Development Relationship Marketing and Customer Switching Behavior in Islamic Banking in East Java (Evidence in Indonesia)

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Abstract

The author tries to explain the relationship between relational bonding, customer value, and customer loyalty that mediate the satisfaction and delight on three consumer groups (stayers, dissatisfied switchers, and satisfied switchers) in the Islamic banking industry in East Java, Indonesia. Important insights provided by this study are as follows : (1) Products that meet or exceed customer utilitarian needs will increase customer satisfaction and (2) products that meet or exceed customer hedonic needs will increase customers delight. Data were obtained from sample of 613 customers of Islamic banks in East Java. In addition, there are three important findings. First, for stayers, three types of bondings (financial, social, and structural) increase customers utilitarian and hedonic values, leading to increment of customer loyalty. Second, for dissatisfied switchers, only structural bond that has significant impact on the customer utilitarian value, which significantly will increase customer loyalty. Third, for the satisfied switchers, social bond influences the hedonic value significantly, while the structural bond significantly influences utilitarian value. In addition, utilitarian and hedonic values influence customer loyalty significantly.

Keywords: Relationship marketing, delight, Customer loyalty, Utilitarian value; Hedonic value, and Islamic banking.

1. Introduction

The development of Islamic banking industry is growing rapidly these days, forcing business performers to have ability in designing marketing strategy that able to attract and retain customers, given the current role of Islamic banking in East Java since the year 2010 showed a fairly good performance, especially the financing that is able to demonstrate significant growth. Until now in the region of East Java, there were 6 Islamic Public Banks (IPB), 8 Islamic Business Unit (IBU) with 146 offices networks and it is expected to continue to grow in line with the current development of Islamic banking (Indonesian Bank Economic Report 2012). This shows that the number of customers, especially in Islamic bank, experienced significant growth from year to year, but from the growth, there are still a lot of customers who move oftenly from one bank to another bank, whether to the same Islamic bank or to the conventional one. The dynamics of the movement or switching indicates that customer expectations on the performance of Islamic banks are still not fulfilled maximally .

Performers in financial services industry must understand customer's behavior, in order to be able to meet the needs of customers better and prevent them from move to another company. Any approach that overcomes this problem will probably get a lot of attention, and relational marketing approach proved to be one of the most successful approach (Dibb and Meadows, 2001).

Relationship marketing, as a marketing activity to attract, retain, and improve relationships with customers, has changed the focus of the marketing orientation from attracting transactional short terms customers to maintaining continuous relationships with customers (Berry, 1983, Berry & Parasuraman, 1991; Grönroos, 1994). Many companies establish relational marketing programs to encourage customer loyalty to their products and services (Schiffman & Kanuk, 2010). As an important aspect of relationship marketing, a relationship will be best described as the formation of a "bond" between companies and customers (Robert et al., 2003). As noted by the existing literature, the company can build relationships with customers by starting one or several types of bonds, including financial, social, and structural bond (Berry, 1995; Berry and Parasuraman, 1991; Lin et al. 2003; peliter and Westfall, 2000; Williams et al., 1998). However, many things to be learned about the relationship of relational bonding that initiated by the company with the perceptions and behavior of customers (Gwinner et al., 1998).

Value is another important element in managing long-term relationships with customers (Pride and Ferrell, 2003). Since the definition of value varies according to the context (Babin et al., 1994; Dodds et al., 1991; Holbrook, 2005; Holbrook & Corfman, 1995), conceptualize value as the outcome of the consumption experience. In studies by Babin et al. (1994), value is defined as a relativistic preference of a subject after interacting with objects or events. In developing marketing activities, companies must recognize that customers receive benefit from their experience and marketing mix that designed properly will be able to improve the perception of value (Pride and Ferrell, 2003). Thus, the customer experience with relational bonding can affect their perceptions of value.

Several studies of customer behavior today focuses on marketing activities value perception. Many literatures evaluate the shopping trip (Babin et al., 1994) and sales promotion activities (Ailawadi et al., 200; Chandon et al., 2000) according their utilitarian value, or benefits derived from economic factors, and hedonic value, or emotional one, that resulting from this activity. In this study, the relational bond, which is created through economic or emotional marketing activites, can increase customers utilitarian or hedonic values. If the customer greatly appreciate these bond, then they are motivated to be loyal.

According to the paradigm of stimulus - organism - response (SOR) (Woodworth, 1928) and research on value (Ailawadi et al., 2000; Babin et al., 1994), relational bonding activities by a company (stimulus) can affect the perception of customers on value (organisms), which in turn can affect their buying behavior (response). Thus, relational bonding is correlated with customer perception over the value and therefore increase or decrease costumer's loyalty. The central question underlying this study is how customers are responding to the relational bonding and how this bonding courage long-term relationships.

In order to find out the design and implementation of effective customer retention strategy, we divide the bank's customers in three segments : stayers (loyal customers), dissatisfied switchers (customers who switch to other banks due to their unsatisfactory experience), and satisfied switchers (customers who switch to other bank for reasons other than dissatisfaction) (Ganesh el al., 2000). According to previous literature, the psychological condition and behavior of one customer segments is different significantly from psychological and behavioral conditions of other customer segments (Ganesh et al., 2000; Keaveney & Parthasarathy, 2001). Therefore, customers in different segments can apply the utilitarian value on their evaluation of a company's marketing activities. If people are not told explicitly which values should be applied, then the value of the their shopping experience can rely on the value, purpose, or their personal needs (Adaval, 2001; Babin et al., 1994; Mano & Oliver, 1993).

Specifically, this study aims to investigate the effect of various relational bonding on customer perception of the value of utilitarian and hedonic, as well as to the loyalty mediated by satisfaction and pleasure (delight) of various customer groups in the Islamic banking industry in East Java. Researchers hypothesized that the perception of customers on the value mediates the relationship between relational bonds, consisting of the marketing activities associated with the economic and emotional, can improve customer perception of utilitarian or hedonic values. If customers perceive a high value of the relational bond, then they are motivated to be loyal, and satisfaction and delight are important factors in measuring the level of loyalty. In addition, the researchers tested the model on three different customer groups to investigate differences in their attitudes and behavior. In the next few sections, there will be discussion about previous research on utilitarian and hedonic value, satisfaction and delight, relational bonding formation strategies, and loyalty and then, it will describe the research methodology, including the description of measurement used to test the hypothesis. After reviewing results of the study, researchers suggested several important implications for managers and researchers.

2. Theoretical and Hypotheses Development
2.1. Utilitarian and Hedonic Values
Value is the evaluation of the subject after his experience in interacting with objects or events, and an important outcome variables in the general model of consumption experience (Babin et al., 1994; Holbrook & Corfman, 1985). Most researchers divide customer value into two categories : utilitarian and hedonic (eg, Babin et al., 1994; Chandon et al., 2000; Chaduri & Holbrook, 2001; Hirschman & Holbrook, 1982; Mano & Oliver, 1993; Stoel et al., 2004, Chitturi et al. 2009).

Utilitarian value derived from a conscious effort to achieve the desired result (Babin et al., 1994). This value is instrumental, functional, and cognitive and represents customer value as a means to reach purposes (Chandon et al., 2000). For example, savings, convenience, and quality of products can be classified as utilitarian value (Ailawadi et al., 2001; Chandon et al., 2000; Chaudhuri & Holbrook, 2001).

Marketers usually convinced that market choice and customer preferences are controlled by utilitarian value (Arnould et al., 2004). On the contrary, hedonic value is outcome that are associated with more subjective and personal spontaneous responses (Babin et al., 1994). Hedonic value, such as entertainment, exploration, and self-expression (Ailawadi et al., 2001; Chandon et al., 2000), more comes from the fun and enjoyment than from task completion and it is instrumental, experiential, and affective in nature (Chaudhuri & Holbrook, 2001; Hirschman & Holbrook, 1982).

2.2. Relational bonding development
Several previous studies of relationship marketing focused on three types of strategy in forming financial, social, and structural relational bonding that able to improve service provider relationships with customers (Berry, 1995; Berry & Parasuraman, 1991; Lin et al., 2003; Peltier and Westfall, 2000; Williams et al., 1998).

2.2.1. Financial bond
Companies can improve customer relationships by forming a financial bond, which is defined by Berry (1995) as the type of business practices that want to improve customer loyalty through pricing incentives. In some previous studies, researchers suggested that one motivation for customers in relational exchanges is saving money (Berry,

1995; Gwinner et al., 1998; Peltier and Westfall, 2000; Peterson, 1995). Service providers often give rewards to loyal customers in the form of special price offering. For example, airlines and major hotel chains give points to the frequent customers as an incentive for them to use additional services of the company (Schiffman & Kanuk, 2010). According to some research, promotion of monetary improve customer's perception of the value of utilitarian and thus improve usability derived from their purchase (Ailawadi et al., 2001; Chandon et al., 2000). Thus, the financial bond can improve customer utilitarian value.

2.2.2. Social bond

Social bond are personal ties that focus on the dimension of service to establish the relationship between the seller and buyer through interpersonal interaction, friendship (Berry, 1995; Wilson, 1995), and identification (Smith, 1998; Turner, 1970). Proponents of this strategy is specifically emphasized on constant contact with clients, learn their needs and maintain a positive relationship with them (Berry, 1995; Williams et al., 1998).

From the customer point of view, the social bond formation strategy appears to provide important psychosocial benefits (Beatty et al., 1996; Gwinner et al., 1998; Reynolds & Beatty, 1999; Williams et al., 1998). Social bond tend to make customers express themselves, listen, and care, which in turn increase the mutual understanding between customers and service providers, their openness, and their degree of openness. Social bond also positively affect customer emotions to the feelings associated with the experience of the service and took part in forming of affective component of attitude (Chiu, 2002; Edwards, 1990). Since hedonic value reflects value of experiential, emotional, and affective of consumption (Bellenger et al., 1976; Chandon et al., 2000), then the company can strengthen customer perceptions of the hedonic value by initiating social bond.

2.2.3. Structural bond

The third way to increase customer loyalty is through structural bond, which "offered a target customer value-adding benefits that difficult or expensive to be given by the company and are not easily available elsewhere" (Berry, 1995, p. 240). Therefore, structural bond is a business practice in which companies try to retain customers by providing essential services that are not available from any other source, such as an integrated service through their business partners. Dibb and Meadows (2001) found that some Islamic banks emphasize on structural bond through innovative channel, integrated customer database, and two-way information exchange technology. Since the structural bond increase costs for customers to switch to competitors, some research suggests that structural bond occupies the highest position in the hierarchy of the bonding and provide the greatest opportunity for companies to create a sustainable competitive advantage (Berry & Parasuraman, 1991; Peltier and Westfall, 2000).

As defined by Chandon et al. (2000) and Chaudhuri & Holbrook (2001), utilitarian value consists of easiness and quality of the product. Thus, the structure of the bonding can strengthen the customer's perception of the value of the utilitarian.

2.3.   Satisfaction and Delight

What is the relationship between the value of the product (hedonic and utilitarian) and feelings of pleasure (delight) and satisfaction of customer after consuming things? Products that meet or exceed the utilitarian needs will increase customer satisfaction. Products that meet or exceed the needs of hedonic will increase customers pleasure (delight) feeling (Chitturi 2008). Researchers predict that positive emotional response type (satisfaction) that generated from the consumption of product will depend on whether the offering exceeds expectations on utilitarian or hedonic dimension. Specifically, the researchers propose that when only exceed utilitarian expectations will be able to generate satisfaction, then exceed hedonic expectations will evoke happy feeling (delight). This is because of the nature of the consumption experience and goals related to the utilitarian benefits is different from the nature of the consumption experience and goals associated with hedonic benefits (Chernev, 2004; Chitturi, Raghunathan, and Mahajan 2007; Higgins, 2001).

Utilitarian value is aimed to reduce disappointment, and hedonic value is aimed to increase happy feeling (delight). However, to make the customer happy (delight), it is not enough just reducing disappointment.

The fulfillment of utilitarian goals needs to be refined with the increment of pleasure through consumption of hedonic benefits. For example, if we are driving a vehicle with a passenger capacity, and reliable car, it may only result in higher levels of satisfaction because riders felt calm, but not pleasure. Calm motorists caused by financial savings because they do not have to fill the fuel oftenly, passenger capacity, and the car broke down. But, in order to make customers feel very happy, they need more than just a feeling of calm associated with the peace of mind that comes from the fulfilling of its utilitarian value. They need the pleasure that come from fulfilling or exceeding hedonic value goals. For example, car designers have to offer hedonic benefits such as convertible roof, eight - speaker audio / video entertainment console, and a beautiful interior. Thus, in accordance with the principle of hedonic dominance (Chitturi, Raghunathan, and Mahajan, 2007), if the goal of utilitarian value is met entirely and consumer satisfied, then the consumer will give more priority on hedonic benefits that help enhance happy feeling (delight). Chitturi, Raghunathan, and Mahajan (2007) showed that at the time of purchase, customers feel more confident and secure in products that offer greater utilitarian benefits and feel more happy and passionate on products that offer greater hedonic benefits. Thus, customers that

receive utilitarian benefit value dan hedonic benefits are expected to affect the satisfaction and delight (Chernev, 2004; Chitturi, Raghunathan, and Mahajan, 2007).

2.4. Relationship between value with loyalty

In a study by Oliver (1999, p. 34), loyalty is defined as "strongly held commitment to repurchase or re-subscribe to a product / service consistently preferred in the future." Several previous studies suggested that customer value, or benefits, plays an important role in determining the long-term relationship with, or loyalty to, the company. In order for long-term relationships exist and continue to take place, then the customer should take benefit from the exchange with the firm (Gwinner et al., 1998, p. 101). Thus, customer perception over the value can be seen as an important determinant of brand and loyalty to the company.

Research on shopping value also shows direct relationship between shopping and the value assigned to the activity of shopping, so the higher the utilitarian and hedonic value of shopping, the greater the assessment by the customer on the value of shoping activity (Babin et al., 1994). By using several similar concepts with utilitarian value, Cronin & Taylor (1992) suggested that easiness, price, and availability can influence the behavioral intention of customers. Gwinner et al. (1998) and Keaveney (1995) revealed that customers are less likely to switch to another company when they have better understanding about the economic value, time, and energy savings when maintaining a relationship.

In addition, some studies suggest that the hedonic value of shopping, including commercial relationship or friendship that developed between providers and customers, improve customer willingness to maintain the relationship. In a study by Gwinner et al. (1998, p. 104), they reported the story of a focus group respondents regarding their interaction with a service provider : "I love this service. This is a really witty jokes and always had a lot of fun and enjoyed doing business with the company." If this positive effect increases the hedonic value of shopping, then there is a greater likelihood that the product will be purchased (Babin & Attaway, 2000).

Therefore, we propose that the value of utilitarian and hedonic predict customer behavior. That is, if a customer has a high perception of the value of utilitarian or hedonic, he is going to become a loyal customer for the company.

2.5. Relationship of utilitarian and hedonic value

Attitude, which studied and relatively durable, have the cognitive component, affective, and conative one and it influences behavior (Shimp, 2003). Previous research also suggests that the affective component of attitude has post - cognitive in nature (Edwards, 1990), and in conjunction with customer behavior, conative component is customer intent to buy a certain product (O'Keefe, 1990; Shimp, 2003). According to Edwards (1990) and McGuire (1969), cognition-based components of attitudes include beliefs, judgments, and thoughts associated with the object, while the affective component includes emotion, feelings, and encouragement. Ray (1973) suggests that customers, first, must know of a product / service, build positive or negative feelings against them, and then decide whether to buy it or not. Fishbein & Ajzen (1975) also suggests that the affective response based primarily on cognition. While the utilitarian value is primarily instrumental, functional, and cognitive in nature (Chandon et al., 2000), hedonic value associated with spontaneous responses are more subjective and personal (Babin et al., 1994). Thus, based on the study by Edwards (1990), Fishbein & Ajzen (1975), and Ray (1973) it is also logical to argue that utilitarian value is a predictor of hedonic value.

2.5. Hypothesis

1. Financial bond positively influences customer perception over utilitarian value at Islamic banking in East Java.
2. Social bond positively influences customer perception over hedonic value at Islamic banking in East Java.
3. Structural bond positively influences customer perception over utilitarian value at Islamic banking in East Java.
4. Customer perception over the value of utilitarian is positively related to loyalty to the Islamic banking in East Java.
5. Customer perception over the value of hedonic is positively related to loyalty to the Islamic banking in East Java.
6. Customer perception over the value of utilitarian is positively related to hedonic value to the Islamic banking in East Java.
7. Positive consumption experience with utilitarian value influences satisfaction dan Positive consumption experience with hedonic value influences pleasure (delight) to the Islamic banking in East Java.

3. Research Methods
3.1. Procedure and Sample

Researchers performs a survey to the customers of Islamic banks in East Java by using a convenience sampling method. It distributes questionnaires to 613 customers of Islamic banks in East Java. In the questionnaire, respondents were asked to choose one Islamic banks that serve them over a period of time and circling their perceptions of the bank.

3.2. Characteristics of the sample

Of the 1000 questionnaires distributed, 613 are considered useful, Respondents include female (53.7 %) and male (46.3 %) and their age ranged from 15 to 60 years (mean = 30.1 years, median = 28 years). The sample size of the three loyalty groups are as follows : 379 are satisfied and do not move, 85 do not satisfied and move, and 149 were satisfied but still moving.

3.3. Measurement

Based on previous studies, it develops 11 items (Table 1) to measure respondents relational bonding with bank (Beatty et al., 1996; Bendapudi and Berry, 1997; Berry, 1995; Lin et al., 2003; Williams et al., 1998), to measure the utilitarian and hedonic value, develop 5 items (Table 2) based on three studies (Babin et al., 1994; Chandon et al., 2002; Spangenberg et al., 1997).

Table I
Relational Bonding and Variables Indicator

No	Variable Name
1	Financial bond
	a. Islamic banks provide cumulative points program.
	b. Islamic banks offer free gifts for regular transactions.
	c. Islamic banks offer extra savings if the transaction exceeds certain value
2	Social bond
	a. Banks keeps in touch with me and build a good relationship.
	b. Banks care about my needs.
	c. Banks help me resolve a problem regarding my account.
	d. Banks asked my opinion about the service.
	e. Bank sent me a greeting card or gift on special days.
3.	Structural bond
	a. Banks offer a variety of ways to get more information efficiently.
	b. Bank gave me news, research reports, or transaction information I need .
	c. Banks provide products or services from other sources to resolve my problem

For all items, use a five-point Likert scale (1 strongly disagree and 5 strongly agree).

According to Zeithaml et al. (1996) and Ganesh et al. (2000), when customers praise the company, revealed their choice compared with other companies, or increase the volume of their purchases, then their behavior indicates that they build a bonding with the company. Therefore, the researchers adopted three indicators "As long as I live here, I do not foresee myself switching to another bank," "I would highly recommend this Islamic bank to friends and my family," and "I am willing to continue to use the services of this Islamic banks". Measure customer loyalty constructs using a 5-point Likert scale.

Table II
Variable Indicator of Utilitarian Value and Hedonic Value

No	Variable Name
1	**Utilitarian value**
	a. I feel comfortable with this bank.
	b. I feel this bank efficiently.
2	**Hedonic value**
	a. Compared to other banks, the time spent in the bank is full of fun.
	b. I chose this bank not because of needs, but because I want it.
	c. I feel Islamic banks have a good Islamic values

Ganesh et al. (2000) also suggested that the customer base of a company may consist of three groups of customers : satisfied not switch (Stayer), not satisfied and switch (dissatisfied switchers) and satisfied but switch (satisfied switchers). Stayers are customers who do not switch from other companies, dissatisfied switchers are customers who switch from other companies because of not satisfied, and satisfied switchers are customers who switch from other companies for reasons other than dissatisfaction. Most questionnaire containing statements designed to measure costumers switching behavior that repeat some instrument used by Ganesh et al. (2000) in his study. Respondents were asked to state whether his bank is their first bank (stayers) or they have switched from the previous bank (switchers). If a respondent stated the second option, it is required to state whether the reason for that is caused by (1) a general dissatisfaction to the service of previous bank (dissatisfied switchers) or (2) reasons other than dissatisfaction (eg, changing jobs, out of previous bank 's service area, previous bank is closed or bought out by another bank) (satisfied switchers) .

3.4. Analysis Technique

This study aims to demonstrate and analyze the effect of exogenous variables on endogenous variables. The influence is very complex, where there are independent variables, between variables and the dependent variable. These variables are latent variables (latent variables) that is formed by several indicators (observed variables). Therefore, to analyze the data in this study, use analysis technique of Structural Equation Modeling (SEM).

## 4. Research Results and Discussion

4.1. Reliability and Validity of Constructs

To test the reliability of the scale for relational bonding, customer value, and customer loyalty, researchers calculated the Cronbach alpha. Financial bond with alpha of 0.71, social bond with alpha of 0.91, and structural bond 0.82, 0.81 utilitarian value and hedonic value of 0.82 and 0.77 for customer loyalty. These values indicate the moderate to high internal consistency on iems of questions and constructs associated with them. To test the construct validity of each scale, there is analysis of confirmatory construct analysis (CFA) and it analyze the covariance matrix by using maximum likelihood procedure in SEM 18. Fit statistics for relational bonding model ($X^2 = 201$, df = 43; goodness-of-fit index [GFI] = 0.91; adjusted goodness of fit index, [AGFI] = 0.94; comparative fit index [CFI] = 0.98; the root mean residual [RMR] = 0.08) and fit statistics for customer value ($X^2 = 27$, df = 4; GFI = 0.97; AGFI = 0.99; CFI = 0.98; RMR = 0.03) is quite in accordance with those found in the literature.

Furthermore, Churchill (1979) suggested that the construct should be tested to find out its convergent validity and discriminant validity. Average variance extracted (AVE) for financial, social, and structural bond, respectively is 0.64, 0.67, and 0.71; AVE for utilitarian and hedonic values is 0.72 and 0.81. Everything exceeded the recommended level of 0.50. Therefore, the scale for relational bonding and customer perception of the value is having convergent validity (Fornell & Larcker, 1981). AVE values can also be used to evaluate discriminant validity (Fornell & Larcker, 1981), which is evident in the results of this study because the greatest shared variance on the factor of financial, social, and structural bond is 0.58, lower than the value of the smallest AVE (0, 65) for each factor and the measuring tool on a scale of relational bonding (Espinoza, 1999). Similarly, the shared variance between utilitarian and hedonic value factor is 0.55, lower than the lowest AVE value (0.73) for each factor and its measuring instrument on the customer 's perception scale over the value.

4.2. Model Testing

This section will explain the results of hypothesis testing using structural equation models. The test results of seven hypotheses using structural equation model can be seen in Figure 1.
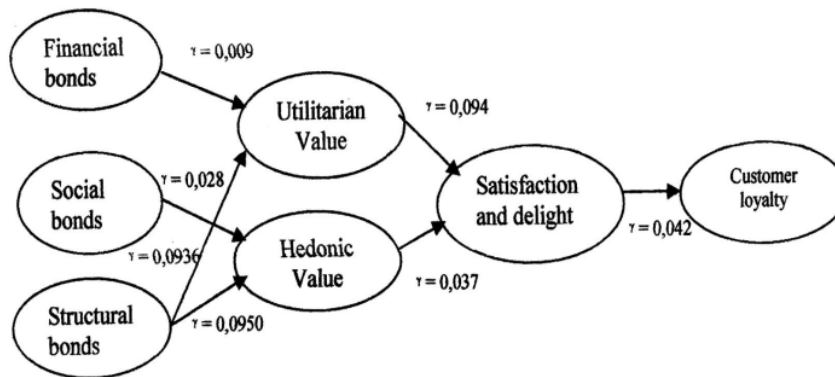
4.3 Hypothesis Testing

To investigate whether H1 - H7 is supported for groups of stayers, dissatisfied switchers, and satisfied switchers, researchers categorize the data into three groups and estimate the parameter estimation (γ and β) independently in each group with SEM. Furthermore, researchers restrict all parameter estimates on a particular group (for example, stayers) together with other groups (eg, satisfied switchers). Researchers conducted X^2 difference test to evaluate the suitability of the difference between the unrestricted model and limited model. The difference between the two values of X^2 ranged from 23 to 137 (df = 6, p = 0.05) in all three groups, indicating that the two groups differed significantly on the estimated parameters. See figure 1 .

For models of not constrained stayers (n = 379), the suitability is generally moderate ($X^2 = 452.0$, df = 143, p < 0.05, CFI = 0.93, GFI = 0.88, and RMR = 0.05). Although the model has strong foundation, the

potential of the model specification should be considered (Anderson & Gerbing, 1988; Brady & Cronin, 2001) to increase the extent to which the conceptualization includes data and, in turn, increases the validity (Bentler & Chou, 1987). For stayers, researchers identified an additional pathway of structural bond to hedonic bond. Because stayers may have less prior experience with the service (Grace & O'Cass, 2001), their expectations were lower than expected stayers. If the company provides services that are important to customers (ie, structural bond), they are more easily satisfied than stayers. Switcher can feel proud of themselves and convinced that they are diligent customers who choose the best bank for the first time. Stimulated feeling and confidence is included in the hedonic value (Chandon et al., 2000). Therefore, the path between structural bond and hedonic bond can be added to groups of slayers.

The results showed all significant parameter estimates, supporting H1 - H7. X^2 value is 449,8 (df = 142), which is lower than the initial model (X^2 = 453,0, df=143), and CFI, GFI, and RMR values respectively is 0.94, 0.89, and 0.05. The difference between the two X^2 is 4,2, bigger from the significant level at 3.84 ($X_{o,05,1}^2$). In addition, γ_{23} coefficient is 0.36, which also significant at $p < 0.05$. These results demonstrate that the suitability of this model increased significantly compared to the initial model, which does not include the path of structural bond to the hedonic value.
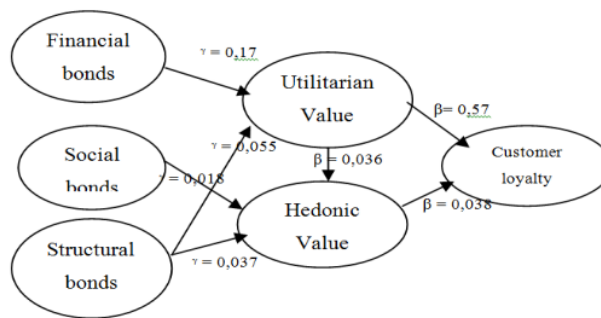

Figure 2 : Model Stayer

For dissatisfied switchers model (n = 85) X^2 is 233.8 (df = 143, $p < 0.05$), CFI 0.91, GFI is 0.80, and RMR is 0.07, so that the suitability can generally accepted. However, three lines are insignificant. Path of financial bond to the utilitarian value (γ = 0.37, $p > 0.05$) can not be significant because the customer that moved has more experience with the services of Islamic banks .

According to Berry and Parasuraman (1991) and Peltier and Westfall (2000), the price is the most easily imitated element and therefore can not provide a sustainable competitive advantage. Customers who like to switch or move may have the same price incentive from other banks, therefore, financial bond did not significantly affect their utilitarian value. Non-significant paths located between both the social bond and hedonic value (γ = 0.02, $p > 0.05$) and could occur due to dissatisfied switchers that switch from other companies due to their dissatisfaction. This negative experience could make them do not believe or be careful in accepting interpersonal attention of a company, therefore, the social bond can not strengthen their hedonic value.
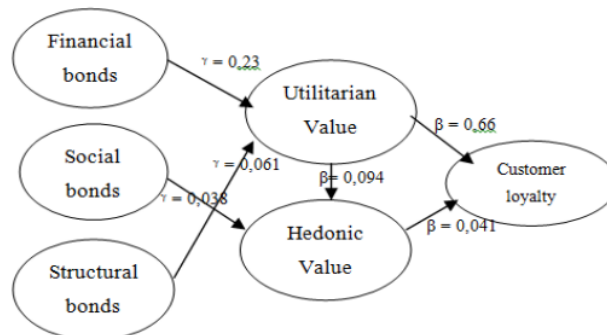

Figure 3 : Model Disatisfied Swithers

Finally, the relationship between hedonic value and customer loyalty are also not significant (y = 0.23, p > 0.05), which suggests that the hedonic and affective responses may not be a major problem for dissatisfied switchers. However, the utilitarian value could be the key to customer loyalty for this particular group.
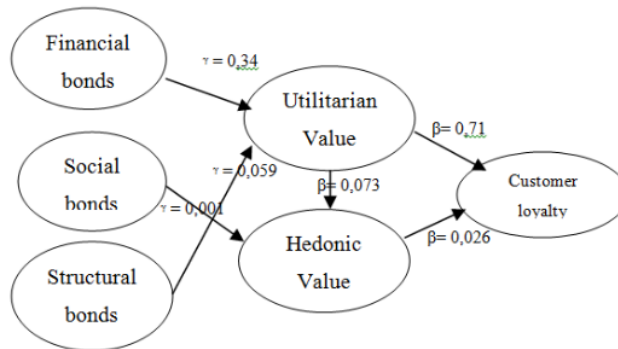

Figure 4 : Model Disatisfied Swithers

For models satisfied switchers that are not constrained (n = 149), X^2 is 281.6 (df = 143, p <0.05), and the CFI, GFI, and RMR, are respectively 0.92, 0.83, and 0.07, it indicates that the suitability is generally acceptable. The only significant path is from financial bond to the utilitarian value (γ = -0.34, p> 0.05). Reason for this finding could be the same as the parallel explanation for dissatisfied switchers. Because switchers may have more experience with the bank's services, then they might meet the same price incentives from other banks.

4.3. Discussion

Should the company try to delight the customer ? what is the difference between feeling pleasure and satisfaction ? This is some of the questions that have been studied in previous research (Keiningham and Vavra, 2001; Oliver, Rust, and Varki, 1997; Rust and Oliver, 2000). In this paper, we examine and find evidence for research proposition that the type and intensity of the emotional experience that derived from the consumption of hedonic benefits qualitatively is different from the utilitarian benefits. This emotional experience difference causing very happy feeling, satisfaction, and loyalty. The main insight provided by this study are as follows : (1) Products that meet or exceed customer utilitarian needs will increase customer satisfaction, and (2) products that meet or exceed customers hedonic needs will increase customer very happy feeling. In addition, the study found that the primary antecedents of satisfied feeling is utilitarian benefits (Chitturi, Raghunathan, and Mahajan, 2008; Higgins, 1997, 2001), whereas the primary antecedent feelings of happy feeling is hedonic benefits. In addition, research shows that customer very happy feeling will increase customer loyalty.

In this study, there is also application of relationship marketing concept in retail banking services in empirical studies. According to the SOR paradigm, relational bonding offered by a bank (stimulus) could affect the customers utilitarian and hedonic (stimulus) value, which affects loyalty (response) of customers in the bank. These results indicate that the financial and structural bonds positively influence the value of the utilitarian customers, while social bond positively influence hedonic value. Utilitarian value and hedonic value positively affect customer loyalty.

According to research by Ganesh et al (2000), customers who switch to other companies due to their dissatisfaction with the previous service firms differ significantly from other groups in terms of their satisfaction and loyalty behavior. For switchers, they can receive the same services and have experience in the industry (Grace & O'Cass, 2001), which alter their expectations than stayers group. According to Parasuraman et al. (1985), service quality represents the difference between perceptions and customer expectations. Therefore, a different level of expectations can lead to different levels of evaluation, which explains different behavior between stayers, dissatisfied switchers, and satisfied switchers.

To test whether H1 - H7 are supported for stayers, satisfied switchers, and dissatisfied switchers, we investigate the relationship between relational bond, customer value, and customer loyalty in the three groups. All hypotheses are supported on the customer stayers. Moreover, the modified model, which adds an additional path from structural bond to hedonic value, significantly better than the initial model. Structural bond appears to meet not only utilitarian value but also the hedonic value for stayers. For dissatisfied switchers, only structural bond that significantly affecting their utilitarian value, and only utilitarian values that significantly affect customer loyalty. Thus, for a group of dissatisfied switchers, structural bond is the most effective way to increase customer loyalty. Finally, for the group of satisfied switchers, structural bond significantly affect utilitarian

value, social bond significantly affect the hedonic value, and both utilitarian and hedonic value significantly affects customer loyalty. Thus, social and structural bonds effectively increase customer loyalty for the satisfied switchers.

These study results prove that the stayers gets the value from three relational bond and that dissatisfied switchers perceive the value only from structural bond. Previous literature provides information about why stayers are more likely to have the highest perception of the value. Because they do not have much experience with other banks, unfamiliar with offers from other banks, and perceive higher switching costs than the two other groups, then stayers remain loyal to the service company even if they are not satisfied (Ganesh et al., 2000; Oliver et al., 1992). In addition, cognitive dissonance theory states that people try to reduce inconsistencies o their attitude or between their attitudes and behavior (Festinger, 1957). Therefore, stayer customer think that service companies provide a higher value than competitors to eliminate his personal disappointment at the company that has been chosen by the customers

In contrast, relationship marketing activities can not affect the perception of dissatisfied switchers except through structural bond. In relation to their involvement in the purchase, or the level of attention required for a purchase and the amount of effort expended to conduct a purchase (Baumgartner, 2002), previous literature suggests that dissatisfied switchers showed a higher level of involvement in the purchase than the other two groups (Ganesh et al., 2000). Higher customer involvement in the purchase tend to apply higher standards in their evaluation of products and services, so unless its marketing activity is superior to other suppliers, the customers will not perceive the value of this activity .

5. Conclusions and Suggestion
5.1. Conclusion
1. Based on the results of the study, it shows no effect between hedonic benefits, very happy feeling (delight), and loyalty and also shows the influence of utilitarian benefits, satisfaction, and loyalty.
2. For customer satisfaction and not move to another bank (Stayer), all hypotheses are supported or showed a significant association between relationship bonding (attachment relationship) with the utilitarian value and hedonic value.
3. For customers who disappointed and move (dissatisfied switcher) to other banks, it shows that the third hypothesis is that the effect of structural bond does not have significant influence on utilitarian value.
4. For customers who get satisfaction but still switch to other banks, it showed that (satisfied switchers) the only accepted hypothesis is the effect of a financial bond to the value of utilitaraian (hypothesis I), while five other hypothesis is not supported.

5.2. Suggestion
1. Islamic banks need to understand how the relational bonding formation strategy works. Although there are many ways for banks to implement relationships with customers, there are three specific bonding that very successful: financial, social and structural bonds.
2. Islamic banking must distinguish relational bond between stayers and switchers. Financial bond significantly affect the value of utilitarian for stayers, social bond influence the hedonic value for stayers and satisfied switchers, and structural bond increase utilitarian value in all three groups and significantly affect the hedonic value for stayers.
3. Islamic Bank should focus on one or more relational bond and use them as a way to differentiate the company from competitors for each group of customers

6. Managerial implications
As competition in the banking industry becomes increasingly intense, the need to manage customer relationships also has grown more important (Crosby et al., 1990). Loyal customers buy more, are willing to spend more, are easier to reach, and act as enthusiastic advocates for firms (Harris and Goode, 2004), and losing such customers can affect a bank's market share and profit negatively (Colgate and Hedge, 2001; Ennew and Binks, 1996; Keaveney, 1995). The results of our study provide some strategic implications for companies that are seeking to build their customer relationships. First, banks must understand how relational bonding strategies work ana delight. Although there are many ways for banks to engage in customer relationships, three specific bonds are the most successful: financial, social, and structural bonds. In most conditions, financial and structural bonds effectively influence customers' utilitarian value, and social bonds effectively influence their hedonic value.

Through the intervening effects of customer value and delight, all three bonds enhance customer loyalty. To managers, this identification of the relational bonds and their effects on customer value, delight and loyalty is crucial to improving their relationships with their customers. Second, firms must differentiate relational bonds between stayers and switchers. As we show in Figures. 2–4, the financial bond significantly affects utilitarian value for stayers, the social bond influences hedonic value for the stayers and satisfied switchers, and the structural bond enhances utilitarian value in all three groups and significantly affects hedonic

value for the stayers. In addition, both utilitarian and hedonic values significantly affect customer loyalty, with one exception: hedonic values do not affect customer loyalty for dissatisfied switchers. Therefore, the results suggest that bank customers can be segmented effectively according to their switching behavior. In turn, managers should focus on one or more of these relational bonds and use them as a means to differentiate the firm from competitors for each customer group.

7. Limitations

This study has three major disadvantages. The first weakness is the problem of external validity, ie, the ability to generalize the results beyond the Islaminc bank customers. Both researchers do not divide the characteristics of customers into the various types of Islamic banking products and did not specify where the research took place in the Islamic banks in East Java Indonesia.

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