

Relationship Marketing and Customer Retention at Event Organizer Palembang

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Abstract. This study aims to identify the effect of relationship marketing on customer retention, with the locus being CV MS. The study used a quantitative method with multiple linear regression analysis. The sampling technique used the proportionate stratified random sampling method. Primary data collected through questionnaires to 91 samples. Relationship marketing variables were examined through four dimensions: trust, commitment, communication, and complaint handling. The study results showed that all four relationship marketing variables together influenced customer retention by 52.5 percent. If examined partially, the trust variable is the only variable that significantly influences customer retention. A strong correlation between the trust variable and customer retention also supports this. Thus, the success of building trust in CV MS with government clients is the main factor in fostering long-term relationships with consumers.

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INTRODUCTION

The development of the event organizer business has grown quite rapidly in Indonesia, especially in the city of Palembang. One of the event organizers in the city of Palembang that often organizes government events is CV MS. This event organizer was officially established in 2013. CV MS has participated maximally in helping to make events a success, starting from solving problems in organizing a spectacular moment, participating in the development, empowerment and development of local and national events by utilizing existing resources, in order to realize the client's dream event. The success of becoming a national-scale event organizer, CV MS has loyal clients who trust the organization of their events every year, both from the government and the private sector.

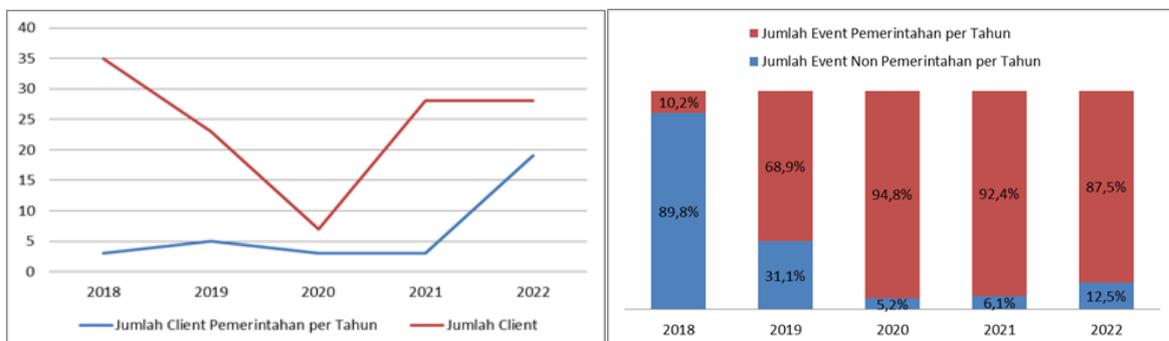


Figure 1. Client growth and event composition per year

Figure 1 shows increasing number of government clients periodically from 2018 to 2022 who use CV MS services. The percentage of events held since 2018 also shows an increase, including the post-pandemic era in 2021. In other words, clients still trust the company. The discussion of customer retention focuses on the latest updated data, namely 2022. Customer retention is certainly driven by the strategy applied to customers to maintain good working relationships with clients so as to increase customer loyalty.

Relationship Marketing is influenced by four variables, namely trust, commitment, communication, and complaint handling (Satgunalingam et al., 2017). CV MS continues to maintain long-term relationships with clients to meet customer needs and leverage customer loyalty into repeat event bookings. To build good long-term cooperative relationships with customers, relationship marketing is a strategy to improve quality and retain clients (Hamonangan et al., 2021). In marketing, involving customers not only fulfills functional needs and emotional satisfaction but also spiritual fulfillment from the brand they choose (Zulkifli et al., 2023). Thus, the company builds differentiation through the company's value that is built (Karo Karo, Djohan, et al., 2023; Kartajaya et al., 2021). Relationship marketing is the initial step in the form of introducing each client in a more detailed way, such as building communication by managing the relationship between the client and the company, so that a company maintains a long-term mindset (Kim & Lee, 2019). When maintaining good relationships with customers and providing satisfaction goes well, it is expected to be able to increase customer retention with the aim that the company is able to maintain loyal clients to reuse the services of the same company. It can even increase the high scale of customers in using services, so that customer retention that is carefully considered will have a positive impact on the sustainability of the company (Karo & Chairunnisa, 2021; Yazıcı et al., 2017).

Customer Retention is divided into three elements, namely being interested in reusing, providing recommendations, and the company is a priority (Simanjuntak et al., 2020; Khan, 2013). Customer retention or commonly called customer retention is the actual act of repurchasing with environmental factors, behavior on the one hand, and retention on the other hand with differences. These factors include effective complaint management, company management systems, customer changes, competitive pricing strategies, the availability of new technologies, and customer needs for variety (Neslin & Shankar, 2009; Arslan, 2020). To manage customer retention, companies must continue to find new and better ways to meet customer needs and wants and leverage customer loyalty into repeat sales (Habibarrahman et al., 2022; Jun et al., 2021). Customer retention is a way to maintain long-term relationships with clients. Customer retention is a process that influences clients to be loyal to a particular company and there is a repeat purchase or repetition in using the services of that company (Danis et al., 2015; Agha et al., 2021; Mappatempo, 2022). Retaining customers will be more profitable than finding new customers.

Along with the increasingly strong level of competition in almost all industry categories, especially in the event organizer service sector (Hanafi, 2023; Karo & Novianti, 2021; Pengembangan et al., 2016), this study attempts to identify the phenomenon that arises in CV MS. This event organizer has two main client categories, namely government clients and private or non-government clients. In 2022, the highest customer retention was government clients. Therefore, it is very important to maintain relationships with these customers very well. Relationship marketing will help companies make transactions faster and maintain relationships with customers by providing trust, commitment, communication and handling complaints. To maintain existing customer retention, companies certainly need to maintain customer satisfaction. Through this study, it will be known how the relationship between relationship marketing and customer retention is to provide new insights into maintaining long-term relationships with customers.

METHODS

This research approach uses a quantitative method with multiple linear regression analysis techniques. Primary data collection through a questionnaire built using a five-point Likert scale. The population in this study were all CV MS clients in 2022. In 2022, CV MS has organized 128 events consisting of 109 government events with 16 government clients. In each event organizing committee, the committee that interacts directly with the company ranges from 4 to 5 people, so that the total population is 545 people. The size of the research sample uses the Slovin approach with an error of 10 percent and a minimum value of 84 people is obtained, who are selected using the proportionate stratified random sampling technique. The realization of primary research data that was successfully collected was 91 respondents.

RESULTS AND DISCUSSION

Instrument Test

The research questionnaire that had been built was first tested on 30 respondents with the aim of ensuring that the instrument was suitable for use. The test results listed in table 1 show that each question item has met the valid requirements with an r-count value greater than 0.360 and also meets the reliable requirements with a cronbach alpha value greater than 0.6 (Karo Karo, Ihdal Karomi, et al., 2023). Therefore, the research instrument is suitable for further use to collect primary data.

Table 1. Validity test and reliability test of the instrument

Variables	Dimensions	Indicator	Validity Test Value	Reliability Test Value
Independent variable (X) Relationship Marketing (Ndubisi, 2007)	Trust	A trustworthy promise	.790	.804
		Quality service	.769	.894
		Security guarantee	.770	.829
		Respectful employees	.771	.851
	Commitment	Adjust oneself	.765	.822
		Maintaining personal relationships	.775	.806
		Flexible	.781	.866
	Communication	Accurate information	.761	.811
		Latest information	.764	.828
		Trusted information	.795	.817
	Conflict handling	Facing conflict	.778	.857
		Resolving conflicts	.768	.895
Solution capabilities		.763	.859	
Dependent variable (Y) Customer Retention (Simanjuntak, 2020)	Interested in reusing	Interested in working together again	.841	.830
	Provide recommendations	Giving recommendations	.841	.844
	The company is a priority	Priority selection	.809	.842

Respondent Characteristics

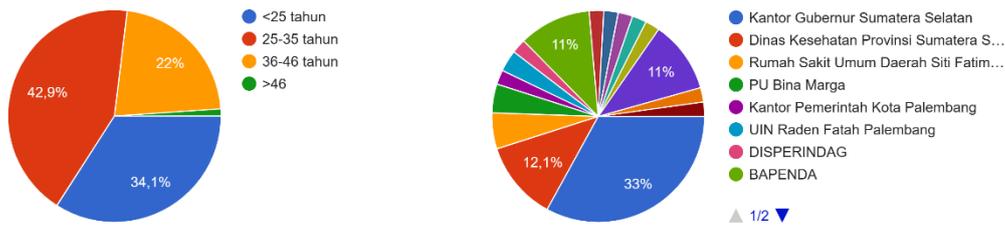


Figure 2. Respondent characteristics based on age and company origin

From the results of the questionnaire from 91 respondents, 34 percent of respondents were in the age range of less than 25 years, 43 percent were in the age range of 25-35 years, and 22 percent were in the age range of 36-46 years. Based on the origin of government, 38 percent of respondents came from the Governor's Office/Mayor in South Sumatra, 17 percent came from the local government health sector, 9 percent came from the Public Works sector, 18 percent from the regional financial sector, 13 percent from the BUMN sector.

Classical Assumption Test

The detection of classical assumptions carried out in this study is in the form of normality tests, multicollinearity tests, and heteroscedasticity tests. The normality assumption uses the p-plot approach, the multicollinearity assumption uses the comparison of Tolerance values, and the heteroscedasticity assumption uses the Glejser method.

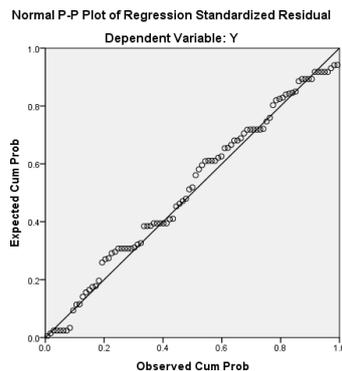


Figure 3. Results of the p-plot normality test

Source: Data processing, SPSS

Figure 3 shows the test results using the Probability Plot graphic that the research data meets the normality assumption where the points formed in the line area and spread following the diagonal direction of the normal distribution.

Table 2. Results of multicollinearity and heteroscedasticity tests

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
(Constant)	2650.256	1118.687			2.369	.020		
Trust	.447	.075	.590		5.969	.000	.682	1.466
Commitment	.054	.088	.055		.613	.542	.830	1.204
Communication	-.020	.086	-.022		-.235	.815	.785	1.273
Complaint Handling	.104	.080	.116		1.310	.194	.852	1.174

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3222.465	529.593		6.085	.063
Trust	.024	.036	.072	.685	.495
Commitment	.062	.042	.144	1.498	.138
Communication	-.010	.040	-.025	-.256	.798
Complaint Handling	.228	.038	.573	6.048	.156

Source: Data processing, SPSS

Table 2 in the results of the multicollinearity test shows that the VIF value of each variable is less than 10 and greater than 1, while the Tolerance value is greater than 0.10. This indicates that the variables through the proposed model do not experience multicollinearity. In the results of the heteroscedasticity test, the Sig. value of each variable is greater than α 0.05, indicating that the variables studied do not experience heteroscedasticity.

Multiple Linear Regression Analysis

This research regression test was conducted to test the influence of the independent variables of Relationship Marketing including the variables Trust (X₁), Commitment (X₂), Communication (X₃) and Complaint Handling (X₄) on the dependent variable Customer Retention (Y).

Table 3. Simultaneous test results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	114,506,834.078	4	28,626,458.520	15.911	.000
Residual	154,726,599.680	86	1,799,158.136		
Total	269,233,433.758	90			

Referring to table 3 of the simultaneous test results, it shows the Sig. value of 0.000 is smaller than α 0.05, in other words Ha₁ is accepted which means that all independent variables of Trust, Commitment, Communication and Complaint Handling have a significant influence together on the dependent variable Customer Retention. The next identification is in the form of a partial test to see the influence of each independent variable separately on the dependent variable.

Table 4. Partial test results

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig.
	B	Std. Error	Beta		
(Constant)	26.502	11.186		2.369	.020
Trust	.447	.075	.590	5.959	.000
Commitment	.056	.088	.055	.613	.542
Communication	.020	.086	.022	.235	.815
Complaint Handling	.104	.080	.116	1.310	.194

Source: Data processing, SPSS

Through table 4 the mathematical equation model of the multiple linear regression model used is as follows:

$$Y = 26.5 + 0.447X_1 + 0.054X_2 + 0.02X_3 + 0.104X_4$$

Completing the equation, a comparison was made between the t-count and the t-table (1.991) and the Sig. value against α 0.05. The test results indicate:

The trust variable obtained a t-test result of 5.959 which is greater than the t-table and sig. is smaller than α , indicating that the Ha2 hypothesis is accepted where the trust variable has a significant effect on customer retention.

The commitment variable obtained a t-test result of 0.631, smaller than the t-table and sig. greater than α , indicating that the Ho3 hypothesis is accepted where the commitment variable does not have a significant effect on customer retention.

The communication variable obtained a t-test result of 0.235, smaller than the t-table and sig. greater than α , indicating that the Ho4 hypothesis is accepted where the communication variable does not have a significant effect on customer retention.

The complaint handling variable obtained a t-test result of 1.310, smaller than the t-table and sig. greater than α , indicating that the Ho5 hypothesis is accepted where the complaint handling variable does not have a significant effect on customer retention.

Based on the results of this test, it is known that there is one of four independent variables, namely the trust variable, which has an influence on the dependent variable of customer retention. If presented in a mathematical equation as follows:

$$Y = 26.5 + 0.447X_1$$

Coefficient Test

Testing the research model coefficient is identified through two approaches, namely the correlation coefficient and the determination coefficient.

Table 5. Results of correlation coefficient and determination coefficient tests

	Trust	Commitment	Communication	Complaint Handling	Customer Retention
Trust	1	.395**	.485**	.398**	.640**
Pearson Correlation					
Sig. (2-tailed)		.000	.000	.001	.000
N	91	91	91	91	91
Commitment	.395**	1	.174	.236*	.312**
Pearson Correlation					
Sig. (2-tailed)	.000		.100	.024	.003
N	91	91	91	91	91
Communication	.485**	.174	1	.291**	.278**
Pearson Correlation					
Sig. (2-tailed)	.000	.100		.006	.008
N	91	91	91	91	91
Complaint Handling	.398**	.236*	.291**	1	.316**
Pearson Correlation					
Sig. (2-tailed)	.001	.024	.006		.002
N	91	91	91	91	91
Customer Retention	.640**	.312**	.278**	.316**	1

Pearson Correlation					
Sig. (2-tailed)	.000	.003	.008	.002	
N	91	91	91	91	

Table 6. determination coefficient tests

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629	.395	.399	13.41301

Source: Data processing, SPSS

The results of the correlation coefficient test show the interpretation of the relationship between the independent variables and the dependent variable. The correlation of the trust variable obtained a value of 0.640 indicating a description of a strong relationship with customer retention while the other three variables showed correlation values in the range of 0.2 to 0.39, namely the commitment variable 0.312, the communication variable 0.278 and the complaint handling variable 0.316. This shows that the three variables indicate a description of a low relationship with customer retention. Referring to the results of the determination coefficient test, it shows that all dependent variables in the scope of the applied relationship marketing have a strong relationship with customer retention. Judging from its contribution, the relationship marketing variable has a 52 percent impact on customer retention.

CONCLUSION

Based on the results of the research analysis, it shows that relationship marketing at CV MS provides great consideration for clients to cooperate. In addition, the trust variable is the only variable that has a significant effect among the other three variables. In other words, government clients trust the services and products offered. Then form relationship marketing from government clients by building emotional relationships. Companies need to improve other elements, this is the next task so that the implementation of relationship marketing can run not only from the trust factor, considering that there is still a fairly large contribution of other variables that have not been studied which actually affect customer retention.

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