RELATIONSHIP MARKETING FACTOR, CUSTOMER VALUE, MODERATING ROLE OF DEMANDING CUSTOMER AND SWITCHING BEHAVIOR

Purwanto [1] Kuswandi [2] Lulus Margiati [3] Hardiono [4]

[1] Department of Economic WR. Supratman University [2] Department of Economic Mahardika University [3] Master Program WR. Surpratman University [4] Department Social Politic WR. Supratman University

Abstract

The paper attempts to analyze the influence of relationship marketing factors, customer value, customer loyalty and Moderating role of demanding customers in the three customer groups (stayers, dissatisfied switchers, and satisfied switchers) in the banking industry in Indonesia. Data obtained from a sample of 650 customers banking. Statistical analysis was conducted using SEM with AMOS 18 programs and MRA with SPSS. Researchers found some results between them. First, for stayers, three types of content (economic content, resources content, and social content) improve the use value and the symbolic value of the customer, so that can affect customer loyalty and demanding customer role can strengthen the effect of utilitarian value and Hedonic value on loyalty. Second, for dissatisfied switchers, only resource content are significantly affected customer use value, which can significantly increase customer loyalty and demanding customer role can weaken the effect of utilitarian value and hedonic value on loyalty. Third, to satisfied switchers, social content significantly affects the hedonic value, while the resource content significantly affect the use value and the role of demanding customers can moderated the effect of utilitarian value and hedonic value on loyalty.

Keywords: Relationship marketing Factor, utilitarian value, hedonic value, demanding customer and Loyalty

1. Preliminary

A marketer must understand more than what has been given before, so marketers can serve the needs and desires of better customers. Efforts to improve this service with the aim of preventing customers from moving to other companies. Any model of his approach may get a lot of attention. *Relationship marketing* as one of the better approaches models and successfully help marketers retain customers (Dibb and Meadows, 2001).

Relationship marketing, which is defined as interesting marketing activities, develop, maintain, and enhance relationships with customers (Berry, 1983; Berry and

Parasuraman, 1991; Grönroos, 1994 Morgan and Hunt 1994; Hennig and Hansen 2000). Relational marketing as an orientation that develops close interaction with selected customers, suppliers and competitors for value creation through cooperative efforts by using d*atabase.* (Parvatiyar and Sheth, 1994 and Bicket 1992).

Many companies are already implementing *a relationship marketing* with the aim to enhance customer loyalty to products and services (Schiffman and Kanuk, 2004). As an important factor of *relationship marketing,* is the relationships formed through a *content* that strengthen the company and customers. As stated by the existing literature, the company can build a relationship with customers by initiating one or more types of *relationship marketing* factors, namely *economic content, resource content,* and *social content* (Morgan 2000; Peterson 1995; Lin *et al.*, 2003; Doney and Cannon , 1997; Bendapuli and Leones, 2002; Lacey, 2003; Hennig-Thurau *et al.* 2002; and Roberts *et al.*, 2003). However, many things have to be analyzed on relational relationship factors initiated by the company with customer perceptions and behavior (Hennig-Thurau *et al.* 2002; Gwinner *et al.*, 1998; Berry, 1995).

Value is another important element in managing long-term relationships with customers (Pride and Ferrell, 2003). Because the definition of the value varies by its context. Some researchers define *value* as the *outcome* of the consumption experience (Babin *et al.*, 1994; Dodds *et al.*, 1991; Holbrook, 2005; Holbrook and Corfman, 1995). According to Cottet (2006) states that the perceived value by consumers comes from the comparison between benefits and sacrifices involved in a particular transaction. Marketing activities developed by the company understands that customers benefit from the experience and that the *marketing mix* which is designed well, can improve the perception of the perceived value (Babin 2005; Pride and Ferrell, 2003; Morgan 2000). Thus, the customer experience with *economic content, resource content* and *social content* can affect their perceptions of *value.*

Some studies of consumer behavior today focus on the perception of the value of marketing activity. Many literature on the experience customers get *value* and activity of *sales promotion* is suitable with their utilitarian value, or benefit from obtained economic factors, and the hedonic value, or emotional, resulting from those activities (Babin *et al.*, 1994; Chandon *et al.*, 2000 ; Chauduri and Holbrook, 2001; Hirschman and Holbrook, 1982; Mano and Oliver, 1993; Stoel *et al.*, 2004). In this study, the authors argue that relational factors, which shape the occurrence of rational and emotional marketing activities, can increase the utilitarian value or customer hedonict. If consumers really appreciate this *content* as an adhesive, so they are motivated to loyal. Some previous literature, utilitarian values and hedonic value reflected through *rational value* and *emotion value* (Naylor, 1999 and Venkatraman, 1991).

According to the paradigm of *stimulus-organism-response* (S-O-R) (Mehrabian and Russell 1974 and Woodworth, 1928) and research on the *value* (for example, Chiu 2005; Ailawadi *et al.*, 2000; Babin *et al.*, 1994), the activity of relational factor by a company *(stimulus)* could affect customer perception of the value of *(organism),* which in turn can influence buying behavior *(response).* Thus, relational factors correlate with consumer perceptions of value so as to increase, or decrease customer loyalty. The important question underlying this research is how consumers responded to the benefits of *relationship marketing* factor as an adhesive and how *economic content, resource content* and *social content* encourages a long-term relationship that increases customer loyalty.

To determine the design and implementation of customer retention strategy that is effective, researchers divided the bank's customers into three segments: *stayers* (loyal customer), *dissatisfied switchers* (customers switching to other banks due to their unsatisfactory experience), and *satisfied switchers* (customers switching to another bank for reasons other than dissatisfaction) (Chiu *et al.*, 2005 and Ganesh *et al.*, 2000) and use the *demanding customer* as a customers character that will strengthen or weaken the level of customer loyalty on their perception at perceived value. According to previous literature, psychological condition and behavior of one segments customer differ significantly from the psychological condition and behavior of other customer segments (Chiu 2005; Ganesh *et al.*, 2000; Keaveney and Parthasarathy, 2001). Therefore, customers in different segments can apply the utilitarian value to their evaluation of a company's marketing activities in a realistic manner. If people are not told explicitly which value should be applied, then the value of their consumption experience depends on the value, purpose, or personal needs of customers (Adaval, 2001; Babin *et al.,* 1994; Mano and Oliver, 1993).

In particular, this study aims to investigate the influence of various factors of *relationship marketing* on the perception of customer on utilitarian and hedonic values, as well as to the loyalty of a diverse group of customers in the banking industry. Researchers hypothesize that the customer's perception on *the value* mediates the relationship between relational factors that consist of marketing activities related to the economic and emotional, could improve customer perception of utilitarian or hedonic value. If consumers perceive the high value of these relational factors, then they are motivated to be loyal. In addition, researchers tested the model in three different customer groups to investigate customer attitudinal and behavioral differences.

Significant differences or inconsistencies of some of the findings of previous researchers on the influence of *utilitarian value* and *hedonic value* on loyalty turned out to depend on the characteristics of each individual customer (Kim *et al.*, 2010, Fiore and Kim 2007, Adly 2006, Ogle *et al.*, 2003 , Sit *et al.*, 2003). Further Fiore and Kim (2007) states that the characteristics of the customer, based on a combination of psycho-demographic and lifestyle, one of them is a *demanding customer.* According to Ajzen (2005) and Baron and Keny (1986) then add that a series of customer individual characteristics can explain the significant difference or inconsistency in the influence of utilitarian value and hedonic value on customer loyalty.

In the next few sections, it explains previous research on utilitarian and hedonic values, the formation of relational marketing strategies, and loyalty, then describes the research methodology, including a description of the measurements used to test the hypothesis. After reviewing the results of the study, we present some important implications for managerial and subsequent research.

2. Literature and Hypotheses Development

2.1. Utilitarian and hedonic values

The concept of value offers something interesting to marketers. The results of this study will enable banks to identify characteristics that must be addressed to provide more value to customers. The value perceived by consumers comes from the comparison between the benefits and the sacrifices involved in a particular transaction (Cottet, 2006).

Value is a subjective evaluation after his experience in interacting with products / services or events, and an important *outcome* variables in a general model of consumption experience (Babin *et al.*, 1994; Holbrook and Corfman, 1985). The majority of the researchers divided the *customer value* into two categories, namely the value of utilitarian and hedonic (Babin *et al.*, 1994; Chandon *et al.*, 2000; Chauduri *and* Holbrook, 2001; Hirschman *and* Holbrook, 1982; Mano *and* Oliver, 1993; Stoel *et al.* , 2004). Utilitarian and hedonic value is the dynamic process of motivation (Angel *et al.*, 2001 and Schiffman and Kanuk. 2010). It further states utilitarian and hedonic value is a requirement that is activated or stimulated by the customer's perception or result customer's thinking about the purchased products and services. Chitturi, Raghunathan, and Mahajan (2007) document that consumers are more concerned with the hedonic (versus utilitarian) dimension, but only after the 'required' level of functionality is met. Similarly, Kivetz and Simonson (2002) document that consumers give greater weight to the utilitarian dimension (versus hedonic), unless they are confident that they have been "satisfied." Marketers are generally convinced that market choice and consumer preferences are controlled by utilitarian values and hedonic values (Arnould *et al.*, 2004). Instead hedonic value is *outcome* associated with spontaneous response that is both more subjective and personal in nature (Babin *et al.*, 1994). Hedonic value, such as entertainment, exploration, and self-expression (Ailawadi *et al.*, 2001; Chandon *et al.*, 2000), is derived from the fun and enjoyment than from the completion of tasks and *experiential* and affective in nature (Chaudhuri and Holbrook, 2001; Hirschman and Holbrook, 1982).

According to Ryu *et al*, (2009) says the reason customers in consuming a product is based on a product that provides utilitarian value and a product that gives hedonic value. In accordance with previous marketing research, researchers used the term utilitarian value to refer to the functional, instrumental, and practical value of the consumption offer, and using the term hedonic value to refer to the values associated with aesthetic, *experiential,* and enjoyment (Chitturi *et al.*, 2008; Dhar and Wertenbroch, 2000; Holbrook, 1999; Babin *et al.* 1994; Batra and Ahtola, 1990).

2.2. *Relationship Marketing* Factor Implementation Strategy

Several previous studies of *relationship marketing* focused on the three types of strategy to implement *relationship marketing* factor 1. *Economic content, 2. Resource content,* and 3. *Social content* that can improve and maintain service providers relationships with customer (Morgan 2000; Peterson 1995; Lin *et al.*, 2003; Doney and Cannon, 1997; Bendapuli and Leone, 2002; Lacey, 2003; Hennig- Thurau *et al.* 2002; and Roberts *et al.*, 2003).

2.2.1. *Economic Content*

Customers motivation involved in relational marketing is the economic benefit and cost considerations, time sacrificed when customers move to another company (Berry, 1995; Gwinner *et al.*, 1998; Peltier and Westfall, 2000; Peterson, 1995). Companies can improve customer relationships by applying *economic content,* which is defined by Berry (1995) as the type of business practice that wants to increase customer loyalty through incentives and rebates. *Economic content* is important for all parties in relational marketing, (Morgan 2000) so that the *relationship* becomes more attractive economically, because the long-term cost of doing business is lower. Service providers often give loyal customers a present in the form of special price offer. For example, airlines and major hotel chains give points to the *frequent customer* as an incentive for them to use additional services of the company (Schiffman and Kanuk, 2010). According to some research, the promotion economically improve customer perception of the value of utilitarian and thus increase the benefit value obtained from the purchase order (Ailawadi *et al.*, 2001; Chandon *et al.*, 2000). Thus the *economic content* may increase the utilitarian value of customer.

H_1: Implementation strategy of *economic content* affect utilitarian value.

2.2.2. *Resource Content*

Resource which is unique and valuable, rare and hard to imitate by competitors becomes a capital to build and maintain *relationships.* Unique and abstract resources are sometimes make difficult for competitors to emulate (Morgan and Hunt 1994 and Wernerfelt, 1984). *Resource content* can improve customer loyalty, with value-adding benefits which are difficult or expensive to be given by the company and is not easily available elsewhere (Berry, 1995). Therefore, the *resource content* is a business practice in which companies try to retain customers by providing essential services that are not available from other sources, such as an integrated services through a network of business. Dibb and Meadows (2001) and Chiu *et. al,* (2005) found that some banks emphasize *resource content* through innovative channels, integrated customer database, and two-way information exchange technology. Morgan (2000) stated *resource content* can also be shown through legality, human resources, technology, organizational and information. Because *of resource content* increases costs for customers to switch to competitors, some research suggests that *resource content* in the highest position in the hierarchy of *relationship marketing* factors and provide the greatest opportunity for companies to create sustainable competitive advantage (Berry and Parasuraman 1991; Peltier and Westfall, 2000).

As defined by Chandon *et al.* (2000), Chaudhuri and Holbrook (2001), and Ryu (2010) utilitarian values consist of easiness, convenience, pragmatic, product availability and product quality. Thus, the *content of resource* can strengthen customer perception of the utilitarian value.

H_2: *Resource content* implementation strategy affects the utilitarian value.

2.2.3. *Social Content*

A third way to improve subscriber loyalty with *social content* strategy implementation. *Social content* is a social relationship that is formed from the interaction between service providers and customers, and is the basis of relational marketing success which are mutually beneficial to both parties (Morgan, 2000: 489 Gounaris, *et al.*, 2003). *Social content* is personal affinities, which focuses on the dimension of service to establish a relationship between sellers and buyers through interaction, friendship (Berry, 1995; Wilson, 1995), and identification (Smith, 1998; Turner, 1970). Recognizing customers can reduce misunderstandings, which can lead to failure of relationships. Proponents of the implementation of this strategy specifically emphasizes on constant contact with customers, learning their needs and maintain a positive relationship with them (Chiu *et al.*, 2005; Berry, 1995; Williams *et al.*, 1998).

Social content implementation strategy gives an important psychosocial benefits, from the customer's viewpoint, (Beatty *et al.*, 1996; Gwinner *et al.*, 1998; Reynolds and Beatty, 1999; Williams *et al.*, 1998). *Social content* tends to make customers open, hear, and care, which in turn increases the empathy between the customer and the service provider. *Social content* also positively affect customer emotions to the feelings associated with the experience and take part in shaping the affective component of attitude (Chiu, 2002; Edwards, 1990). Because the hedonic value reflects the value of experiential, emotional, and affection of the consumption (Chandon *et al.*, 2000; Babin 1994; Bellenger *et al.*, 1976), then the company can strengthen customer perceptions on hedonic value by initiating it in the form of *social content.* Thus *social content* can increase customer hedonic value.

H$_3$: *Social content* implementation strategy influence hedonic value.

3. Value Relationship with Loyalty

Schiffman and Kanuk (2010) state that loyalty is a firmly committed commitment by customers to buy back preferred products or services. Oliver (1999) defines customer loyalty as a strongly held commitment to buy again or subscribe to a particular product or service despite the influence of marketing situations and activities that have the potential to cause migratory behavior. Lovelock and Wright (2004) revealed that loyalty is *"a customer's voluntarily decision to continue patronizing a specific firm over an extended period of time".* Customer loyalty is a voluntary decision of a customer to continuously become a customer of a particular company for a long period of time. According to Kotler and Gary (2003) states that loyalty is a strongly held commitment to buy again or subscribe again on certain products or services in the future even if there is influence and marketing efforts that could potentially lead to migratory behavior.

Several previous studies suggested that *customer value,* or benefits obtained, play an important role in determining the long-term relationship with, or loyalty to, the company. In order for a long-term relationship exists and continues, then the customer should benefit from the exchange with the company (Gwinner *et al.*, 1998). Thus, the customer perception on *value* can be seen as an important determinant of *brand* and loyalty to the company.

Research into *shopping value* also showed a direct relationship between *shopping value* and the value given to the activity of shopping, so the higher the utilitarian and hedonic value of shopping, the greater the ratings by customers on the value of the shopping activity (Babin *et al.*, 1994). By using some of the same concepts with utilitarian value, Cronin and Taylor (1992) suggested that convenience, price, and availability can influence the *behavioral intention* of customers. Gwinner *et al.* (1998) and Keaveney (1995) revealed that customers are reluctant to switch to other companies if they better understand the economic value, time, and energy savings of a sustained relationship. Chiu *et al.* (2005) stated that the hedonic value of shopping, including the relationships or friendships established between providers and customers, increases the willingness of customers to maintain relationships.

Gwinner *et al.* (1998, p. 104), in his study claimed that the story of the respondents of *focus group* regarding interactions with a service provider: "I love it ... He was really witty and always had lots of jokes ... you enjoy doing business with the company." If this positive effects increases the hedonic value of shopping, then there is a greater likelihood that the product will be purchased (Chiu *et al.*, 2005 and Babin and Attaway, 2000).

Therefore, utilitarian values and hedonic values can predict customer behavior. That is, if a customer has a high perception of utilitarian or hedonic value, the customer will become a loyal customer for the company.

H4: The utilitarian value affects their loyalty to the banking industry.

H5: The hedonic value affect their loyalty to the banking industry.

4. The Role of Moderation of Demanding Customer

Individual characteristics show how individual or individuals differ from others in terms of specific behavior patterns (Mowen and Minnor 2001 and Schifman and Kanuk, 2007 and Adzen, 2005). Specifically Schifman and Kanuk (2007) states that many individual characteristics such as *demanding customer need for uniqueness, customer innovativeness* and lifestyle can provide a picture of customer behavior patterns. This particular pattern of behavior can differentiate and determine the extent or magnitude of the various perceptions of the products or services they consumes. *Demanding customers* are the characteristics of the customer based on psycho-demographics and lifestyle, which has properties like "demanding" more or vocal (Kim *et al.* 2010, Fiore and Kim, 2007, Ogle, 2004, Sit *et al.*, 2003).

According to Bucklin and Sismeiro (2003) states the characteristics of individuals is a set of characteristics that are unique to individuals which are referred to the characteristics of customers. According to Fiore and Kim (2007), it shows that a set of characteristics that are unique (different) to the customer that referred to as customer individual characteristics (personality, demography, psychography and lifestyle) can be a moderating variable. Further, Fiore and Kim (2007) provide a conceptual framework that customer characteristics based on psycho-demography and lifestyle can moderate the influence between utilitarian and hedonic values on loyalty. Fiore and Kim (2007) suggest that the effect of stimulus on organisms can be moderated by customer characteristics consisting of psycho-demography and lifestyle. From the conceptual framework the researcher justifies the utilitarian value variables and the hedonic value of bank as a stimulus and loyalty as an organism. So the influence of utilitarian and hedonic values on loyalty can be moderated by customer characteristics based on psychodemography and lifestyle. Stimulus is a boost within banks that has the potential to affect the cognitive / awareness and affective / emotional processes of customers.

According to Baker *et al.*, (2002) found a number of stimulus factors such as environment, exterior and interior design. Turley and Milliman (2000) incorporate the human resources factor as a stimulus. Ward and Davies (2003) incorporate elements of novelty and uniqueness in a retail as a stimulus. *Organism* includes intermediary processes between stimulus and customers response. Variables of *consciousness, emotion,* and value and *cognition* variables and *Affect* reflects intermediary mechanism in the *organism.* The moderator variable (customer characteristic) can affect these processes (Kim and Fiore 2003).

To hypothesize direct influence may be quite clear from some empirical findings, but it would be more meaningful if individual characteristics were used as moderating variables of external factors such as customer characteristics and situational characteristics (Ajzen, 2005, Baron and Keny 1986). Furthermore Ajzen (2005) says that customer characteristics are relevant as moderating variables in customer behavior, this is because each individual will not have the same properties, so customer behavior is only appropriate for the individual at a given time based on psychography, demography and lifestyle. Thus the researcher proposes the hypothesis:

H6. *Demanding customers* moderate the influence of utilitarian and hedonic value on customer loyalty.

5. Research methods

5.1. Procedures and samples

The population and sample used are bank customers in Java Island. Method of sampling with convenient. Questionnaires are distributed to 1000 customers to anyone with a bank account. In the questionnaire, respondents were asked to choose one bank that served them over a period of time and encircle their perception of the bank.

5.2. Characteristics of the sample

Of the 1000 questionnaires distributed, 650 were considered true, with a percentage of 65% of the answers fit the criteria. 60% of the respondents are female and 40% male and their age ranges from 20 to 60 years old with an average age of 30 years. The sample size of three groups of loyalty are as follows: 400 *stayers, dissatisfied switchers 95,* and *245 satisfied switchers.*

5.3. Measuring instrument

Based on previous studies, used 6 indicator items to measure respondents marketing relationship factor with bank (eg Morgan 2000; Peterson 1995; Lin *et al.*, 2003; Doney and Cannon, 1997; Bendapuli and Leone, 2002; Lacey, 2003; Hennig- Thurau *et al.* 2002; and Roberts et al., 2003); to measure the utilitarian and hedonic value, used 6 items based on studies of Chitturi *et al.* , (2008), Chitturi *et al.* , (2009); Ryu, *et al. (2009);* Rintamaki, (2006); Holbrook, (1982); Babin *et al.* , (1984 and 2005). To measure demanding customer using 5 items (eg Adly 2006; Ogle *et al.,* 2004; Sit *et al.,* 2003 and Dannis *et al.,* 2001) For all items, it uses Likert type scale with five points (score 1 strongly disagree; up to Score 5 strongly agree). According to Zeithaml *et al.* (1996) and Ganesh *et al.* (2000), if a customer praises a company, discloses a choice against a bank that is believed, or increases their purchase volume, then their behavior indicates that they are building a relationship with the company. Therefore, we adopt three indicators - "as long as I live here, I will not switch to another bank," "I would recommend this bank to my friends and family," and "I am willing to continue using the bank's services". Measure the construct of customer loyalty by using Likert scale with five points.

Ganesh *et al.* (2000) and Chiu *et al.*, (2005) also stated that the company's customer base consists of three customer groups: *stayers, dissatisfied switchers,* and *satisfied switchers. Stayers* are customers who do not switch from another company, *dissatisfied switchers* are customers who switch from other companies because they are not satisfied, and *satisfied switchers* are customers who switch from another company for reasons other than dissatisfaction. Most questionnaires include a statement designed to measure customer *switching* behavior will repeats some of the instruments used by Chiu (2005) and Ganesh *et al.* (2000). Respondents were asked to state whether his bank now is their first bank *(stayers)* or they have switched from the previous bank *(switchers).* If a respondent stated second choice, he was asked to say whether the reason for that is caused by (1) general dissatisfaction to the service of previous bank *(dissatisfied switchers)* or (2) for reasons other than dissatisfaction (for example, changing jobs, out of the service area of the previous bank , previous bank is closed or merged) *(satisfied switchers).*

6. Analysis and Results

6.1 Construct Reliability and Validity

To test the reliability scale for relationship marketing factor, *customer value, demanding customers* and customer loyalty, used *discriminant validity.* The result is *economic content of* 0.627, *Resource Content of* 0.727, *Social Content* of 0.639, Utilitarian values of 609, hedonic value of 0.615, *demanding customer* of 0.709 and loyalty of 0.805. These values show moderate to high internal consistency on the questions items and on the constructs associated with them. Further, Hair (2010) and Churchill (1979) suggested that construct should test its *convergent validity* and *discriminant validity. Construct reliability* for *economic content, resource content,* and the *social content* successively is 0.88, 0.77, and 0.88; CR for utilitarian and hedonic values is 0.73 and 0.71. Everything goes beyond the recommended level of 0.50. Therefore, the scale of the factors *relationship marketing* and customer perception of the value having *reliability construct* (Fornell and Larcker, 1981). AVE value can also be used to evaluate *the discriminant validity* (Fornell and Larcker, 1981), which is evident in the results of this study, because *shared variance* is the greatest in content economic factors, resource and social amounted to 0,58, lower than the smallest AVE value (0.66) for each factor and its measuring instrument on the scale of marketing relationship factors (Espinoza, 1999). Similarly, *the shared variance* between utilitarian and hedonic value factor of 0.55, lower than the lowest AVE (0.77) for each factor and the measuring instrument on a scale of customer perception of the value. To test whether the model fit or not, it can be seen from *the goodness of fit indices* in Table 1.

Table 1
MODEL FITNESS

Goodness of fit indices	Cut of value	Analysis result
Chi-Square	Expected small	175.383
Probability (P)	$\geq$0.05	0.125
CMIN/DF	$\leq$2	1.131

Goodness of fit index (GFI)	≥0.90	0.915
Adjusted Goodness of Fit Index (AGFI)	≥0.90	0.904
RMSEA	≤0.08	0.091
TLI	≥0.95	0.941
CFI	≥0.95	0.967

6.2 Hypothesis testing

To investigate whether H_1 - H_6 supported for groups of *stayers, dissatisfied switchers,* and *satisfied switchers,* we categorize the data into three groups and estimating the parameter estimation γ and β□) independently in each group with Amos 18. Furthermore, bounded of all parameter estimations in a particular group (for example, *stayers*) together with other groups (for example, *satisfied switchers*). There is different test $X\square^2$ to evaluate the different suitability between models of *uncounstrain* and models of *counstrain* . The difference between the two values $X\square^2$ ranges from 23 to 137 ($df = 6, p = 0.05$) in all three groups, which indicates that the two groups differed significantly on the parameter estimated.

For *uncounstrain stayers* models (n = 400), compatibility is generally moderate ($X\square^2 = 453.0$, $df = 143$, $p < 0.05$, CFI = 0.94, GFI = 0.89, and RMR = 0.05). Although the model is a strong foundation, the potential of the model specification should be considered (Anderson and Gerbing, 1988; Brady and Cronin, 2001) to increase the extent to which the conceptualization includes data and, in turn, increase the validity (Bentler and Chou, 1987). For *stayers*, researchers identified one additional lane from *resources content* to hedonic. Because *stayers* could have fewer previous experience with the service (Grace and O'Cass, 2001), their expectations are lower than the expectation of *stayers*. If the company provides services that are important to customers (ie, *resource content*), they are more easily satisfied than *stayers* . *Switcher* can feel proud of themselves and believe that they are discerning customers who choose the best bank for the first time. Feeling was stimulated and this confidence into the hedonic value (Chandon *et al.,* 2000). Therefore, the path between the *resource content* and hedonic value can be added to groups of *stayers* , as we see in Figure 1.

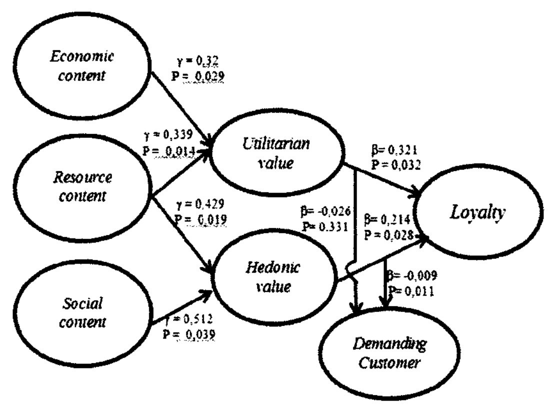

Figure 1: Structural model of *Stayer* Group

As shown in Figure 1, the research results showed all significant parameter estimation, supporting H_1 - H_6. $X\square^2$ value of 453.8 ($df = 143$), which is lower than the initial model ($X^2 = 453.0$, $df = 143$), and CFI, GFI, and RMSEA value respectively 0.94, 0.89 and 0.05. The difference between the two $X\square^2$ is 4.2, greater than the significant level of 4.74 ($X_{0,07,1}{}^2$). In addition, the coefficient $\gamma\square_{12}$ was 0.32, which was also significant at p <0.05. These results are acceptable and significant, it shows that models suitability is in accordance with the hypothesis.

Based on the results of the analysis indicate that the *demanding customer* does not moderate the influence of *utilitarian value* on customer loyalty with beta coefficient = -0.026 and *p-value of* 0.331. Although *demanding customer* does not act as a moderator on the influence of utilitarian value on loyalty, but statistically the model is acceptable because significance of p-value of 0.026 is smaller than the significance level of 0.05. In the case of banks in the course of the study, the characteristics of *demanding* customers perhaps is not exactly showing role as a moderating variable. As for the hedonic value indicates that the *demanding customer* moderates the influence of hedonic value on customer loyalty, with a beta coefficient of -0.099 and *p-value* 0,011. Beta coefficient with negative sign indicates that the moderating role of *demanding customers* can weaken the influence of *hedonic value* on customer satisfaction. Respondents responds to the *demanding customer* have an average score of 3,983 in 1-5 Likert scale interval. This shows that the perception of the respondents as customer on loyalty is very much determined by the customer's characteristic of *demanding customer.* Meaning that the higher the role of *demanding customer* as the moderating variable then hedonic value perceived will be lower and customer loyalty level will also decreased.

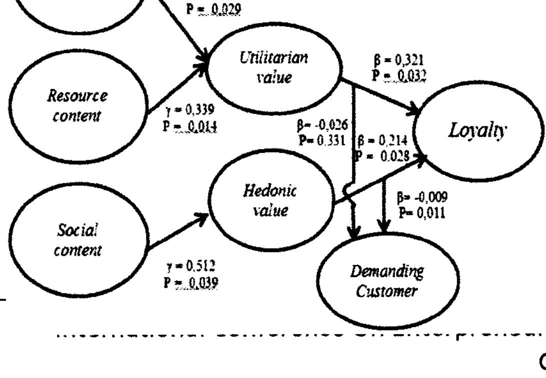

Figure 2: Structural model of *dissatisfaction switcher* Group

For *dissatisfied switchers* models which are not limited (n = 95) (Figure 2), X□^{2} is 276.8 (df = 142, p <0.05), CFI is 0.95, GFI amounted to 0.80, and RMSEA of 0.06, so the match is generally acceptable. However, three lanes are insignificant in Figure 2. The path of the *economic content* to the utilitarian value (γ□= 0.41, p > 0.05) show not significant effect because the *switcher* group has more experience with banking services. According to Berry and Parasuraman (1991) and Peltier and Westfall (2000), prices such as interest rates and the discount *(economic)* is an element that most easily imitated and therefore can not provide a sustainable competitive advantage for certain banks. Group of *Switchers* can earn incentives *(economic)* of same price of other banks; therefore, the *economic content* did not significantly affect customer utilitarian value. The second insignificant lane in Figure 2 lies between *social content* and hedonic value (γ □= 0.023, p > 0.05) and can occur because of a group of *dissatisfied switchers* switch from another company as a result of customer dissatisfaction. This negative experience may cause them not to believe or to be careful in accepting interpersonal attention of an enterprise therefore, *social content* can not strengthen customer hedonic value. Finally, the relationship between hedonic value and customer loyalty is not significant (γ □= 0.31, p > 0.05), indicating that the benefits granted in form of hedonic value can not be a major problem for *dissatisfied switchers.* However, this utilitarian value could be a key factor for customer loyalty, especially in this group.

Based on the results of the analysis indicate that the *demanding customer* does not moderate the influence of *utilitarian value* on customer loyalty with beta coefficient = -0.026 and *p-value of* 0.331. Although *demanding customer* does not act as a moderator on the influence of utilitarian value on loyalty, but statistically the model is acceptable because significance of p-value of 0.026 is smaller than the significance level of 0.05. In the case of banks in the course of the study, the characteristics of *demanding* customers perhaps is not exactly showing role as a moderating variable. As for the hedonic value indicates that the *demanding customer* moderates the influence of hedonic value on customer loyalty, with a beta coefficient of -0.099 and *p-value* 0,011. Beta coefficient with negative sign indicates that the moderating role of *demanding customers* can weaken the influence of *hedonic value* on customer satisfaction. Respondents responds to the *demanding customer* have an average score of 3,983 in 1-5 Likert scale interval. This shows that the perception of the respondents as customer on loyalty is very much determined by the customer's characteristic of *demanding customer.* Meaning that the higher the role of *demanding customer* as the moderating variable then hedonic value perceived will be lower and customer loyalty level will also decreased .

For model of *satisfied switchers* which are not restricted (n = 245) (Figure 3), X^2 is 291.6 (df = 143, p <0.05), and CFI, GFI, and RMSEA respectively, 0.91, 0.93, and 0.09, which indicates that the fit is generally acceptable. In Figure 3, the only significant pathway is from *economic content* to the utilitarian value (γ = 0.257, p > 0.05). These findings is the same with an explanation for *dissatisfied switchers* . Because *switchers* may have more experience with the bank's services, then the customer may obtain the same price incentives from other banks.

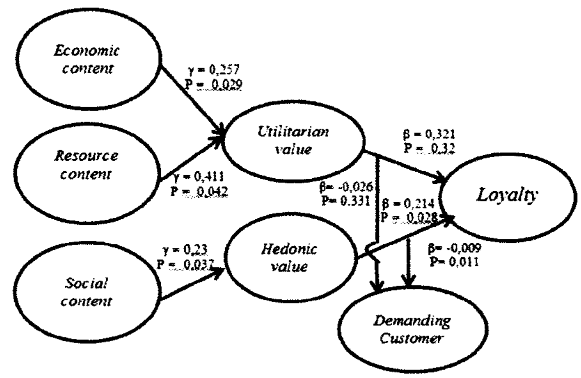

Figure 3: Structural model of *satisfaction switcher* group

Based on the results of the analysis indicate that the *demanding customer* does not moderate the influence of *utilitarian value* on customer loyalty with beta coefficient = -0.026 and *p-value of* 0.331. Although *demanding customer* does not act as a moderator on the influence of utilitarian value on loyalty, but statistically the model is acceptable because significance of p-value of 0.026 is smaller than the significance level of 0.05. In the case of banks in the course of the study, the characteristics of *demanding* customers perhaps is not exactly showing role as a moderating variable. As for the hedonic value indicates that the *demanding customer* moderates the influence of hedonic value on customer loyalty, with a beta coefficient of -0.099 and *p-value* 0,011. Beta coefficient with negative sign indicates that the moderating role of *demanding customers* can weaken the influence of *hedonic value* on customer satisfaction. Respondents responds to the *demanding customer* have an average score of 3,983 in 1-5 Likert scale interval. This shows that the perception of the respondents as customer on loyalty is very much determined by the customer's characteristic of *demanding*

customer. Meaning that the higher the role of *demanding customer* as the moderating variable then hedonic value perceived will be lower and customer loyalty level will also decreased.

7. Discussion

In this paper, it is applying the concept of *relationship marketing* in banking services. According to the SOR paradigm, the factor of *relationship marketing* (*economic content, resource content and social content*) offered by a bank (*stimulus*) can affect the utilitarian and hedonic value (*organism*) of customer, that will ultimately affect the loyalty *(response)* of customers. These results indicate that the *economic content* and *resource content* significantly affects the utilitarian value of customers, while *social content* significantly affect the hedonic value. Utilitarian value and hedonic value significantly affect customer loyalty. *Demanding customer* does not moderate the influence of utilitarian value on loyalty and *demanding customer* strengthening the influence of hedonic value on loyalty.

According to the research by Ganesh *et al* . (2000), customers who switch to another company, due to customer dissatisfaction in previous service company, and differ significantly among the three groups of customers, in terms of customer satisfaction and loyalty behavior. As a group of *switchers* , customers can receive the same services and have experience in the industry, especially related to the *economic content* (Grace and O'Cass, 2001 and Chiu *et al.* 2005), which converts customer expectations compared with a group of *stayers* . According to Parasuraman *et al.* (1985), quality of service shows the difference between the perceptions and expectations of customers. Therefore, a different level of expectations could lead to a different level of evaluation, it can explain the difference in behavior between the groups of *stayers, dissatisfied switchers* , and *satisfied switchers* .

To test whether H_1 -H_6 accepted for groups *stayers, satisfied switchers* and *dissatisfied switchers* , researchers investigated the relationship between relational factors, *customer value*, and customer loyalty in these three groups, as the researchers explained in Figure 1, all hypotheses is accepted in the model group *stayers* . In addition, the modified model, which adds one lane of *resource content* to the hedonic value, significantly better than the initial model. *Resource content* comply at all values of utilitarian and hedonic for a group of *stayers.* For *dissatisfied switchers* , only *resource content* are significantly affecting the utilitarian value of the customer, and only utilitarian values are significantly affect customer loyalty. Thus, for a group of *dissatisfied switchers*, factors *of resource content* is the most effective way to increase customer loyalty. Lastly, for a group of *satisfied switchers,* factors *of resource content* significantly affects the utilitarian value, factor of *social content* significantly effect the value of hedonic, and utilitarian and hedonic values significantly affect customer loyalty. Thus, the factor of *social content* and *resource content* effectively increase customer loyalty to a group of *satisfied switchers* customers.

The results of this study prove that the *stayers* get the value from three factors of relational marketing and for groups of *dissatisfied switchers* only significantly influenced by factors *of resource content.* Previous literature provides information why *stayers* are more likely to have the highest perception on both grades. Because these groups do not have much experience with other banks, are not familiar with offers from other banks (*bankable*), and could be perceived that the *switching cost* at group of *stayer* is higher than the other two groups, the *stayers* remain loyal to the bank even if they are not satisfied (Ganesh *et al.*, 2000; Oliver *et al.*, 1992). In addition, the theory of *cognitive dissonance* states that people try to reduce their inconsistency attitudes between attitudes and behaviors (Festinger, 1957). Therefore, a *stayer* can assume that the company services gives a higher value than the competitors to eliminate his personal disappointment at companies that have customers select (Chiu *et al.* 2005). In contrast, the activity of *relationship marketing* can not affect the perception of *dissatisfied switchers* except by three factors. In relation to the involvement of customers in the purchase, or degree of attention required in a purchase and the amount of the costs incurred for the activities of a purchase (Baumgartner, 2002), previous literature suggests that *dissatisfied switchers* shows the level of higher engagement in purchases compared with two other groups (Ganesh *et al.*, 2000 and Chiu *et al.* 2005). High consumer involvement in a purchase tend to apply the higher standard, at the customer evaluation of products and services, unless the marketing activities are superior to other providers, then consumers would not perceive the value that is more than any other service provider from this activity.

The role of *demanding customers* in a wide range of customer groups in this study showed that individual characteristics of *demanding* customers allow higher *value*, but the satisfaction gained is very low or can be said not easy to say he was satisfied or applying a high standard of satisfaction. This study supports the studies of Adly (2006), Ogle *et al.* (2004), and Sit *et al.* (2003).Customers who like this have a tendency to utilitarian considerations in choosing a more dominant product or service. This can be proved from the previous study. Purwanto (2014) states that the utilitarian value has no significant effect on satisfaction, because customers who were respondents in this study, are customers who have *demanding* individual characteristics, because the characteristics of the customer like this is very high in demand. Customers are more focused on utilitarian considerations when viewed from the influence on satisfaction, it showed no significant effect significantly. The individual characteristics of customers who are *demanding* when choosing a product or service there is a tendency that demands often delivered is related to elements that are relatively rational and related to the *economic content* and is an average of all banks already done so. The results of this study turned out to be customer oriented to utilitarian values assume that the utilitarian value is not so important in satisfaction formation process, so that the demands requested more to the benefit of the hedonic value. Customers who have the characteristics of *demanding customer* does not care about the utilitarian value. Therefore, regardless of the high value of *economic content* and utilitarian value on *demanding* customers will not be able to influence the level of satisfaction on a variety of customer groups.

Customers which are more focused on the hedonic consideration when viewed from the influence on satisfaction, did show a significant effect. The individual characteristics of customers who are *demanding* when choosing a product or service there is a tendency demands often delivered is demand that related to elements that are relatively emotional such as artistic design of bank, romantic lighting, luxurious feel attached to the bank and more comfortable atmosphere and there tendency that it is soften and tolerant than customers who focuses on utilitarian value. Accordingly characteristics of *demanding* customers in this study can be said moderating influence of hedonic value significantly on satisfaction. The influence of hedonic value to the satisfaction proved reinforced by the individual characteristics of customers that *demanding* . This means that the higher the customer *demanding* than the lower or small the value obtained and satisfaction received was also lower. The findings of this study support the findings of a study of Kim *et al. (* 2010) and Fiore and Kim (2007), Giering (2001) and Walsh *et al.* (2008) stated that individual characteristics as moderating variable can weaken the influence of utilitarian value on loyalty to the various groups.

7.2. Implications for managers

As the increasingly tough competition in the banking industry, the need to manage customer relationships become increasingly important (Rosby *et al.,* 1990). Loyal customers buy more, are willing to spend more, more accessible, and is a supporter of the company that enthusiastic (Harris and Goode, 2004), and lost customers can affect the market share and banking margins (Colgate and Hedge, 2001; Ennew and Binks, 1996; Keaveney, 1995). The results of the study provide some strategic implications for companies trying to build relationships with customers. First, banks must understand how implementation strategy of marketing relational factor work. Through the influence of intervening variables, those are *customer value* , these three factors increase customer loyalty. For managers, the identification of this relational factors and their influence on *customer value* and customer loyalty is crucial to improve the relationship with customers. Second, companies must differentiate relational factor between the *stayers* and *switchers* . As shown in Figure 1-3, *the economic content* significantly affects the utilitarian value for *stayers, social content* affect the hedonic value for *stayers* and *satisfied switchers,* and *resource content* increases utilitarian value in all three groups and significantly affect the hedonic value for *stayers*. In addition, the utilitarian and hedonic values significantly affect customer loyalty, with one exception: where the hedonic value did not affect customer loyalty for *dissatisfied switchers* . Thus, these results indicate that bank customers can be segmented effectively by their *switching* behavior. In the end, managers must focus on one or more relational factors and use them as a way to differentiate the company from competitors for each customer group.

7.3 Contribution of Theory

The findings of this study contribute to the theory of *relationship marketing* that is focused on increasing loyalty through utilitarian value and hedonic value (Chiu *et al.,* 2005). In the context of a customer oriented utilitarian value that loyalty does not play a role in building a long term relationship, in banking. Perhaps measurement of utilitarian just compare things that can be seen and quality of service is only measured by traditional measurements such as *reliability, empathy, assurance* and *responsiveness* that can only measure cognitive evaluation on the quality of services of utilitarian value and may not be used for measuring service quality of hedonic value which more use emotion as a measurement (Taylor *et al.,* 1993, Wakefield and Blodget 1999). In the context of hedonic value customers may often unconsciously using different criteria in evaluating the quality of the banking hedonic value. Suppose a customer at the bank is evaluating the service of hedonic value, that is how often customers feel shocked and fun, such emotions conditions is beyond expectations previous customers and banks must often do things like that. Given the utilitarian value has no effect on the loyalty then banks continue to make the novelty and uniqueness at the hedonic value that customer loyalty can be maintained.

7.3.Limitations

This study has three major weaknesses. The first weakness is the problem of external validity, ie, the ability to generalize the results outside the big cities in Java. Both methods of sampling for the study was *convenience sampling* that is not designed scientifically. Therefore, the possibility of bias can occur in a non-random sample of this. The third study used individual characteristics of *demanding customer* as interaction moderation between utilitarian and hedonic value on loyalty, although empirically study has not been getting strong support, but from a statistical analysis of the study results, the model is acceptable. The use of variable of *demanding customer* in the case of banking customers who only oriented on utilitarian value especially in Indonesia may not be correct.

7.4 Future Research

Other studies may take several future research directions. First, some research suggests that companies should analyze their customers based on their position on the continuum transactional exchange which in turn must apply the transactional or relational marketing (eg, Garbarino and Johnson, 1999). Therefore, further research could examine the relationship between the three factors of relational and customer loyalty for high versus low relational customers. Second, future research could examine the effects of the interaction of *economic content, resource content* and *social content.*

Third, previous literature reveals that service may consist of aspects of search, experience, trust, depending on the degree of asymmetry of information (Brush and Artz, 1999). Products vary from one bank can also be placed on a continuum, from the products that can be known prior to consumption (eg, deposits) to products that can be evaluated by consumers after several attempts (eg, credit cards) until the product that difficult to be evaluated despite some tries (for example, financial investments, insurance). Possibility that could be the topic is the influence of relational factors on various services in the banking industry through the intermediary of trust, commitment and satisfaction.

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