Brand Trust as Mediation Variable of Customer Relationship Management Influence on Student Loyalty

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Abstract: The purpose of this research is to find out the influence of customer relationship management on student loyalty, customer relationship management on brand trust, brand trust on student loyalty, the role of brand trust in mediating the influence of customer relationship management on student loyalty. This research is an explanatory research. The total sample used in this research is 110. The sampling technique used is purposive sampling. The questionnaire is used as a tool to collect data. The research tool used is Smart PLS. From the test result using Smart PLS, it can be concluded that customer relationship management significantly influences student loyalty, customer relationship management significantly influences brand trust, brand trust significantly influences student loyalty, and brand trust partially mediates the influence of customer relationship management on student loyalty.

1. INTRODUCTION

The internet growth of Web 2.0 becomes an effective platform for customer interaction, especially in an online environment. It has created various new media channel such as social media that allows easy interaction between company and other customers (Evans et al., 2010:4; Verhoef et al., 2010).

The reasons why customer relationship management (CRM) can build customer loyalty are: first, there is a change in the paradigm from a product-driven company to a customer-driven company. Second, every customer has different needs; therefore, the company must be more attentive toward all complaints. Third, the customer is everything, because if there is no customer, thus there is no business. Fourth, the cost to gain a customer is bigger than the cost to maintain the existing customer. And fifth, in Customer Relationship Management (CRM) there is database that becomes main weapon of service in providing information (Sinaga, 2006). By applying this CRM strategy, a company can maintain a relationship with the existing consumer optimally that it will fulfill the consumer expectation well. Ko et al., (2008) consider the special benefits of CRM as the increase in profits, decrease of marketing costs, and increase

of repeated purchases. There are many ways that can be done by the company to achieve the loyalty. One of the effective ways to achieve loyalty is through trust. Trust is a customer's awareness of the expectations of a brand's performance based on the experience and confidence embodied in the form of an attitude. By creating trust, it will generate loyalty.

The researcher's reason in conducting this research is because there is still a research gap from the previous research. It is inconsistency of research result of the research conducted by Ersi (2014). They state that CRM does not influence loyalty. Furthermore, the research conducted by Shihab and Sukendar (2009), also Bastian (2014) state that brand trust does not influence consumer loyalty. Therefore the researcher is interested to conduct research entitled brand trust as the mediation variable of the influence of customer relationship management on student loyalty, and choosing the students of Budi Luhur University as the research object.

2. LITERATURE REVIEW

Customer Relationship Management (CRM)

According to Buttler in Tjiptono (2004:48) Customer Relationship Marketing (CRM) is the business core that integrates internal process and function, and also external network to create and deliver value for targeted customers in order to gain profit. CRM is supported by high quality customer data and facilitated by information technology. Buttle (2004:59) states that there are four conditions that support the strategy development and application of customer relationship management. Those conditions are leader and culture, data and information technology, human resources, and process. If we put attention on the word CRM, first we will notice that relationship is about people to people. Second, the process is oriented to customer satisfaction and loyalty. Third, what technology is needed which will be used later on. For example, computer or SMS that can focus on the customer and easy to use.

Brand Trust

Consumer who trusts certain company will have expectation that the company makes decision based on consumer interest (Nguyen et al., 2013). Trust is a very important factor in a competitive business environment nowadays. Trust is something that cannot be seen, but it becomes consumer's consideration to buy a product or service with faith that what was promised will be kept (Dunn, 2004). According to Morgan & Hunt (1994) brand trust will determine consumer's loyalty on certain brand, and trust potentially creates high value relationships. According to Griffin (2005), loyal customers are those who are satisfied with products or services who are enthusiast to introduce it to whoever they know. Lau and Lee (1999:341) state that trust involves an expectation of other group and can create positive result, although other possibility can create negative result.

Loyalty

Zikmund, et al., (2003:69) states that: "The term customer loyalty refers to a customer's commitment or attachment to a brand, store, manufacturer, service provider, or other entity based on favorable attitudes and behavioral responses Customer is said to be loyal when his/her purchase behavior is not decided randomly (non-random) on several units. A loyal customer have an absolute tendency on what to buy and from whom the purchase is made. Loyalty can be considered as condition which is related to time span in doing purchase that does not need more than twice to consider it. For a decision, it can be interpreted as purchase decision which can be done by more than one person (Griffin, 2002:4). According to Griffin, (2005:4), loyalty concept is more behavioral than attitude, and a person who is loyal will show purchase behavior which can be interpreted as a regular purchase pattern in a long period of time that is done by decision-maker units.

3. METHODOLOGY

This research is an explanatory research. The population of the research is all students of Budi Luhur University from five faculties, which are Information Technology, Communication, Economy and Business, Social and Political Science, and Engineering Faculty. Sample determination technique used is purposive sampling, while the determination of the sample number is using proportional random sampling. The number of sampling is 110. A questionnaire is used as a tool to collect respondents' data. To measure each item of the surveys, we used a Likert scale of 5 points. Data collection technique uses a questionnaire that has been tested for validity and reliability. The data analysis technique used to answer the hypothesis is Smart PLS.

4. RESULT

The structural model of this result can be seen in Picture 1 below:
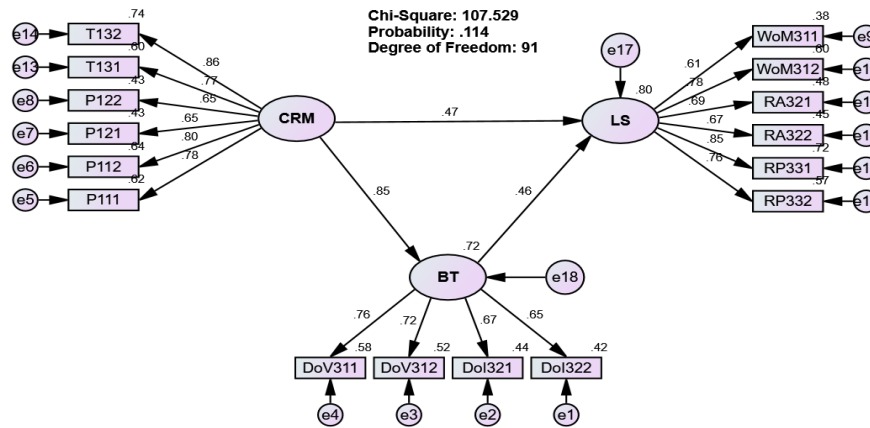
Picture 1 Result of PLS Algorithm Bootstrap Output Model Structural

Source: Data Processed Year 2019

To measure the significance of the prediction model in structural model test, it can be seen from t-statistic value between independent variable and dependent variable in Path Coefficient table in PLS output below:

Table 1 Direct Influence

Path Coefficients (t-Value) Direct

Path			Estimate	S.E.	C.R. (>1.96)	P (<0.05)	Remarks
BT	<---	CRM	0.685	0.117	5.866	0.000	Significant
LS	<---	CRM	0.325	0.138	2.346	0.019	Significant
LS	<---	BT	0.391	0.183	2.142	0.032	Significant

Source: Data Processed year 2019

In PLS test, statistically every hypothesized relation is conducted using simulation. In this case, bootstrap is conducted on the samples. Test using bootstrap is done to minimize abnormality of research data. Below is the bootstrapping test result of PLS analysis:

Customer Relationship Management Influences Student Loyalty

The test result of hypothesis 1 shows that the relation of customer relationship management variable with student loyalty indicates path coefficient value 0.000 with CR value 5.866. This value is bigger than t table (1.960). This result concludes that customer relationship management has positive and significant relation with student loyalty, which means it is in line with hypothesis 1 that states customer relationship management influences student loyalty. This research is in line with the research conducted by Guenzi and Pelloni (2004), Supar and Suasana (2017) which state customer relationship management influences loyalty.

Customer Relationship Management Influences Brand Trust

The test result of hypothesis 2 shows that the relation of customer relationship management variable and brand trust indicates path coefficient value 0.009 with CR value 2.346. This value is

bigger than t table (1.960). The result concludes that customer relationship management has positive and significant relation with brand trust, which means it is in line with hypothesis 2 that states customer relationship management influences brand trust. Thus, hypothesis 2 is accepted. This research is in line with the statement of Chan (2003) in Tjiptono's (2012) which reads CRM is a communication organized in form of mutually beneficial relationship between customer and company or partnership to create trust of the consumers. This research supports the research conducted by Semuel (2012) which shows that CRM positively influences trust.

Brand Trust Influences Student Loyalty

The test result of hypothesis 3 shows that the relation of brand trust variable on loyalty indicates path coefficient value 0.032 with CR value 2.142. This value is bigger than t table (1.960). The result

concludes that brand trust has positive and significant relation with student loyalty, which means it is in line with hypothesis 3 that states brand trust influences student loyalty. Thus, hypothesis 3 is accepted. This research is in line with the research conducted by Fadjar (2008) which state that product trust significantly influences customer loyalty in using certain brand, and by Bambang and Heryanto (2017) which state brand trust influences customer loyalty.

The Role of Brand Trust in Mediating the Influence of Customer Relationship Management on Brand Trust

The research result also shows that brand trust becomes mediation variable of customer relationship management influence on customer loyalty. Table 1.2 below shows indirect influence:

Table 2 Indirect Influence (Sobel Test)

Path	a	Sa	b	Sb	Sobel Test (> 1.96)	P (< 0.05)	Remarks
CRM --> BT --> LS	0.685	0.117	0.391	0.183	2.007	0.045	Significant

Source: Data Processed on 2019

Based on Table 1.2 above, it can be seen that brand trust mediates the influence of customer relationship management on student loyalty. It is shown by Pvalue 0.045 and sobel test value 2.007 (this value is above T table value 1.99), which is significant. Meanwhile, to find out the role of brand trust variable as mediation variable, it can be

seen from the significant direct influence of customer relationship management on student loyalty. It is proven by the Pvalue 0.000. This result proves that brand trust plays a role as partial mediation variable because customer relationship management directly influences loyalty, while the indirect influence of brand trust variable in mediating the influence of customer relationship management on student loyalty is significant.

In this test, the role brand trust variable as mediation variable of the influence of customer relationship management on student loyalty can be seen. It means hypothesis 4 is accepted. From the hypothesis test result using sobel test, it can be seen that brand trust plays a role as mediation variable, and that this research result is in line with the research conducted by Caruana (2002), Iskandar (2015) and Iriandi (2015).

5. CONCLUSION

Based on the previous analysis and discussion, it can be concluded that : The first hypothesis test result shows that there is a direct and positive relationship between customer relationship management and student loyalty; the second hypothesis test result shows that there is a direct and positive relationship between customer relationship management and brand trust; the third hypothesis test result shows that there is a direct and positive relationship between brand trust and student loyalty; the fourth hypothesis test result indicates the role of brand trust in mediates the influence of customer relationship management on loyalty.

Suggestions for further researches are: to do similar research on different population such as service company, trading and manufacturing sector, or other financial institution other than a banking institution, instead of service institution (university) as conducted on this research. The analysis tool used in this research is SEM-PLS. Therefore it is suggested to process data using other analysis tools such as SEM_AMOS, SPSS, and others for further research.

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