higher commitment if they believe that their partner can be trusted.

6. Conclusions and Implications

Content of economics which is owned by the bank plays an important role in delivering on customer satisfaction and trust. Banks can increase customer's trust and satisfaction by improving various dimensions related to economic benefits that can be enjoyed by customers. Social content have important role to improving customer satisfaction and trust. Content resources also significantly effect on customer satisfaction. Trust and satisfaction effect on customer commitment to engage with the bank. These findings provide a theoretical justification of the role of economic content, resource content and social content to increase customer satisfaction and trust. These findings also confirm the theoretical findings of the previous research. Some of previous research stated that consumer satisfaction and trust effect on customer relationship commitment. The practically implications of this research is that in order to build trust and customer satisfaction the bank is recommended: first, provide economic benefits for its customers, so bank will be able to improve customer satisfaction and trust. Second, improve the content of resources through improved

corporate reputation management and security of customer funds. Third, providing high service in accordance with what the company promised to their customers.

7. Acknowledgement

This research is financed by Competitive Research Program, Community Service and Research Institution, Jenderal Soedirman University, Contract : 4323.23/H23.9/PN/2011, Date: 18-8-211.

8. References

- [1] Barney, Jay, 1995. "Firm Resource and Sustained Competitive Advantage," *Journal of Management*, Vol. 17, No.1, pp. 99-120.
- [2] Boonajseevee, Bhoomipan, 2003. "Relationship Marketing: Loyalty Intentions in New Era of Thai Bank Marketing", *Dissertation*, The Wayne Huizenga Graduate School of Business and Entrepreneurship, Nova Southeastern University
- [3] Donney, Patricia M. and Joseph P. Cannon, 1997. "An Examination of The Nature of Trust in Buyer-Seller Relationships," *Journal of Marketing*, Vol. 61, No.2, pp. 35-51
- [4] Ghozali, Imam. (2006). *Structural Equation Modelling: Metode Alternatif Dengan Partial Least Square*. Badan Penerbit Universitas Diponegoro, UNDIP, Semarang.
- [5] Gronroos, Christian, 1994. "From Marketing Mix To Relationship Marketing to Relationship, toward a Paradigma Shift in Marketing," *Management Decision*, 32 (2), pp. 4-20.
- [6] Gummesson, Evert, 2007. "Implementation Requires a Relationship Marketing Paradigm." *Journal of the Academy of Marketing Science*, Vol. 26 No. 3, pp. 242-249
- [7] Gwinner, Kevin P., Dwayne D. Gremier and Mary Jo Bitner, 1998. "Relational Benefits in Service Industries: The Customer's Perspective," *Journal of the Academy of Marketing Service*, Vol. 26 (Spring), pp. 101-114
- [8] Hair, J.F., Jr.; Anderson, R.E.; Tatham, R.L.; and Black, W.C. (2006). *Multivariate Data Analysis with Readings*, 4th ed. Englewood Cliffs, NJ: Prentice-Hall.
- [9] Hennig-Thurau, T. and U. Hansen, 2008. "Relationship Marketing: Some Reflections on the State-of-the-art of the Relational Concept." In *T. Henning-Thurau and U. Hansen (Eds). Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention*, Berlin: Springer-Verlag.
- [10] Jasfar, Farida, 2001. "Mediating Effect of Consumer Trust, Consumer Commitment and Customer Satisfaction, in Buyer-Seller Relationships: An Investigating of Auto Service Centers in Indonesia," *Dissertation*, Nova Southeastern University.
- [11] Kumar, N., Timothy R. Bohling and Rajendra N. Ladda, 2003. "Antecedents and Consequences of Relationship Intention: Implications for Transaction and Relationship Marketing," *Industrial Marketing Management*, 23, pp. 667-676.
- [12] Lacey, Russel Wayne, 2003. "Customer Loyalty Programs: Strategic Value to Relationship Marketing," *Dissertation*, Alabama: The Graduate School of University of Alabama.
- [13] Lee, Moonkyu and Lawrence F. Cunningham, 2001. "A Cost/benefit approach to understanding Service Quality." *Journal of Service Marketing*, vol.15No.2, pp.113-130
- [14] Liang, Chiung-Ju and Wen-Hung Wang, 2005. "Integrative Research into the Financial Services Industry in behavioral loyalty." *Journal of Financial Services Marketing*, Vol.10 (Sep), No.1, pp.65-83
- [15] Lin, Neng-Pai, James C.M. Weng and Yie Ching Hsieh, 2008. "Relatioanal Bonds and Customer's Trust and Commitment – A Study on the Moderating Effect of Web Site Usage in Financial Industry," *The Service Industries Journal*, Vol. 23, No.3 (May 2003), pp. 103-124.
- [16] Lovelock, Christopher, 2004, *Service Marketing and Management*, New Jersey: Prentice Hall.
- [17] Morgan, Robert M., 2008. "Relationship Marketing and Marketing Strategy: The Evolution of Relationship Marketing within The Organization," in *Handbook of Relationship Marketing*. Jagdish.N.Sheth and Atul Parvatiyar, London : Sage Publications, Inc.

- [18] Morgan, Robert M. and Shelby D. Hunt, 2004. "The Commitment-Trust Theory of Relationship Marketing," *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38.
- [19] Parvatiyar, Atul and Jangdish N. Sheth, 1994. "The Domain and Conceptual Foundations of Relationship Marketing," in *Handbook of Relationship Marketing*, J.N. Sheth and Parvatiyar, eds., London: Sage Inc, pp. 3-38.
- [20] Peterson, Robert A., 1995. "Relationship Marketing and the Consumer," *Journal of the Academy of Marketing Science*, 23, pp.278-281.
- [21] Sulistiorini, Endang. 2007. Pengaruh *Economic Content*, *Resource Content*, dan *Social Content* terhadap Kepercayaan, Kepuasan dan Komitmen serta Relationship Intention Debitur Bank Sumut di Sumatera Utara, Desertasi, UNPAD.
- [22] Sulistyandari; Rahab and Supadi. 2010. Pemasaran Relasional Perbankan Dalam Meningkatkan Kepercayaan dan Komitmen Relasional Debitur Usaha Kecil dan Menengah (Studi di Wilayah Kabupaten Banyumas), *Jurnal Bisnis dan Manajemen*, Vol. 1, No.12.
- [23] Venetis, Karin A and Pervez N. Ghauri, 2004. "Service Quality and Customer Retention: Building Longterm Relationships." *European Journal of Marketing*, Vol. 38, No.11/12, pp. 1577-1598.
- [24] Wernerfelt, Birger, 1984. "A Resource-Based View of The Firm," *Strategic Management Journal*, Vol. 5, pp. 171-180
- [25] Zeithaml dan Mary Jo Bitner, 2003. *Service Marketing: Integrating Customer Focus Across the Firm*, 3rd edition, New York: Irwin McGraw-Hill.