

Customer Bonding, Customer Satisfaction, and Customer Loyalty: A Study on the Customer of Martabak Hokky Kawanua in Tondano

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ABSTRACT

This study aims to investigate the effect of customer bonding to customer loyalty, and the effect of customer satisfaction to customer loyalty. This study was conducted on Martabak Hokky Kawanua in Tondano city by a quantitative method with multiple regression analysis involving a sample of 100 customers. The findings highlight a significant effect of customer bonding on customer loyalty, a partial significant effect of customer satisfaction on customer loyalty, and the simultaneous significant effect of customer bonding and customer satisfaction on customer loyalty.

Keywords: Business Development, Customer Bonding, Customer Loyalty, Customer Satisfaction, SME.



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INTRODUCTION

For every business, customers are one of the important factors, especially for newly created businesses and SMEs. This is because they are one of the drivers for the progress or improvement of a business. This suggests that the development of a business will be largely determined by customers who buy the products or use the services. This is said so because the main purpose of making a business is to get profit, and the source of it is the product purchase or the service usage by customers. For that, customer loyalty to use the products or services becomes highly valuable and needs to get more attention, particularly for small and medium enterprises to develop faster.

Customer loyalty has a different meaning when viewed from a different point of view from experts. As stated by Gremler and Brown (1996), "Customer loyalty is a customer who not only repurchases a good or service, but also has a positive commitment and attitude towards the company, such as providing recommendations about the product or service to others to be able to buy or try the product and service." Meanwhile, Oliver in Lismawati and Arrozi (2020) defined customer loyalty as "a commitment from each customer to stay deeper, and to keep subscribing to re-subscribe, or to repurchase products or services consistently in the future, even if influenced by other situations and marketing efforts".

Other things that may need to be considered in sustaining customer loyalty are building a good relationship with customers and increasing customer satisfaction. As stated by Cross and Smith in Umar (2002), "Customer bonding is a process in which marketers try to build or maintain the trust of their customers so that each other can be mutually beneficial in the relationship". This implies that customer bonding deals with a process of developing and asserting a good relationship between a company or business and its customers. In addition, Kotler and Armstrong (2008) clearly stated that "to achieve, retain and grow customers is to create a customer relationship management, that is, the entire process of building and maintaining profitable relationships by delivering good customer value and satisfaction".

Customers who are satisfied or have a high level of satisfaction when buying products or services will course become loyal customers and provide a greater business share to the company. This suggests that customer bonding and customer satisfaction are important variables in the formation and increase of customer loyalty for a business. Thus, we are interested in looking better and deeper to answer questions, about whether SME businesses such as "Martabak Hokky Kawanua" can build customer bonding, how it affects the loyalty of their customers, and how customer satisfaction influences the loyalty of the customers.

Martabak Hokky Kawanua is a newly created SME. It already has several branches in several areas in the city of Tondano. It will also be very interesting to see whether each existing branch can produce a good level of customer satisfaction and how the influence of customer bonding and satisfaction increases the loyalty of customers.

In this study, the customers in three branches in several areas in the city of Tondano were the main objects to be studied. The SME has many things that need to be addressed and improved because they are in the middle of starting a business to become more developed and bigger. These underline our study's significance because, for newly created businesses, building and increasing customer loyalty are indispensable for driving business development in a better direction. In addition to customer loyalty, we include customer bonding and consumer satisfaction to investigate their influence in increasing customer loyalty.

This study also seeks to compare some of the studies that have been conducted by previous researchers on the variables discussed in this study such as Aini (2020) and Asari (2020). In these studies, customer bonding significantly influences customer loyalty. Another study that becomes the supporting basis for this study is the research conducted by Nalendra (2018). The results of the study suggest that the satisfaction of customers has a significant effect on customer loyalty. Syafit (2021) stated the same thing. Our recent study can be the one that complements previous studies, which have not tried to research customer objects from SMEs or those that have only been initiated for a few years. In addition, the area in which we conducted the study also makes some important contributions that can be used as a comparison that distinguishes between previous studies and this recent study.

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is strongly determined by employee attitude in their workplace (Lim et al., 2020). Loyalty means that a person is loyal to a particular object. Mowen and Minor (1998) defined loyalty as "a condition in which a customer has a positive attitude towards a brand, has a commitment to the brand, and intends to continue his purchase in the future." "Loyalty shows the tendency of customers to use a certain brand with a high degree of consistency" (Dharmmesta, 1999). Griffin (2002) defined "a customer" as "someone who becomes accustomed to buying from a company. The habit is formed through frequent purchases and interactions over a period of time." According to Hadi in Zaikarina and Sumertajaya (2017), "a customer is an organization or someone who has some particular interest in a product or service." Simamora (2002) stated customers are the ones who have the power to decide whether to buy or not to buy a product.

Hasan (2008) also defined a customer as "someone who constantly and repeatedly comes to the same place to satisfy his desires by owning a product or getting a service and paying for the product or service". According to Evan and Laskin (1994), "a loyal customer is one who makes a repurchase from the same company, informing other potential consumers by word of mouth". Kertajaya (2002) suggested that "a loyal customer is a customer who enthusiastically and voluntarily recommends our products to others, although not necessarily because he is still a customer of our product or company."

Meanwhile, Hasan (2008) suggested that "customers who have loyalty to the product will be willing to tell good things (positive word of mouth) about the company and its products to others, friends and family which is much more persuasive than advertising". In the opinion of Gremler and Brown in Hasan (2008), "customer loyalty is a customer who not only repurchases goods and services but also has a positive commitment and attitude towards a service company, for example by recommending others to buy". Engel, Blackwell, and Miniard in Hasan (2008) posited that "Customer loyalty is a habit of buying repetition behavior, high interconnectedness and engagement in its choice and is characterized by external information search and alternative evaluation".

We can conclude that customer loyalty is one's loyalty to remain a customer of a specific company, when the customers possess a positive attitude, high commitment, the intention to maintain their purchase in the future, as well as using the facilities and services provided.

According to Tjiptono (2011), customer loyalty can be seen from several indicators. The first is recurring purchases. It is repeated buying. It deals with the result of the dominance of companies that has attained success in making their products the only options

available. Besides that, it can also be the result of continuous and good promotions to attract and persuade consumers to buy the same product again.

Second, it is providing referrals to others. It implies that loyal customers have the potential to spread or become word-of-mouth advertising for the company. The third is the rejection of competitors' products. Loyal consumers of a particular product or company, usually cannot be separated from the brand or company even though there are many choices of other brands.

Customer Bonding

Understanding Customer Bonding

Customer bonding is defined as a mutually beneficial business dimension for the company and the customer. According to this definition, customer bonding is the process of developing a relationship between the company and the customer in which the company tries to maintain a well-established and mutually beneficial relationship between the buyer and the seller.

Customer bonding is a customer relationship with service providers for personal purposes. These are different stages of bonding between parties of different natures. This bond is significant to the relationship between the customers and the service providers. Bonds can be categorized into two categories: social bonds and structural bonds. Customer bonding is a strategy to keep consumers in each company.

The purpose of customer bonding is to create customers who are loyal and committed to the products or services. In the concept of the marketing mix, there is the concept of a system that can be created by the company to maintain relationships with customers. According to Alrubaiee and Al-Nazer in Kuspriyono and Nurelasari (2018), customer bonding is a business that is mutually beneficial for the company and the customer. We come to a conclusion that customer bonding is a company strategy for retaining customers.

Customer Bonding Indicator

According to Dwyer in Novianti (2020), some dimensions indicate customer bonding. They are awareness, exploration, relationship improvement, and commitment. Awareness suggests that each party must pay attention to the other and consider the possibility of establishing good relations between two or more parties. At the exploration (guarding), each party must try and test their respective capacities for guest retention. In relationship improvement stage, the company and the bonding customer feel interdependent or comfortable with one another. While in the commitment, each must maintain mutual trust and understanding of the other's goals, and guest purchases will continue to be well established with the company automatically.

Customer Satisfaction

According to Oliver in Khafidhatur (2019), "Customer satisfaction is the consumer's assessment of the features of a product or service that provide satisfaction to their needs at an enjoyable level, be it as expected or not". Customer satisfaction is also vital to determine the success of a business. The high competition that exists today makes companies have to show commitment to consumer needs and desires, and also make efforts to satisfy their expectations (Atmawati & Wahyuddin, 2004).

The party who is most able to express satisfaction with products, whether goods or services, is only the customers themselves because they are the ones who consume them. In determining the standard of satisfaction, the company producing the product or providing the service can only estimate, invent, and try to direct the product or service

toward consumer satisfaction based on past customer responses obtained through research. The implementation of customer satisfaction research is usually aimed at examining the level of customer satisfaction (Basta in Sasongko, 2021), including:

- a. customer satisfaction is measured in terms of the ease with which goods or services can be obtained (distribution).
- b. measuring customer satisfaction through the quality of goods or services
- c. measuring customer satisfaction through the value of goods or services
- d. measuring customer satisfaction based on customer confidence in the product used compared to other products

Product quality, emotion, price, cost and convenience give evidence of customer satisfaction. If the customer feels the product quality is good and satisfactory, the customers will continue to choose the product. Customers who perceive the benefits of products are more likely to purchase and use products. In addition, not only do quality and benefits affect customer loyalty but also price contributes to it because if the price of products is relatively cheap, this will increase the interest and loyalty of customers. Products provide many benefits so customers do not need to look for other products. This increases customer loyalty to the products.

RESEARCH METHOD

Descriptive research can be defined as research used to describe and answer the problems of an existing phenomenon or describe events that are happening today, both in a single variable and comparative correlation. The quantitative approach uses data in numbers, for this reason, descriptive research with a quantitative approach is the choice used in this study.

The population in this study refers to the definition of population proposed by Sugiyono (2008) stating that "Population is a generalized area consisting of: objects/subjects that have certain qualities and characteristics that are applied by the researcher to be studied and then drawn conclusions". From that definition, it is determined that the population in this study are customers who have bought or consumed products from Martabak Hokky Kawanua in every branch in Tondano. This implies that the total population is not limited.

Furthermore, the sample used in this study refers to the definition put forward by Sugiyono (2009), i.e. "Samples are part of the numbers and characteristics shared by the population. Thus the sample is a subset of the population whose characteristics are to be investigated, and can be representative of the entire population so that it is less numerous than the population". For this reason, we used the sampling method of non-probability sampling which is accidental sampling. Non probability is also a sampling technique that does not give equal opportunities for the population member to be selected. Based on Sugiyono (2009), "Accidental sampling is a technique of determining samples based on a coincidence, that is, customers who accidentally encounter a researcher can be used as a sample, if according to the researcher the person who happens to be encountered is considered suitable to be used as a data source".

The determination of the limit on the number of the samples is adjusted to the opinion of Cooper and Emory (1996), underlining "The basic formula for determining the sample in non-probability sampling is to assume that the population is infinite so that a sample of 100 from a population of 5,000 has roughly the same estimation accuracy as 100 samples drawn from a population of 200 million". So, our number of samples is determined directly by 100.

As previously explained, due to the unknown number of populations in this study, then "The number of samples cannot be factor analyzed if the number is less than 50, for that the sample must be at least 100 or more. As a general rule, the minimum number of samples is at least 5 times and will be more acceptable if the number of samples is 10 times the number of items to be studied and analyzed" (Hair, Anderson, Babin, & Black, 2010). Because the number of items to be studied in this study was 22, the sample set was 110 respondents. It is considered already representative because it conforms to minimal standards.

RESULTS

The results of the data analysis obtained after the researchers distributed questionnaires to the respondents are presented in Table 1.

Table 1. Partial Test (t test)

<i>Coefficients^a</i>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.248	.655		3,432	.001
	Customer Bonding	.823	.044	.787	18,696	.000
	Customer satisfaction	.285	.057	.212	5.030	.000
a. Dependent Variable: Customer Loyalty						

Based on the analysis presented in Table 1, it is partially known that customer bonding has a significant effect on customer loyalty, and so does customer satisfaction which has a significant effect on increasing or decreasing customer loyalty.

Table 2. Simultaneous Test (F Test)

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4830.147	2	2415,073	720,728	.000b
	Residual	358,544	107	3.351		
	Total	5188,691	109			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), Customer Satisfaction, Customer Bonding						

Based on the results of the Anova in Table 2, f count is 720,728 > f table (3.08) sig value of 0.000 < 0.05, then accept H_a and reject H_0 . This means that the hypothesis that there is a significant effect of customer bonding and customer satisfaction on customer loyalty is accepted.

Table 3. Correlation Coefficient and Determination

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.965 ^a	.931	.930	1.831
a. Predictors: (Constant), Customer Satisfaction, Customer Bonding				

Judging from the correlation and determination coefficient in Table 3, the R value is 0.965. It indicates a very strong relationship between customer bonding and customer satisfaction with customer loyalty. In addition to seeing the level of relationship between variables, Table 3 also provides information that the R Square value is 0.931 which can be interpreted to mean that customer bonding and customer satisfaction have a contribution of 93.1% to customer loyalty.

DISCUSSION

The data analysis that has been previously described indicates that partially or simultaneously customer bonding and customer satisfaction significantly affect customer loyalty. This also explains if customer bonding and customer satisfaction are increased or become better, the level of loyalty of consumers to the products sold in Martabak Hokky Kawanua, will increase as well. Those results can be described as follows.

The Effect of Customer Bonding on Customer Loyalty

Based on the results of the tests conducted, the customer bonding variable regression coefficient is 0.823, which can be interpreted that every addition of one point of the customer bonding variable will increase customer loyalty by 0.823 times. As previously explained, the better customer bonding formed with each customer who buys a product from the SME under study will also increase the loyalty of these customers. In this case, it can be seen that Martabak Hokky Kawanua can form good bonds with its existing customers even though they have not been pioneered for a long time. Thus, it is not surprising that customers who buy products from these SMEs will still return to buy products from the SMEs studied, this shows the loyalty of customers who are also quite good.

The Effect of Customer Satisfaction on Customer Loyalty

Test results conducted showed that the regression coefficient of the customer satisfaction variable is 0.285. This suggests that every addition of one point to the customer satisfaction variable will increase customer loyalty by 0.285 times. It is clear that the customer satisfaction is one of the variables that contributes significantly to customer loyalty. The customers of Martabak Hokky Kawanua seem quite satisfied with the products and services provided. So, the loyalty of the customers can also be seen from the frequent customers returning to buy products.

The Effect of Customer Bonding and Customer Satisfaction on Customer Loyalty

The results of the tests carried out found that the value of r square was $0.931 \times 100\% = 93.1\%$. Thus it can also be defined that Customer Bonding and Customer Satisfaction together have an effect on Loyalty of 93.1%. The previous ANOVA table also shows a sig value of $0.000 < 0.05$, so H_a is accepted and H_0 is rejected, thus proving the hypothesis that customer bonding and customer satisfaction simultaneously have a significant effect on customer loyalty.

CONCLUSION

This study obtained several results that can be concluded into several important parts. Formed customer bonding is relatively good even though Martabak Hokky Kawanua is still relatively new. This study results highlight that customer bonding has a significant influence on customer loyalty in each branch of Martabak Hokky Kawanua. This means that, if customer bonding between Martabak Hokky Kawanua and customers is very well established, it will help increase customer loyalty significantly. Vice versa, if customer bonding cannot be formed properly, it can reduce the loyalty of customers.

The customer satisfaction also looks quite good. It has a significant influence on customer loyalty. It concludes that any increase that occurs in customer satisfaction will directly also increase customer loyalty. In other words, if customers are dissatisfied or customer satisfaction decreases, their loyalty can certainly decrease along with the decline in satisfaction level.

If we look at the simultaneous influence, it can be concluded that customer bonding and customer satisfaction simultaneously and significantly affect customer loyalty in all the SME branches. This means that increasing customer bonding and customer satisfaction simultaneously increase customer loyalty significantly. This is evident from excellent customer loyalty.

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DECLARATION OF CONFLICTING INTERESTS

We declare no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

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