The Effect of Company Reputation and Customer Relationship Marketing Towards Telkomsel Customer Loyalty in Salatiga City

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A B S T R A C T
This research aimed to investigate the effect of company reputation and customer relationship marketing towards Telkomsel customer loyalty in Salatiga City. This study used word-of-mouth marketing variables and structural equation modelling (SEM) as an analysis to test 5 hypotheses. This research was followed by 160 respondents who were users of Telkomsel cellphone card in Salatiga City. This research showed that company reputation and customer relationship marketing significantly affected customer loyalty using Telkomsel cellphone card in Salatiga city. Company reputation significantly affect the word of mouth, but word of mouth did not significantly affect towards customer relationship marketing and customer royalty. Therefore, word of mouth could not mediate company reputation and customer relationship marketing towards Telkomsel customer loyalty in Salatiga city. Further research must examine other cellphone card users to provide new results because the results of this study cannot be representative of all cellphone card operators.

Introduction

Most companies have various strategies aimed at developing customer loyalty. A good relationship between a company and its customers is one of the best strategies that positively impact multiple aspects. These aspects can be customer trust, the quality of a growing company, and business benefits. It is known as customer relationship marketing, a marketing strategy to get customer loyalty by making good relationships between the company and customers. As stated by Khotimah et al. (2016), customer relationship marketing is the process of developing a company's quality by approaching customers' needs regarding the product and service from the company. It can provide company benefits and develop the quality of the company so that it has a good reputation.

Customer relationship marketing is essential in business because it focuses on profit and customer satisfaction, aiming to develop competitive quality companies (Durmaz et al., 2020). Companies in Indonesia are starting to implement the concept of customer relationship marketing. The main focus in business is the customer, so these companies try to create good customer relationships. The strategies that these companies must carry out are increasing customer satisfaction, related to customer expectations, product quality, starting loyal customers, and a good company reputation.

Feedback from customers has an essential role for the company. Companies can develop product quality based on positive customer reviews on the use of products from a company. A good company will pay attention to these customer reviews and start designing, revising, and creating products that have good quality (Saputra et al., 2015). It can provide customer loyalty to the company. Customer loyalty can be developed using word of mouth as a mediating variable.

According to Ngoma & Ntale (2019), customer loyalty is increased by several aspects, namely trust, satisfaction, and reciprocity from relationship marketing. There is a significant effect between customer relationship marketing, word of mouth, and customer loyalty. Ahmad et al. (2019) conducted research that showed that company reputation has an essential role in business. A good company reputation can provide benefits for the company due to the dissemination of the company's name to the public regarding the company's quality in the form of services, products, and customer satisfaction. These are essential factors

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to develop a company's reputation. Therefore, the company must provide honest products and services to its customers.

In addition, Widyastuti (2014), Pertiwi (2016), and Lidi (2016) conducted research that showed that customer relationship marketing has several essential components, namely communication, commitment, trust, and reciprocity, on customer satisfaction. It is supported by Hendrawan (2013) that a company's quality can give customers satisfaction based on their product experience. However, Khotimah et al. (2016) found that customer satisfaction cannot improve well by implementing customer relationship marketing. Furthermore, research conducted by Akbarina et al. (2013), Rahayu (2014), and Samekto et al. (2016) also showed that customer relationship marketing does not have a positive relationship with customer satisfaction because several aspects have no significant effect. This research used customer relationship marketing variables and company reputation as independent variables.

This research focused on one of the cellular telecommunication companies in Indonesia, namely PT. Telkomsel. Telkomsel is listed as one of Indonesia's largest cellular operators and has the most users in Indonesia. In addition, the researchers chose PT. Telkomsel is the object of this research because PT carries out various marketing activities—Telkomsel in the form of promotions that have many benefits for cellular phone users in Indonesia. From the problems raised, the researchers can design the research problem formulation: what is the effect of company reputation, customer relationship marketing, and word of mouth towards Telkomsel customer loyalty in Salatiga city? There are several aims related to the research problems: (1) to examine the effect the reputation towards word of mouth because A good company reputation affects customers' dissemination of products and services so that many people will trust and be encouraged to become loyal customers after getting positive experiences from the products and services of a company; (2) to examine the effect of customer relationship marketing towards word of mouth because This good relationship is a marketing technique carried out by the company because customers will disseminate the products and services provided so that customers will invite others to buy, use, and disseminate these products and services.; (3) to examine the effect of reputation on the development of customer loyalty because customers have given all their trust in the products and services of a company; (4) the effect of customer relationship marketing towards the development of customer loyalty because to create a good relationship with customers because customers will remain loyal to buying, using, and disseminating products and services from these companies.; (5) to examine the effect of word of mouth on the development of customer loyalty because Customers assume that the company understands and cares about the importance of product and service quality. That is why word of mouth can benefit the company in customer loyalty development; to examine the effect of word of mouth in mediating company reputation and customer relationship marketing towards the development of customer loyalty.
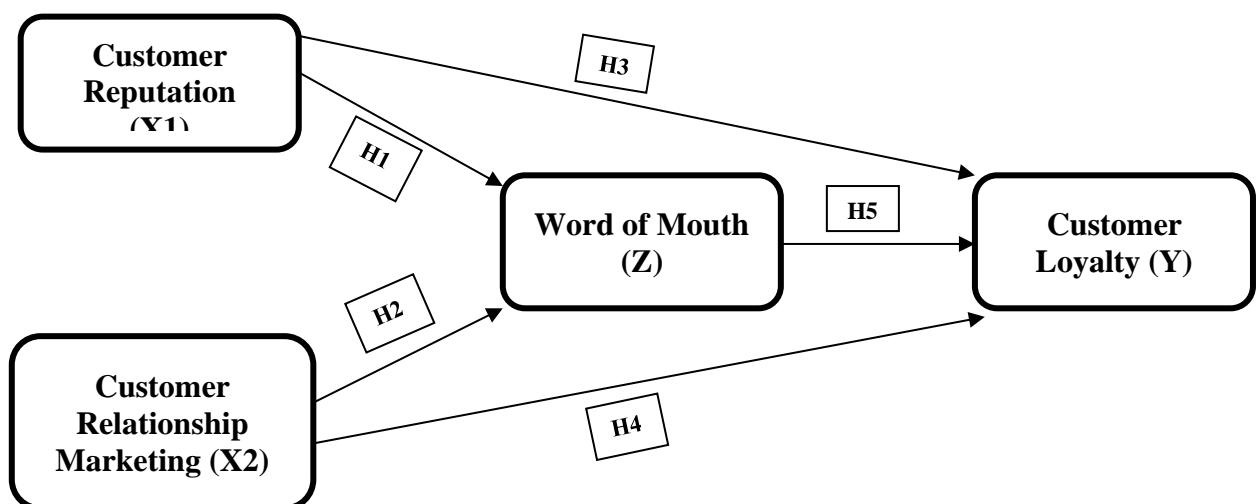

Figure 1. Conceptual Model of Research

Method

This research focused on basic research used to support scientific studies to provide development (Sekaran, 2006). The result from this research is expected can be source to develop methods, theories, and ideas that could be used as a source for further research. In addition, this quantitative research used a questionnaire to obtain research data. This study aimed to provide a relationship between research variables namely company reputation, customer relationship marketing, word of mouth, and customer loyalty.

Table 1.
Operational Variables

Variables	Conceptual Definition	Empirical Indicator
Company Reputation	Company reputation is the quality of products, services, and performance of a company that provides an overview for customers (Tjiptono, 2000)	According to Chiu and Hsu (2010) 1. Quality reputation 2. Program reputation 3. Performance reputation
Customer Relationship Marketing	Customer relationship marketing is marketing method based on several processes such as designing quality products, developing products to be recognized by customers, and maintaining company reputation (Kotler, 2012).	According to Alrubaieen (2008): 1. Customer Trust 2. Responsibility 3. Correspondence
Word of Mouth	Word of mouth focuses on customer opinions that are disseminated to other people directly where the topic is a review of the use of a product or service from a company (Kotler & Keller, 2012). Customer loyalty reflects how the company's loyalty to its products and services (Tjiptono, 2010)	According to Lupiyoadi (2013): 1. Reviews between customers 2. Product distribution 3. Purchase products
Customer Loyalty		According to Griffin (2003): 1. Customers buy products continuously 2. Buy products that are one company 3. Other customer recommendations 4. Customers provide loyalty to the company

Source: Primary Data, (2020)

Table 2.
Characteristic Description of Telkomsel Cellphone Card Users in Salatiga City

Characteristic Age	Respondent	Percentage
16 – 20	40	25%
21 – 25	120	75%
26 – 30	-	0%
> 30	-	0%
Total	160	100%
Gender		
Male	74	46.25%
Female	86	53.75%
Total	160	100%

A population is a group of people who play a role in research and have specific criteria designed by researchers (Sekaran, 2006). This research was followed by people in Salatiga City. They were active Telkomsel cellular card users for more than six months which was the primary data. Researchers gave questionnaires to research respondents. Respondents must complete the questionnaire based on their experience using Telkomsel cellular cards. According to Hair et al. (2010) sample must be more than 100 samples because Structural Equation Modeling (SEM) analysis requires many samples in a study.

This research used a questionnaire as a data collection method. According to Sugiyono, (2011) a questionnaire is a collection of statements that focus on research topics given by researchers to respondents. The data from questionnaire would be analyzed by using Structural Equation Modelling

(SEM). Structural equation modelling (SEM) combines one variable with other interrelated variables. In addition, structural equation modelling (SEM) is also a complex and more valid analytical method than other analytical methods. If the multivariate research data results are not normal, then the researcher can use the outlier test. This study used the maximum likelihood estimation technique and AMOS 18. The AMOS 18 software was used to obtain results in latent variable relationships and validity tests, reliability tests, normality tests, outlier tests, assessment of goodness of fit indices and model causality.

Validity is used as a variable data analysis test to provide valid research results based on the instruments used in the study. This study used 40 respondents as preliminary initial data, in which the researchers conducted a previous validity test. The validity test is based on the use of the Bivariate Pearson correlation. According to Sekaran, (2006) the validity test is used to provide validity to the test equipment used in testing or analyzing research data. Each statement is significantly correlated with the total score. This shows that each statement can be used as evidence from research results. If r count ≥ r table 40 samples (0.312) 2-tailed test with a significance of 0.05, then the instrument or each statement is declared valid.

Table 3.
Validity Test Results

Pearson Correlation			
CI 1	0.336	WOM 1	0.694
CI 2	0.58	WOM 2	0.695
CI 3	0.515	WOM 3	0.517
CI 4	0.595	WOM 4	0.638
CI 5	0.57	WOM 5	0.633
CI 6	0.619	CL 1	0.589
RM 1	0.507	CL 2	0.705
RM 2	0.401	CL 3	0.586
RM 3	0.425	CL 4	0.721
RM 4	0.41	CL 5	0.744
RM 5	0.591	CL 6	0.571

Source: Primary Data, (2020)

Reliability Test

Reliability focuses on each indicator in the research variables tested by providing results in general variable indications. This study used a reliability test with Cronbach's alpha method using SPSS software version 25.0. The reliability test can be seen from this table as follows:

Table 4.
Reliability Test Result

Variables	Cronbach's Alpha	Description
Company Reputation	0.773	Reliable
Customer Relationship Marketing	0.756	Reliable
Word of Mouth	0.839	Reliable
Customer Loyalty	0.860	Reliable

Source: Primary Data, (2020)

Findings and Discussions

Based on the analysis, results showed that company reputation directly gave significant effect towards customer loyalty and word of mouth indirectly gave significant effect towards customer loyalty. Data score for direct effect was 0.562 and the indirect effect was equal to 0.057. The results of the comparison of the direct effect score of 0.562 > 0.057 (indirect effect) showed that company reputation indirectly could not give significant effect towards customer loyalty by implementing word of mouth. Therefore, the sixth hypothesis, H6: Word of mouth significantly affects in mediating company reputation towards the development of customer loyalty, was rejected.

The analysis data showed that customer relationship marketing directly gave significant effect towards customer royalty and word of mouth directly gave significant effect towards customer loyalty. The direct effect score coefficient was 0.206. The score of the indirect effect must be compared with the coefficient score on the standardized indirect effects, which was equal to 0.022. The results of the comparison of the direct effect score of 0.206> 0.022 (indirect effect) indicate that customer relationship marketing indirectly could not give significant effect towards customer loyalty by implementing word of

mouth. Therefore, the seventh hypothesis, H7: Word of mouth significantly affects in mediating customer relationship marketing towards the development of customer loyalty, was rejected.

Table 5.
Evaluation of Regression Weight and Covariance of Causality Test

			Estimate	S.E.	C.R.	P	Label
Word of Mouth	←	**Company Reputation**	.291	.173	2.082	.037	par_14
Word of Mouth	←	**Customer Relationship Marketing**	.111	.136	.956	.339	par_15
Customer Loyalty	←	**Company Reputation**	.562	.436	3.176	.001	par_11
Customer Loyalty	←	**Word of Mouth**	.194	.217	1.782	.075	par_12
Customer Loyalty	←	**Customer Relationship Marketing**	.206	.229	2.106	.035	par_13

Source: Primary Data, (2020)

The data result shows that the statistical test observes the significance level score between variables shown by CR which was identical to the t-test in regression and its probability score (P). The company reputation variable significantly affects the word-of-mouth variable, but customer relationship marketing could not significantly affect the word-of-mouth variable. Furthermore, the company reputation and customer relationship marketing variables significantly affect customer loyalty variable but word of mouth variable could not significantly affect customer loyalty.
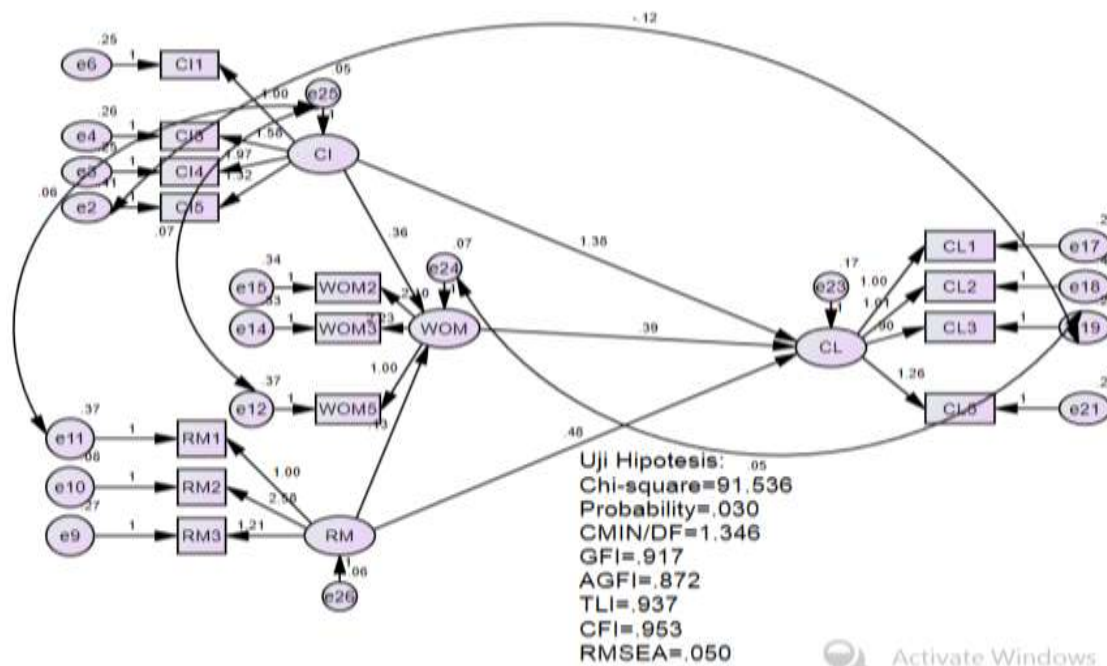

Figure 2. Results of findings analysis

The implications of this research were theoretical implication focuses on the essential role in supporting theories that can provide developments, and applied implication focuses on developing Telkomsel cellphone card users' loyalty in Salatiga City. The company reputation and customer relationship marketing had a significant influence in developing customer loyalty to the product or service of a company, especially PT. Telkomsel. The results of this study could be used as a source of support in developing a better company reputation, essential components in implementing customer relationship marketing, and vital factors in developing customer loyalty. The results can give benefits for developing telecommunication companies developing customer loyalty with attractive promotions for customers.

Researchers expect that this study's results could positively affect telecommunication companies, especially PT. Telkomsel is to continue to develop marketing strategies so that customers would provide high loyalty to Telkomsel cellphone cards. PT. Telkomsel must maintain a good company reputation so that customers continue to buy, use, and disseminate to many people the quality of Telkomsel cellphone cards.

PT. Telkomsel must be able to implement a more developed customer relationship marketing strategy as well as loyalty rewards, Telkomsel Points, GraPARI outlets, and call centres based on Oracle application systems as marketing strategies given to loyal customers.

Conclusion and Suggestion

This research showed that company reputation and customer relationship marketing gave essential role in significantly influencing the development of Telkomsel cellphone card customer loyalty in Salatiga City. Company reputation significantly affects the word of mouth and word of mouth could significantly affect the development of customer loyalty. Yet, customer relationship marketing could not significantly affect the word of mouth. That is why word of mouth could not be mediator for company reputation and customer relationship marketing on the development of Telkomsel cellphone card customer loyalty in Salatiga City.

Researchers provide suggestions for further research for respondents to vary in age. This is because respondents can be from something other than Generation Z but also from other generations to get more valid research results. Apart from that, future researchers can also select respondents who have never used a Telkomsel cellular card to compare the use of other cellular cards. Furthermore, the future research can develop more about the respondents' characteristic or criteria. The research object can also use cellular cards from other companies besides Telkomsel cellular cards. This is because the results of this study could only be used as a representative for some other cellular cards. Besides that, the following research agenda can also use more respondents to get maximum results.

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