

# THE EFFECT OF CUSTOMER GRATITUDE AS MEDIATION IN THE RELATIONSHIP OF MARKETING INVESTMENTS ON BEHAVIORAL LOYALTY

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## Abstract

This research aims to examine the effect of marketing investments conducted by binder manufacturers such as direct mail, tangible rewards, interpersonal communication, and preferential treatment towards behavioral and customer gratitude as mediator variables. This research is a quantitative study with 95 respondents from binder manufacturers. The sampling technique used is the convenience sampling technique. The data that has been obtained is processed using the IBM SPSS Statistics 20 for Windows program. Based on this research, marketing investments such as direct mail, tangible reward, and preferential treatment have a significant relationship with the variable customer gratitude. Besides, interpersonal communication activities do not have a substantial effect on customer gratitude. Preferential treatment by binder producers has the most significant positive impact on customer gratitude than other marketing investment variables. Finally, it is also known those customer gratitude customers due to the effect of marketing investment activities by binder manufacturer influence customer behavioral loyalty.

**Keywords:** Marketing investments, direct mail, tangible reward, interpersonal communication, preferential treatment, customer gratitude, and behavioral loyalty.

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## **INTRODUCTION**

Binder stationery is one of the products that is included in the Slow Moving Goods product type. Slow Moving Goods is a product category with slow sales, or in other words, it is not a product that consumers will buy back soon. The nature of slow-moving goods ultimately makes Office Stationery (ATK) shop owners trying to sell their products in large quantities still. In one of the areas on the campus of the University of Indonesia, there are stationery shops that focus on selling Binders. The opportunity for many consumers from students from surrounding campuses makes this ATK shop an area on the edge of the train station. The existence of several campuses gathered in this area is an opportunity for shop owners to make significant and consistent profits even though their products are products that do not repeat orders. Furthermore, the authors conducted several interviews with the owners of these stationery stores. It is known from the results of direct interviews, and it turns out that ATK buyers, especially binders, are customers who do not only come from the region. It is known that some of the customers from these binder shops are outside Jabodetabek, such as Semarang, Bandung, Serpong, Surabaya, and even outside Java. In addition to interviews with shop owners, the author also interviewed several resellers in the binder shop. From the interview results, it is known that several resellers send their goods, namely binders, to foreign countries such as Malaysia. Thus, it is proof that the binder market is potential enough to be developed domestically and abroad. The existence of a significant enough opportunity in this business, of course, is in line with the amount of competition that continues to increase. This encourages binder traders to think harder about the continuity of the binder business. For the majority of binder sellers, as a binder trader, they are the primary source of family finances. Because of the increasing competition, traders must continue to think about keeping binder sales stable amidst the types of products that are slow-moving goods. One of the things that binder traders do is to carry out marketing activities to gain loyalty from their customers.

Lee defines consumer loyalty, namely as the activity of consumers recommending products or services by word of mouth so that it is likely to impact the purchase of these products by others. In the end, consumer loyalty will make products purchased repeatedly

[1]. Pearson gives another definition regarding consumer loyalty, namely, as a mindset of consumers who maintain an attitude to remain profitable for the seller, where they continue to commit to repurchasing products and services from the seller and also recommending them to others [2]. In the future, consumer loyalty is expected to have an impact on increasing sales [3]. Satisfaction with the services provided by the seller will encourage consumers to make repeated purchases at the same seller [4]. In previous studies, it is known that consumer loyalty will impact consumer behavior [5]. Thus, it can be implied in each company or in the context of this study that binder traders need to have consumer loyalty to continue to compete with other traders. If traders have loyal or loyal customers, it will encourage these traders to be more stable in sales, especially traders who can also get repeat orders from their consumers. That way, traders can still rely on their shop as a source of family finances.

From the researcher's observations of binder traders, it is known that they have also made efforts to make their customers loyal and repurchase their binders. This is done by not only developing types of binder products but also providing more service to consumers, especially their resellers. This more service is explicitly aimed at resellers; however, resellers are the mainstay of binder traders because they can buy binders more intensely than the end consumer. The services provided include sending the latest binder photos, providing discounts, building personal communication, to helping resellers deliver goods. The existence of activities like this is expected to increase reseller loyalty to binder traders. These activities are a form of marketing investment for binder traders.

There is previous research by Huang regarding marketing investment activities; wherein this study, marketing investment activities are divided into four forms, namely direct mail, tangible rewards, interpersonal communication, and preferential treatment [6].

The types of marketing investment activities categorized by Huang are the same as those carried out by binder traders, namely direct mail, tangible rewards, interpersonal communication, and preferential treatment to their resellers.

Other research conducted by De Wulf has obtained information about the influence of marketing investments carried out by retailers with consumer perceptions, a relationship between consumer perceptions that arise on consumer loyalty behavior towards retailers, and the existence of a relationship between consumer loyalty behavior to the quality of

the relationship between consumers and trailers. [7]. Thus, if based on this theory, there will be a possibility of a relationship regarding marketing investment activities carried out by binder traders with the loyalty of their consumers, in this case, binder resellers. Another study, namely the existence of a theory of social change where there is an increase in loyalty to retailers due to marketing investment activities, there is a mediation construct, namely customer gratitude of consumers at retailers [8]. This means that the marketing investment activities carried out by retailers can cause emotions in the form of interchange between consumers and retailers for what the retailer has done [9]. There is a feeling of exchange to do good or customer gratitude which can trigger consumer motivation to repay the services provided by their retailers [6]. Therefore, in this study, the author is interested in the marketing investments that have been carried out by binder manufacturers and their impact on customer gratitude, where it is also seen whether to relate to customer loyalty.

## **LITERATURE REVIEW**

Furthermore, the model also explains the influence of the four marketing investment variables on the customer gratitude variable, where the customer gratitude variable is a mediating variable. Furthermore, it is also explained in the model the influence of customer gratitude on the behavioral loyalty variable. Thus, there are five development research hypotheses in this study following the replication of Huang's previous research. In his previous research, Berry found that there are three levels in relationship marketing [10]. Other research by De Wulf states that direct mail is a form of marketing investments, which from a social perspective see this as a form of regular communication between consumers and retailers [7]. Furthermore, another theory regarding the norms of reciprocation in social change, which is related to the customer gratitude that consumers can do for the impact of activities carried out by retailers on them, was also found by Gouldner [8]. The existence of a feeling of reciprocation or having an obligation to do the same to retailers for what retailers have done to consumers has also been studied previously [11]. Once it has been known and proven that well-established communication from the seller to the buyer will have a good impact on the customer and the seller because communication will build understanding and trust with each other [12] [13]. The

existence of communication from direct mail that is done will increase consumer confidence in retailers because their relationship will be more personal [7]. Direct mail activity as a form of retailer marketing investment will motivate consumers to feel customer gratitude towards retailers [14]. In addition, previous research also explains that direct mail marketing investment has the advantage that it is not expensive so that it can be an option for small entrepreneurs [15]. Furthermore, another study found that direct mail is one of the methods that can be applied in business for the purpose of controlling consumers [15]. Thus, the researcher proposes a hypothesis that direct mail has a significant positive impact on customer gratitude.

The next marketing investment is tangible rewards. Tangible rewards are defined as tangible benefits provided by retailers to consumers [6]. The existence of communication that causes the relationship between consumers and retailers to be more than just sellers and buyers are expected to positively impact retailers and consumers themselves. One of the things that consumers can accept from retailers is in the form of tangible rewards. In connection with existing research, real rewards can motivate consumers so that they will maintain good long-term relationships [16] [17]. The presence of tangible rewards received by consumers can encourage consumers to buy back at retailers who have provided benefits to these consumers. This is in line with one of the theories of social change, where there is a reciprocal norm that will be carried out [11]. In line with this, previous research by De Wulf said that the existence of tangible rewards given to consumers would increase consumer perceptions about the relationship of marketing investments to encourage consumers to adopt a customer gratitude attitude [7]. Thus, the following hypothesis in this study is that tangible rewards have a significant positive effect on customer gratitude.

Furthermore, the marketing investments examined in this study are interpersonal communication. Interpersonal communication is a form of marketing communication that can be done by establishing a closer relationship with consumers [16]. For example, there is direct assistance from retailers to consumers when choosing merchandise or products when shopping. Other research on interpersonal communication is needed, especially when the product is still in the adoption stage [18]. The theory of reciprocal customer norms explains that consumers will feel obliged to repay what has been done by retailers

[8]. More than that, the customer can give a gift to the retailer for what he has received from the retailer [14]. Another study by Huang also stated that interpersonal communication would encourage consumer appreciation to retailers, where this is due to feelings of customer gratitude of consumers towards retailers [6]. Based on this theory, the researcher proposes the following hypothesis that interpersonal communication has a significant positive impact on customer gratitude.

The following marketing investment is preferential treatment. Preferential treatment is a form of marketing investment that can be done by providing higher service consumers than ordinary consumers. The social exchange theory explains that it is necessary to motivate customers or consumers to make repeat purchases at retailers in the future as reciprocal behavior of consumers or customers for what has been received from retailers [8]. Palmatier, in a previous study, explained that the existence of appreciation to consumers from a retailer would have a motivational impact, attract consumer interest, and ultimately encourage customer gratitude to bond so that it is expected to increase purchases [14]. The consumer's attitude, which is based on the desire to repurchase goods or products at the same seller or the same buyer is referred to as a consumer who has customer gratitude, wherefrom the consumer's point of view, he wants to repay the seller who has made fun of the consumer before. When consumers have a high enough preferential treatment, it will also encourage consumer gratitude to be increased. Previous research has explained that based on a consumer, it does require a feeling of being given special attention or attitude to be interested in buying back at the service provider or the product again [19]. Thus, the authors provide a further hypothesis regarding preferential treatment, which is a significant positive effect on customer gratitude.

It is proven in previous research that the existence of marketing investment will have a positive impact on consumer or customer responses [7]. The results of investment in marketing relations to consumers will increase consumer gratitude or positive feelings of reciprocity which in turn can affect customer loyalty. One form of this investment is to provide discounts to consumers and other beneficial programs that retailers inform their consumers in advance. None other than, this program aims to provide a positive relationship with consumers and for an extended period. The discount given is expected to increase the positive relationship between consumers and retailers because retailers

feel that they are treated positively and especially so that they are expected to be loyal to retailers [20].

From the various marketing investment activities carried out, it is hoped that mutual feelings will emerge, or we can call it customer gratitude from consumers to retailers. Therefore, the following hypothesis in this study is that customer gratitude has a significant positive effect on behavioral loyalty.

## **RESEARCH METHOD**

This research uses a descriptive study, where the investigation results will be obtained from the results of the analysis through the research hypotheses. This study also used a cross-sectional design, which means that the study was only conducted once. In this study, primary data will be used by distributing research questionnaires. The survey technique used was purposive sampling. This technique means that the respondents chosen by the researcher are respondents with criteria determined by the researcher previously. Furthermore, the data that has been obtained is processed using the IBM SPSS Statistics 20 for Windows program. Before doing the preliminary test, the researcher also ensured that the questionnaire was good using a pretest of 30 respondents. So that from the pretest, it will be known that every question in the questionnaire is a valid and reliable question. Furthermore, the characteristics of the respondents in this study were customers of binder shops, especially resellers. In the study, the researcher asked the resellers of the binder traders to fill out the research questionnaire. The primary data collection process is quite essential because it will influence the results of the study. Therefore, the researcher ensures that the process is quite straightforward and avoids receiving dishonest answers, one of which is by ensuring that each respondent when they answer that they are willing to answer and are not in a hurry. In this study, it is known that the population is the sum of all binder resellers who have been exposed to marketing investments by binder traders such as direct mail, tangible rewards, interpersonal communication, and preferential treatment.

This study uses non-probability sampling techniques in determining research respondents to fill out the questionnaire. This is because researchers do not know with certainty the data on the population of the study respondents.

Furthermore, in this study, researchers used the model Huang has used, namely regarding marketing investments. The title of Huang's article is "The influence of relationship marketing investments on customer gratitude in retailing" [6]. Therefore, the model in this study is replicated from Huang's article. So that the research model is as follows.

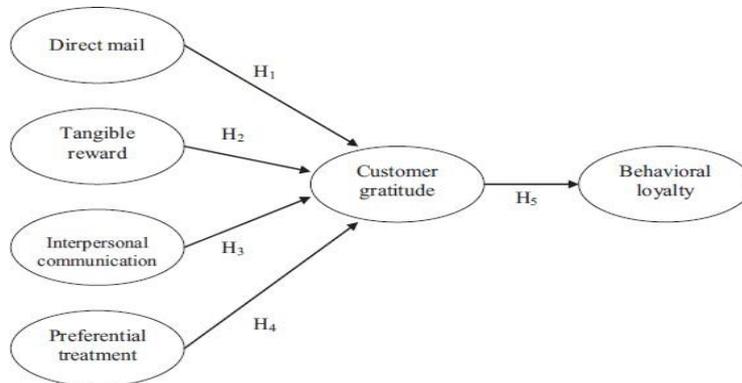


Figure 1. Research Model

In this model, an exogenous construct is independent, which is a form of marketing investments, including direct mail, tangible rewards, interpersonal communication, and preferential treatment.

## RESULT AND DISCUSSION

As previously explained, in this study, the researcher presented five hypotheses. The confidence level or error rate is 95%. This means that the researcher will accept the hypothesis if the significant value is  $<0.05$  and reject the hypothesis if the significance is  $>0.05$ .

Based on the data obtained, the results of the hypothesis testing conducted by the researcher indicated that direct mail, tangible reward, preferential treatment had a significant value, namely  $<0.05$ , which means that the hypothesis was accepted. In comparison, the hypothesis regarding interpersonal communication is rejected because it has a significance value, namely  $>0.05$ . The following is a more detailed explanation of the hypotheses that researchers have tested.

H1: Direct mail has a significant effect on customer gratitude.

There are direct mail marketing investments provided by binder traders to consumers, especially resellers through applications such as line, e-mail, WhatsApp, and Blackberry

Messenger to provide product information to customers. Therefore, it is known that direct mail has a significant effect on customer gratitude.

However, the results obtained by this researcher differ from previous studies of Huang [6]. Researchers assess that this can occur due to several causes, including differences in the research object on Huang and this study. Huang's research object was carried out on department store customers, wherein the department store there are more than one type of goods and are end-users. Whereas in this study, the object is the binder traders where the goods sold are of one kind, and direct mail is given to the resellers, who need more detailed information about the goods or products. This specific type of product may have an influence on customer needs for product information to be higher; consumers are more waiting for updated information from binder products, therefore in this study, direct mail has a significant effect on customer gratitude. Another reason that this result differs from previous research is the difference in purchasing needs at department stores and binder shops. Customers or reseller binders have a buying purpose because their needs as resellers in buying binders are different from customers buying at department stores. This distinguishes the purpose of the two, where the primary goal of binder resellers is, of course, the amount of profit because they buy binders to be resold. At the same time, department store customers are limited to satisfaction in consuming the goods purchased. Satisfaction of the binder reseller is in getting profit, not only satisfaction in the use of goods; this is possible to make all activities of the binder manufacturer that can increase the reseller profit and cause customer gratitude reseller. Direct mail sent to customers certainly makes customers more updated with the latest motives to help reseller sales to consumers.

H2: Tangible reward has a significant effect on customer gratitude.

The existence of marketing investment activities by binder traders by giving bonuses to consumers turns out to significantly positively affect the attitude of customer gratitude of consumers or reseller binders. This result is the same as previous research by Huang, which states that there is a positive influence on the tangible rewards given by sellers to consumers on the attitude of customer gratitude of consumers to sellers or retailers [6]. This result can be the same due to the assumption that in the case of binder customers, the additional profit for them will be beneficial considering that their goal of buying the

binder is to get profit. So it is natural that the extra profit they can get from the bonuses given by binder traders is attractive to consumers and encourages the creation of positive feelings towards the binder seller.

H3: Interpersonal communication has a significant positive effect on customer gratitude. Furthermore, there is a marketing investment in the form of interpersonal communication carried out by binder traders, such as communicating both physically and via social media such as chatting on WhatsApp or blackberry messenger on pre-consumers; in this case, it does not have a significant effect on customer satisfaction. It should be noted that the results of this study are not the same as the previous research conducted by Huang. This difference can be caused by differences in the needs of customers or consumers of binders in the form of resellers and consumers who are the object of research by Huang. In the case of binder resellers, of course, they will need more information about the products they sell. However, the results of the interview said that if the binder traders did not provide a profit, the resellers would easily move to another binder shop.

H4: Preferential treatment positively affects significantly towards customer gratitude. Other marketing investment activities carried out by binder traders, such as mentioning the customer's name when shopping or offering assistance to customers to send goods, are called preferential treatment activities. In this study, preferential treatment activities have a significant effect on customer gratitude. The results of this study are the same as those of Huang's previous research. In addition, based on data obtained in the field from various marketing investments made by binder traders, preferential treatment activities are the marketing investment activities that have the most substantial influence on the customer attitude of resellers or consumers. This is supported by the findings by Kotler regarding the marketing revolution, which is currently 3.0. This means that there is a continuous change in marketing. This evolution to 3.0 means that human nature is what consumers want. With marketing 3.0, humanitarian attitudes will be more sought after and appreciated. Therefore, this is in line with the existence of a form of marketing investment preferential treatment, which emphasizes assistance to consumers to be the type of marketing investment that has the greatest influence on customer gratitude when compared to other forms of marketing investment [21]. The existence of evolution into marketing 3.0 makes changes in customers that are more prominent in their human nature

(more human). Also, in the marketing era, 3.0 consumers demand sellers or service providers to serve more personally and exclusively. President Mark plus also conveyed this. Horizontal relationship with consumers has become a necessity for service providers to win the existing market competition. Various fast-growing social media support this. Where this makes the relationship between sellers and buyers no longer vertical but horizontal, where consumers feel closer to service providers, in this case, binder producers. Thus, preferential treatment significantly affects customer gratitude.

H5: Customer gratitude has a significant positive effect on behavioral loyalty.

Apart from measuring the relationship of various marketing investments to customer gratitude. In this research, it is also known the effect of customer gratitude on behavioral loyalty. The results showed that customer gratitude in customers would have a significant impact on behavioral loyalty. The results of this study are in line with previous studies conducted by Huang [6]. Customers or binder resellers who have a customer gratitude sense of what the binder merchant has done will tend to buy back at the binder or manufacturer they subscribe to.

## **CONCLUSION**

From the results of the data analysis that the researcher has done, the following are the conclusions of this study.

1. From the results of primary data, it is explained that marketing investments such as direct mail, tangible rewards, and preferential treatment have a significant relationship to the customer gratitude variable. However, it is different from interpersonal communication investment activities, such as direct communication or chatting with customers who talk about other things, not about binders. From the research subjects, namely binder traders, this interpersonal communication does not affect customer gratitude.
2. There are marketing investment activities such as preferential treatment carried out by binder manufacturers, namely as mentioning names to customers when shopping at the store and other special services or services such as offering assistance to consumers or binder customers in packing in the delivery of goods. This marketing investment activity turns out to have the most significant positive

impact on customer gratitude compared to other marketing investment variables (messages containing information about binders carried out by binder sellers) and tangible rewards (usually in the form of purchase bonuses).

3. Furthermore, the analysis results also obtained information about the existing customer gratitude in consumers or customers because binder producers' impact on marketing investment activities influences customer loyalty. Furthermore, when a customer or consumer already has customer gratitude towards the binder seller, it will increase customer loyalty, making his favorite binder shop the primary choice for him to shop for binders.

In addition to the above conclusions, the researcher also tries to provide suggestions specifically for this further research. These suggestions include.

1. In subsequent research, case studies conducted on small and medium enterprises in general, making marketing investments as a marketing strategy will make the results more flexible to be used in various products.
2. In further research, the object of study can be carried out on the reseller binder because it is known from the results of the interview that it turns out that binder resellers also make quite intense marketing investments to their customers.

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