



The Influence of Relationship Marketing on Customer Loyalty: Customer Satisfaction as a Mediation Variable



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Abstract

This study aims to examine and explain the effect of relationship marketing on customer loyalty mediated by customer satisfaction. To achieve the research objectives, data analysis using Path Analysis and Sobel Test. Sampling by non-probability sampling with purposive sampling method and the size of the sample taken is 120 respondents. The results of the analysis show that relationship marketing has a positive and significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali. Furthermore, relationship marketing also has a positive and significant effect on customer satisfaction at Livingstone Café & Bakery Seminyak Bali. Customer satisfaction has a positive and significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali and customer satisfaction can significantly mediate the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali. Suggestions that can be recommended to the management of Livingstone Café & Bakery Seminyak Bali are to always build better relationship marketing to increase customer satisfaction and customer loyalty.

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1 Introduction

Economic development in Indonesia has developed in a better direction. This is in line with the rapid development of the business world, where more and more business actors are opening and developing their businesses. One of the growing businesses in Indonesia today is a coffee shop. The number of coffee shop businesses in 2019 has made the competition stronger and competed with each other in seizing the consumer market and attracting these consumers to make purchases, so that it becomes a conversation that is quite lively heard, both in print and in electronic media. This business condition in Indonesia has experienced a lot of progress, and many new cafes and coffee shops have been established (Putra & Yasa, 2021; Devi & Yasa, 2021). Café and coffee shop is one of the businesses that support the tourism sector, so with good and directed management, it is hoped that it will be able to attract domestic and foreign tourists to visit, where there is a café and coffee shop sector that contributes to the economy in Bali Province. The largest contribution to the economy is dominated by the café and coffee shop sector, which is 60 percent, followed by restaurants at 25 percent and cafes and bars at 15 percent. The increase in cafes and coffee shops as one of the businesses that support the tourism sector is expected to help move the national economy so that it can spur higher economic growth in the future. This is by Keppes No. 38 of 2005 which states that all sectors must support Indonesia's tourism development. Therefore, Cafés and coffee shops are required to further improve their services, considering that consumers are increasing their mobility and needs. To be able to face this kind of competition, Café and coffee shops should provide the best service to people who need the desired product or service. This is intended to meet consumer satisfaction and maintain public trust, loyalty, and loyalty (Apriliani, 2014).

Consumer loyalty is influenced by the satisfaction factor that consumers feel is met with their expectations (Kotler & Keller, 2007). Alriani (2016), states that the concept of consumer loyalty or consumer loyalty is not formed in a short time but through a learning process and based on the results of experiences from consumers themselves from consistent purchases over time. If their experience met the expectations, then this buying process continues to repeat itself. It can be said that there has been consumer loyalty (Dewi et al., 2014). If consumers do not get a satisfactory brand, they will not stop trying other brands until they get a product or service that meets their criteria (Kurniawati, 2016). Loyalty is the amount of consumption and frequency of purchases made by a consumer against a company (Angamuthu, 2015), and they managed to find that quality determines satisfaction, trust, commitment and has a positive relationship with loyalty. Satisfied and loyal customers are an opportunity to get new customers (Raimondo, 2018).

bt Musa et al. (2014), stated that one of the strategies that can be applied by companies in maintaining customer loyalty is to create a relationship between companies and consumers. This strategy of creating relationships with consumers is known as relationship marketing, how important it is for companies to establish good relationships through reciprocal communication between them. Wachyudi (2018), defines relationship marketing as a closer introduction to each consumer by creating two-way communication by managing a mutually beneficial relationship between consumers and companies. Likewise, in the cafe and coffee shop business that supports the tourism world to maintain good relations with consumers, implementing a relationship marketing strategy (Malik et al., 2017). Therefore, one thing that is very important for companies is to build good relationships with consumers because good relationships will determine the future value of the company concerned. Companies must also understand the important factors in relationship marketing, as stated by Apriliani (2014), that the factors that drive relationship marketing are trust, commitment, communication, and conflict handling. These factors are expected to satisfy consumers which will have a good impact on increasing consumer loyalty.

Empirically, there is also a research gap from research conducted by Amalana (2016), which proves that relationship marketing has a positive and significant influence in increasing consumer loyalty. Niemi (2015), in his research, proves that relationship marketing positively affects customer loyalty. Alrubaiee & Al-Nazer (2010), stated that relationship marketing has a positive influence on increasing consumer loyalty. Kanagal (2016), proves that there is a positive effect of relationship marketing in increasing customer loyalty. Apriliani (2014), confirmed that the relationship marketing variable has a positive influence on increasing consumer loyalty. In contrast to the results of Kanagal's (2016), research, relationship marketing does not affect customer loyalty. Silmi (2012), in his research, proves that the relationship marketing strategy does not affect customer loyalty. Umar (2000), stated the same thing relationship marketing has no effect on customer loyalty without the existence of quality of communication service.

In general, customer loyalty is the willingness of customers or consumers to continue to buy and use a company's products in the long term, a deeply held commitment to buy or re-support the preferred product or service in the future despite situational influences and marketing efforts having the potential to cause customers to switch. The phenomenon of the current problem at Livingstone Café & Bakery Seminyak Bali regarding consumer loyalty, through the results

of initial observations it can be seen that the competition is very tight with similar cafe and coffee shop businesses, such as Starbucks café, nine eleven café, black canyon coffee, and many other businesses. Others who prioritize relationship marketing in fighting for market share, especially for today's millennials who like cafes and coffee shops as a place to hang out and relax with friends. Cafés and coffee shops compete by offering the best service with a variety of up-to-date products with a variety of new flavors so that the expectations of the loyalty variable as the estuary of relationship marketing are blurred (Yoganathan et al., 2015; Gustafsson, 2009). The competition of Livingstone Café & Bakery Seminyak Bali with Café and coffee shops such as Starbucks café does not make Livingstone Café & Bakery never give up on attracting consumer loyalty. This is shown by the attitude of Livingstone Café & Bakery Seminyak Bali which always maintains consumer comfort and also maintains good relationship marketing relationships with consumers such as providing birthday gifts, free drinks, buy 2 get 1 free, discounts of up to 40 percent for purchases above Rp. 100 thousand so that consumers feel happy and comfortable visiting Livingstone Café & Bakery Seminyak Bali.

This phenomenon can be seen that the stressing point that must be done by Livingstone Café & Bakery Seminyak Bali in building consumer loyalty must prioritize good relationships and establish relationship marketing with consumers in terms of responsive service, two minutes service which is the motto of Livingstone Café & Bakery Seminyak, Bali currently finds consumers who have difficulty with services, orders, or payments, etc., so Livingstone Café & Bakery Seminyak Bali has a competitive advantage over competitors in increasing consumer loyalty. Increasing customer loyalty certainly cannot be separated from customer satisfaction itself. Customer satisfaction is very important for a company, which in this study is a company engaged in banking services, where good service plays a major role in providing satisfaction to its customers. With this service, it will bring up a level of satisfaction to consumers, both positive satisfaction and negative satisfaction. For banking companies, customer satisfaction is very necessary, especially in the context of the existence of the company, so that consumers will continue to use the company's services (Putri, 2014).

Tjiptono (2008), states that the parties who have the most direct relationships are marketers, consumers, consumers, and consumer behavior researchers. Customer satisfaction is a concept that has long been recognized in marketing. According to (RANI, 2016), "Satisfaction is the level of a person's feelings after comparing the performance/results he feels with his expectations." Thus, the level of satisfaction is a function of the difference between perceived performance and expectations. The perceived benefits of the company if it can create customer satisfaction for example the creation of a relationship that exists between the company and the customer becomes more harmonious (Putri, 2014). If performance is below expectations, consumers will be disappointed. If performance is in line with expectations, consumers will be satisfied, while Kotler & Keller (2007), define customer satisfaction as "a person's feeling of pleasure or disappointment that arises after comparing the expected performance (results). Consumers have a level of satisfaction and dissatisfaction after getting the service they receive from the company based on the level of expectations that have been met or not (Martini, 2013; Sawitri et al., 2013; Adinegara et al., 2018; Sanjaya & Yasa, 2018). Companies must try to make customer satisfaction develop into loyal consumers of the products and services provided by the company (Opuni et al., 2014).

Empirically, it was also found that there was a research gap from the research conducted by Putri (2014), which proves that customer satisfaction has a positive influence in increasing consumer loyalty. Martini (2013), in his research, proves that customer satisfaction positively affects customer loyalty. Byramjee et al. (2010), and Prayoga et al. (2015), stated that customer satisfaction has a positive influence on increasing consumer loyalty. RANI (2016), proves that there is a positive effect of customer satisfaction in increasing customer loyalty. Apriliani (2014), confirms that the customer satisfaction variable has a positive influence in increasing consumer loyalty. Customer loyalty is an invaluable asset for the company. Loyal consumers will provide better benefits to the company (Widyastuti & Wahyuati, 2014). Loyalty is a consumer's commitment to persist deeply to re-subscribe or re-purchase selected products/services consistently in the future. Tjiptono (2008), defines consumer loyalty as a priority and the foremost effort that can be pursued by companies to survive and win the competition, which of course will be created by creating a sense of customer satisfaction and creating good relationships with relationship marketing.

Customer satisfaction is the level where the perceived performance of the product will be by the expectations of a buyer (Kotler & Armstrong, 2012). The importance of customer satisfaction to achieve relationship marketing in today's business (business) climate from the customer's point of view. For companies, it is important to use customer satisfaction as the basis for knowing customer needs and wants, as well as elevating these needs and desires as the responsibility of management. Customer satisfaction should be the basis of management decisions. Companies must make increasing customer satisfaction a fundamental goal in increasing consumer loyalty (Iriani, 2011; Adinegara et al., 2017). Livingstone Cafe & Bakery Seminyak Bali is a café and coffee shop that has a café & bar concept with a

European style concept with European cuisine by providing breakfasts and freshly-brewed coffees. This company has the vision to be the best and foremost cafe and coffee shop in the world of tourism, especially in Bali with the motto "is a great place to start your day", while its mission is to further increase productivity, efficiency, and effectiveness in its field. To be able to anticipate competition, companies should provide good services offered by the company (Chiu et al., 2005; Huang, 2015).

Livingstone Cafe & Bakery Seminyak Bali is located at Jalan Petitenget No.88X, Kerobokan Kelod, North Kuta. This research was conducted at Livingstone Cafe & Bakery Seminyak Bali if it is associated with marketing has a demand to win the competition so that it must be able to maintain customer satisfaction and loyalty. So important is customer satisfaction and loyalty for companies that will maintain their business continuity in the future. Customer satisfaction and loyalty will be maintained if consumers are happy and satisfied with the services, products, and relationships that are well established between employees and consumers so that they have the enthusiasm to continue to be consumers at Livingstone Cafe & Bakery Seminyak Bali. Based on the background of the problem, the purpose of this study is to examine and explain the effect of relationship marketing on customer loyalty mediated by customer satisfaction (Preacher & Hayes, 2004; Santoso, 2010).

2 Conceptual Framework and Hypotheses

Customer loyalty

Oliver in Hurriyati (2005), defines customer loyalty as "customer loyalty is deficiently held commitment to repurchase a preferred product or service consistently in the future having the potential to cause switching behavior". The definition shows that loyalty is a deep lasting consumer commitment to re-subscribe or re-purchase selected products/services consistently in the future. Meanwhile, Kotler & Keller (2007), state that customer loyalty is a function of satisfaction where customers are loyal to contribute to the company's profitability by spending more on company products and services, through repeat purchases, and by recommending them to other consumers.

Relationship marketing

Kotler & Armstrong (2012), state that relationship marketing is a process for creating, maintaining, and enhancing strong relationships with customers and other stakeholders. In addition to devising new strategies to attract new customers and create transactions with them, companies are constantly struggling to retain existing customers and build long-term, profitable relationships with them. According to Chan (2003), relationship marketing is a closer and satisfying introduction to each customer by creating two-way communication by managing a mutually beneficial relationship between consumers and companies. It can be concluded that relationship marketing is an effort made by a company to establish a long-term relationship, in which the relationship will benefit both parties. According to Tjiptono (2008), the purpose of a company implementing relationship marketing is so that the company can build and maintain a customer base that has a strong relationship commitment and is profitable for the company. Relationship marketing according to Saputra et al. (2015), is a marketing strategy concept that seeks to establish long-term relationships with customers, namely maintaining a strong and mutually beneficial relationship between service providers and customers that can build repeat transactions and create customer loyalty.

Customer satisfaction

According to Kotler & Keller (2007), consumer satisfaction is a person's feelings of pleasure or disappointment that arise after comparing the expected performance (results). It can be concluded that consumer satisfaction is a process of comparison between consumer expectations and the results obtained. According to Tjiptono (2008), "the parties who have the most direct relationships are marketers, consumers, consumers, and consumer behavior researchers". The perceived benefits of the company if it can create customer satisfaction for example the creation of a relationship that exists between the company and the customer becomes more harmonious. Kotler & Armstrong (2012), "Satisfaction is the level of a person's feelings after comparing the product performance (or results) he feels with his expectations". So the level of satisfaction is a function of the difference between perceived performance and expectations. Consumers can experience one of the common levels of satisfaction.

Many experts define satisfaction, according to Maslow (2002), "customer satisfaction or dissatisfaction evaluates the perceived discrepancy between expectations before purchase and the actual performance of the product felt after its use". Samaha et al. (2014), and Evirasanti et al. (2016), states that consumer satisfaction is an emotional response to the evaluation of the consumption experience of a product or service. According to Hänninen & Karjaluoto (2017), consumer satisfaction is "buyer evaluation where the chosen alternative is at least equal to or exceeds consumer expectations, while consumer dissatisfaction arises if the outcome does not meet expectations".

3 Research Methodology

This research is causal, examining the relationship between relationship marketing with customer satisfaction, and customer loyalty. This study uses a quantitative approach. The data collection technique used is by distributing questionnaires. The research was conducted in Badung Regency. This location is Livingstone Café & Bakery Seminyak Bali chosen because it is an object located in Badung Regency with the very fast growth of the culinary business sector, a dense population, and a large population of foreign tourists. In addition, technically, Badung Regency meets the category that is considered effective in conducting relevant research. In this study, the population is all consumers of Livingstone Café & Bakery Seminyak Bali.

According to Sugiyono (2017), the sample is part of the number and characteristics possessed by the population. So the sample in this study is consumers who meet certain criteria by consumer loyalty research at Livingstone Café & Bakery Seminyak Bali. In this study, the sample was taken with a non-probability sampling technique. That is a technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample. The sample selection technique used the purposive sampling technique, namely the technique of determining the sample based on certain considerations and conditions. The considerations used in sampling are as follows: 1) Consumers of Livingstone Café & Bakery Seminyak Bali. 2) Respondents who receive Livingstone Café & Bakery Seminyak Bali services have been customers for at least 3 months (Agarwal & Sinha, 2003; Furrer et al., 2005).

To obtain valid results from the questionnaire, it is necessary that the number of samples of respondents taken to fill out the questionnaire can be determined at least $(5-10) \times$ the number of variables studied. In this study, 12 indicators were used consisting of four questions on consumer loyalty variables, four questions from customer satisfaction, and four questions from relationship marketing so that the number of respondents used as samples in this study was: Number of samples: = Number of indicators \times 10 ($12 \times 10 = 120$ respondents). The data analysis technique used Path Analysis and Sobel Test.

4 Results and Discussions

Hypothesis test results

From the path model formed, there are two structural equations or a system of simultaneous equations. From the results of data processing with SPSS, the structural equation model or the simultaneous equation system for the first structure and the second structure, shows the results as shown in the following table:

Table 1
Recapitulation of results of structure path analysis 1

Model	Standardized Coefficients Beta	T	Sig.
(Constant)	0,733	3,033	0,003
Relationship marketing	0,810	13,661	0,000
R ²	: 0,613		
F Statistics	: 186,611		
Sig.F	: 0,000		

(Source: Primary data processed, 2021)

Based on the report in the table above, the structural equation is as follows:

$$\begin{aligned} Y_1 &= 0,810 X \\ Se &= 0,000 \\ t &= 13,661 \\ \text{Sig. } t &= 0,000 \\ F \text{ Statistics} &= 186,611 \\ \text{Sig. } F &= 0,000 \\ R^2 &= 0,613 \end{aligned}$$

Based on Table 1, the standard error values are obtained as follows:

$$Pe_1 = \sqrt{1 - R_1^2}$$

$$Pe_1 = \sqrt{(1 - R_1^2)} = \sqrt{1 - 0,613} = 0,622$$

The table above explains the results of testing the effect of the relationship marketing variable (X) on customer satisfaction (Y.1). It is explained that relationship marketing has a significant positive effect on customer satisfaction with a standardized coefficients beta value of 0.810 and a sig t value of 0.000 < 0.05, therefore standardized coefficients beta value of 0.810 with a value of sig t = 0.000 then H0 is accepted (Asker David, 1997; Sadat, 2009). This means that the relationship marketing variable has a positive and significant partial effect on customer satisfaction at Livingstone Café & Bakery Seminyak Bali.

Table 2
Recapitulation of results of structure path analysis 2

Model	Standardized Coefficients	T	Sig.
	Beta		
(Constant)	0,009	0,038	0,970
Relationship marketing	0,640	7,354	0,000
Customer satisfaction	0,340	4,044	0,000
R ²	: 0,721		
F Statistics	: 150,996		
Sig.F	: 0,000		

(Source: Primary data processed, 2021)

Based on the report in the table above, the structural equation is as follows:

$$\begin{aligned} Y_2 &= 0,640 X + 0,340 Y_1 \\ Se &= 0,000 \\ t &= 7,354 \text{ (relationship marketing) and } 4,044 \text{ (customer satisfaction)} \\ \text{Sig. } t &= 0,000 \\ F \text{ Statistics} &= 150,996 \\ \text{Sig. } F &= 0,000 \\ R^2 &= 0,721 \end{aligned}$$

Based on Table 2, the standard error values are obtained as follows:

$$Pe_2 = \sqrt{1 - R_1^2}$$

$$Pe_2 = \sqrt{(1 - R_1^2)} = \sqrt{1 - 0,721} = 0,528$$

Table 2 explains the results of testing the effect of the relationship marketing variable (X) on customer loyalty (Y.2). It is explained that relationship marketing has a significant positive effect on customer loyalty with a standardized coefficients beta value of 0.640 and a sig t value of 0.000 < 0.05, therefore standardized coefficients beta value of 0.640 with a value of sig t = 0.000 then H0 is accepted. This means that the relationship marketing variable has a positive and partially significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali (Jung & Yoon, 2013; Chi & Gursoy, 2009).

The results of testing the influence of the customer satisfaction variable (Y.1) on customer loyalty (Y.2) explained that relationship marketing has a significant positive effect on customer loyalty with a standardized coefficients beta value of 0.340 and a sig t value of 0.000 < 0.05 because the value of standardized coefficients beta of 0.340 with a value of sig t = 0.000 then H0 is accepted. This means that the customer satisfaction variable has a positive and partially significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali (Bodet, 2008; Zhang et al., 2016).

Based on the results of the path coefficients on the research hypothesis, it can be described a causal relationship between customer satisfaction variables mediating the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali. The calculation of the effect between variables is summarized in Table 3.

Table 3
Direct and indirect effects and total relationship marketing (X) influence customer loyalty (Y.2) with customer satisfaction (Y.1) as mediation

	Relationship between variables	Direct Effect	Indirect Effect (p1 x p3)	Total Effect
P ₁	Relationship marketing → customer loyalty	0,640	-	0,640
P ₂	Relationship marketing → customer satisfaction	0,810	-	0,810
P ₃	Customer satisfaction → customer loyalty	0,340	-	0,340
P ₄	Relationship marketing → customer satisfaction customer loyalty	0,810	0,217	1,027

(Source: Primary data processed, 2021)

Based on the summary results in Table 3, the results can be explained as follows.

- 1) Relationship marketing (X) is proven to have a positive and significant effect on customer loyalty (Y.2), which is indicated by the path coefficient value of 0.640, with a significance level or p-value = 0.000, which means it is very significant. The path coefficient is positive, which means that the increase in relationship marketing owned by customers will be able to increase customer loyalty at Livingstone Café & Bakery Seminyak Bali, then hypothesis 1 which reads, relationship marketing has a positive and significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali is supported.
- 2) Relationship marketing (X) is proven to have a positive and significant effect on customer satisfaction (Y.1), which is indicated by the path coefficient value of 0.810, with a significance level or p-value = 0.000, which means it is very significant. The path coefficient is positive, which means that the increased relationship marketing owned by customers will be able to increase customer satisfaction at Livingstone Café & Bakery Seminyak Bali, then hypothesis 2 which reads, relationship marketing has a positive and significant effect on customer satisfaction at Livingstone Café & Bakery Seminyak Bali is supported.
- 3) Customer satisfaction (Y.1) is proven to have a positive and significant effect on customer loyalty (Y.2), which is indicated by the path coefficient value of 0.340, with a significance level or p-value = 0.000, which means it is very significant. The path coefficient is positive, it can be interpreted that the increase in customer satisfaction owned by customers will be able to increase customer loyalty at Livingstone Café & Bakery Seminyak Bali, then hypothesis 3 which reads, customer satisfaction has a positive and significant effect on customer loyalty at Livingstone Café & Bakery Seminyak Bali is supported.
- 4) Customer satisfaction (Y.1) mediates the positive effect of relationship marketing (X) on customer loyalty (Y.2), which is indicated by the path coefficient value of 1.027, with a significance level or p-value = 0.000, which means it is very significant. The path coefficient is positive, which means that customer satisfaction will

be able to improve relationship marketing to customers who come to Livingstone Café & Bakery Seminyak Bali so that directly or indirectly form customer loyalty towards Livingstone Café & Bakery Seminyak Bali. So hypothesis 4 customer satisfaction mediates the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali is supported.

Sobel test

To test the significance of the mediating role of the customer satisfaction variable, the Sobel formula was used. Based on the indirect effect path diagram, it can be calculated Standard error coefficients a and b are written with Sa and Sb, the amount of indirect effect standard error (indirect effect) Sab is calculated by the following formula:

$$S_{ab} = \sqrt{b^2 S_a^2 + a^2 S_b^2 + S_a^2 S_b^2}$$

Information :

Sab = the size of the indirect standard error

Sa = standard error coefficient a

Sb = standard error coefficient b

a = path X to M

b = path M to Y

$$S_{ab} = \sqrt{(0,622^2)0,068^2 + (0,528^2)0,065^2 + (0,065)^2 (0,068)^2}$$

$$S_{ab} = 0,054$$

To test the significance of the indirect effect, calculate the z value of the ab coefficient with the following formula:

$$z = \frac{ab}{S_{ab}}$$

Information:

Sab = the size of the indirect standard error

ab = path X to Y.1 (a) with path Y.1 to Y.2 (b)

$$z = \frac{(0,622)(0,528)}{0,054}$$

$$z = 6,081$$

To find out the decision making of hypothesis testing, the test steps in this study are as follows:

1) Hypothesis Formulation

Ho: Customer satisfaction does not mediate the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali.

H1: Customer satisfaction mediates the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali.

2) The real level used in this study is 5 percent. The critical area is $z(0.05) = 1.96$.

3) Testing criteria

Ho is accepted and H1 is rejected if $z \text{ value} < z \text{ table} = 1.96$

Ho is rejected and H1 is accepted if $z \text{ value} > z \text{ table} = 1.96$

4) Calculate z value

Based on the results of the analysis, the calculated z value is 6.081.

5) Conclusion

From the calculation results, the comparison of the calculated z value of $6.081 > z \text{ table of } 1.96$, then Ho is rejected and H1 is accepted. This means that customer satisfaction mediates the effect of relationship marketing on customer loyalty at Livingstone Café & Bakery Seminyak Bali.

6) Testing the coefficient of determination (R²)

Based on the calculation of the effect of error (Pe1), the result of the effect of error (Pe1) is 0.613 and the effect of error (Pe2) is 0.721. The results of the coefficient of total determination are as follows:

$$\begin{aligned} R^2_m &= 1 - (Pe_1)^2 - (Pe_2)^2 \\ &= 1 - (0,622)^2 - (0,528)^2 \\ &= 1 - (0,386) - (0,278) \\ &= 1 - 0,107 = 0,893 \end{aligned}$$

The total determination value of 0.893 means that 89.3% of the variation in customer loyalty is influenced by relationship marketing and customer satisfaction variables, while the remaining 10.7 percent is explained by other factors not included in the model.

Discussion

Effect of relationship marketing on customer loyalty

The results of data analysis show that relationship marketing has a positive influence on customer loyalty, it can be seen that a good relationship marketing between customers and employees will have a positive influence on customer loyalty at Livingstone Café & Bakery Seminyak Bali. Therefore, consumer attitudes and loyalty to a brand are largely determined by the relationship marketing that can be created by the company. So as the company's commitment to increase consumer loyalty to re-subscribe or re-purchase selected products/services consistently in the future. The results of this study are in line with [Amalana's \(2016\)](#), research which proves that relationship marketing has a positive influence on increasing consumer loyalty. [Niemi \(2015\)](#); [Carolina & Yasa \(2019\)](#), in their research prove that relationship marketing positively affects customer loyalty. [Alrubaiee & Al-Nazer \(2010\)](#), stated that relationship marketing has a positive influence on increasing consumer loyalty. [Kanagal \(2016\)](#), proves that there is a positive effect of relationship marketing in increasing customer loyalty. [Apriliani \(2014\)](#), confirmed that the relationship marketing variable has a positive influence on increasing consumer loyalty.

Effect of relationship marketing on customer satisfaction

The results of the data analysis show that relationship marketing has a positive influence on customer satisfaction, it can be seen that the relationship marketing perceived by customers will have a positive influence on customer satisfaction at the Livingstone Café & Bakery in Seminyak, Bali ([Nyadzayo & Khajehzadeh, 2016](#); [Chen, 2012](#)). Therefore, relationship marketing and customer satisfaction are the main goals of relational marketing because retaining customers is a priority compared to attracting new customers in the concept of relationship marketing theory as a strategic orientation that focuses on maintaining and increasing existing customers rather than acquiring new customers. The results of this study are supported by research by [Silmi \(2012\)](#), which proves that relationship marketing has a positive influence in increasing customer satisfaction. [Alrubaiee & Al-Nazer \(2010\)](#), stated that relationship marketing has a positive influence on increasing customer satisfaction. [Kanagal \(2016\)](#), proves that there is a positive influence of relationship marketing in increasing customer satisfaction. [Niemi \(2015\)](#), in his research, proves that relationship marketing positively affects customer satisfaction. [Riasma et al. \(2018\)](#), confirm that the relationship marketing variable has a positive influence in increasing consumer satisfaction.

The influence of customer satisfaction on customer loyalty

The results of the data analysis show that customer satisfaction has a positive influence on customer loyalty, it can be seen that there is dynamic customer satisfaction that continuously needs to be updated through new products/services, new services, communication that is more oriented to customer loyalty, and customer satisfaction leads to profit. generated by the company, satisfied customers will create a strong relationship and lead to customer loyalty. The results of this study are supported by the research of [Putri \(2014\)](#); [Atmadja & Yasa \(2020\)](#); [Devi & Yasa \(2021\)](#); [Rahmayanti & Ekawati \(2021\)](#), which prove that customer satisfaction has a positive influence on increasing consumer loyalty. [Martini \(2013\)](#), in his research, proves that customer satisfaction positively affects customer loyalty. [Byramjee et al. \(2010\)](#), stated that customer satisfaction has a positive influence on increasing consumer loyalty. [RANI \(2016\)](#), proves that there is a positive effect of customer satisfaction in increasing customer loyalty. [Zeithaml et al. \(2002\)](#), and [Diputra & Yasa \(2021\)](#), confirm that the customer satisfaction variable has a positive influence on increasing consumer loyalty.

The role of customer satisfaction mediates the effect of relationship marketing on customer loyalty

The results of data analysis indicate that customer satisfaction can positively mediate the influence of relationship marketing on customer loyalty (Pradeep, 2012; Verhoef, 2003). An objective assessment of customer loyalty can be created with the existence of relationship marketing and customer satisfaction, whether high or low, will have a strong influence on the intensity of customer loyalty. The results of this study are by the research of Apriliani (2014), confirming that the variable customer satisfaction mediates the effect of relationship marketing on consumer loyalty. Martini (2013), in his research, proves that customer satisfaction can mediate the positive influence of relationship marketing on customer loyalty. Silmi (2012), states that customer satisfaction mediates the effect of relationship marketing on consumer loyalty. Sarwar et al. (2012), proved that customer satisfaction mediates the effect of relationship marketing on consumer loyalty. Darmoyo (2016), proves that customer satisfaction mediates the effect of relationship marketing on consumer loyalty.

5 Conclusion

Based on the discussion, it can be concluded that relationship marketing has a positive and significant effect on customer loyalty at Livingstone Cafe & Bakery Seminyak Bali, relationship marketing has a positive and significant effect on customer satisfaction at Livingstone Cafe & Bakery Seminyak Bali, customer satisfaction has a positive and significant effect on customer loyalty at Livingstone Cafe & Bakery Seminyak Bali, customer satisfaction partially mediates the effect of relationship marketing on customer loyalty at Livingstone Cafe & Bakery Seminyak Bali.

Suggestion

Suggestions that can be given by researchers are: (1). The management of Livingstone Cafe & Bakery Seminyak Bali to improve relationship marketing with customers must pay attention to problems related to customer complaints that must be responded to as quickly as possible such as orders that are delivered not too long, the right taste of food is not too salty and not too sweet so that customers are satisfied with service, and most importantly the employees always give a friendly smile in every service to create a good relationship with customers. (2). The management of Livingstone Cafe & Bakery Seminyak Bali in providing a sense of satisfaction or customer satisfaction to customers must provide something different to customers, both in terms of food quality, service, employee friendliness, as well as the advantages of free products provided to customers such as infused water that can be refilled so that customers always feel satisfied and feel good things when visiting Livingstone Café & Bakery Seminyak Bali. (3). The management of Livingstone Cafe & Bakery Seminyak Bali to increase customer loyalty, customers must have a certain strategy to win the competition and be able to survive during this Covid-19 pandemic, must be able to provide something different from its competitors, in addition to marketing existing products it may offer health products that can be competitive, for example arranging rooms according to health protocols, having restrictions on reception, providing complete personal protective equipment (PPE) during service for free so that customers feel comfortable and loyal to come back without feeling anxious to receive services at Livingstone Café & Bakery Seminyak Bali.

Conflict of interest statement

The authors declared that's they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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