



**THE EFFECT OF CUSTOMER RELATIONSHIP  
ON LOYALTY THROUGH CUSTOMER TRUST AND WORD OF  
MOUTH - SURVEY ON JAVA DANCER COFFEE ROASTER  
CUSTOMERS IN MALANG CITY, INDONESIA**

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**Abstract:**

The purpose of this study is to provide empirical evidence about customer trust and word of mouth as a mediator of the effect of customer relationship marketing on customer loyalty. The population of this research is the customers of Java Dancer Coffee Roaster in Malang City and the sample size is 140 respondents. The analysis technique in this research is Structural Equation Modeling (SEM). The results showed that Customer relationship marketing by focusing on long-term customers continuously contributes to increasing customer loyalty and trust. Customers who have the confidence that Java Dancer Coffee Roaster contributes to Java Dancer Coffee Roaster customer loyalty. Customer trust is not able to act as a mediator of the indirect effect of the effect of customer relationship marketing on customer loyalty. Customer relationship marketing by focusing on long-term customers continuously contributes to increasing the word of mouth of Java Dancer Coffee Roaster in Malang City. Word of mouth affects customer loyalty at Java Dancer Coffee Roaster in Malang City. Word of mouth is not able to act as a mediator of the indirect effect of the effect of customer relationship marketing on customer loyalty.

**Keywords:** customer relationship marketing, customer trust, word of mouth, and customer loyalty

## 1. Introduction

The culinary business is a business that has a very fast growth in Malang City. More specifically, a culinary business that is very growing is a cafe. The development of cafes in Malang City, when viewed from the number, has grown to 100%. Cafes are also a source of regional income. This is in accordance with what was stated by Indra Setiyadi as Chairman of the Indonesian Cafe and Restaurant Entrepreneurs Association (Apkrindo) Malang Branch ([culinary.radarmalang.id](http://culinary.radarmalang.id)). There are already many cafes in Malang that serve several variants of coffee as a mainstay menu. The cafe that provides coffee or coffee shops or coffee shops in Malang has various differences. Starting from the different variants of the coffee provided, the difference in price, to the difference in facilities. There is even a Malang Million Coffee movement. Through this movement, the "Jagongan Ngipok" activity was held in 2017.

One of the famous cafes in Malang that provides various types of coffee is Java Dancer Coffee Roaster. Java Dancer Coffee Roaster is a local coffee depot that was first opened in Malang. This depot was established in December 2008 and consistently serves Arabica and Robusta coffee from various best coffee producing regions in Indonesia with modern roasting processes and perfect presentation. With the slogan "*share the greatest of handcrafted Indonesian coffee*" Java Dancer Coffee Roaster truly provides a special experience for coffee lovers in Malang.

As one of the legendary cafes in Malang City, Java Dancer Coffee Roaster also does not escape the existing business competition. The increasingly strict development of cafes in Malang, coupled with changes in customer tastes, can cause customers to move from one cafe to another. Java Dancer Coffee Roaster must have the ability to develop strategic choices in order to adapt to dynamic environments. Therefore, company resources must be managed systematically so as to produce a superior value that customers can truly appreciate and produce loyal customers.

Kotler and Armstrong (2018) loyal customers tend to shop more often and try other company's products and tell others about the good experiences they have had when using the product or service and bringing new customers into the company. In order to keep customers loyal, companies need to apply the concept of Customer Relationship Marketing (CRM). CRM has developed into a new paradigm for marketing strategies. CRM is the introduction of each customer more closely by creating two-way communication. This communication needs to be managed in the form of a mutually beneficial relationship between the customer and the company. The relationship in question must be a partnership, not just a relationship between a seller and a buyer, achieve the long-term goal of generating sustainable benefits from a group of loyal customers. The results of the studies conducted by Jesri, et al. (2013), Harun (2011), and Semuel (2011) concluded that CRM significantly affects customer loyalty. The different results shown by Wang and Yang (2010) concluded that there was no significant relationship between CRM and loyalty.

The results of empirical studies on the influence of customer relationship marketing on customer loyalty still create gaps, so it is interesting to revisit and to cover these gaps, a variable that is able to mediate the effect of customer relationship marketing on customer loyalty is needed, namely customer trust and word of mouth.

Maintaining customers to remain loyal requires the ability to give customer trust. Flavian, et al. (2005) argued that trust is an important element that affects the quality of a relationship. According to Prasaranphanich (2007), when consumers trust a company, they will prefer to repurchase and share valuable personal information with the company. Chiou and Droge (2006), Ball, et al. (2003), Luarn and Lin (2003), Seigyoung (2005), and Ranjbarian, et al. (2011) proved that trust affects loyalty.

Customer relationship marketing is a company effort to establish long-term relationships with customers in order to create a good relationship between customers and the company, with this good relationship, it is expected to create customer trust. Kreitner and Kinicki (2001) state that trust is the belief of one party regarding the intentions and behavior of the other party. Conceptually, trust exists when one party has confidence in the integrity and reliability of the other party (Morgan and Hunt, 1994). Research Samuel (2012), Bataineh, et al. (2015), Rizan, et al. (2014) and Bataineh, et al. (2015) concluded that customer relationship marketing has an influence on customer trust.

The phenomenon of word of mouth can encourage purchases and influence the community, strategies, efficient promotions because it does not require large costs, can create a good image, and make customers buy these products again (Saputra et al., 2014). To establish word of mouth, a company can use a business strategy, namely by increasing customer relationship marketing. Customer relationship marketing is a strategy to retain existing customers and build long-term relationships that can bring benefits to both parties (Kotler and Amstrong, 2010). The results of research by Ngoma & Ntale (2019) and Wang and Yang, (2010) show that there is a significant influence between customer relationship marketing and word of mouth.

Word of mouth can market a product and service through conversations, promotions, and recommendations from customers about products and services to others enthusiastically and voluntarily, in these conditions it can create customer loyalty. Research conducted by Ntale et al. (2013) show that word of mouth has a significant effect on consumer loyalty. Yusfita and Yulianto (2018) reveal that there is a significant positive effect of word of mouth on loyalty.

This study tries to do a comprehensive study of customer trust and word of mouth as a mediator of the effect of customer relationship marketing on customer loyalty.

## **2. Theoretical Review**

### **2.1 Customer Relationship Marketing**

Customer relationship marketing (CRM) is *“a concept that focuses on maintaining relationships with customers to build long-term and profitable customer relationships”* (Buttle,

2007). CRM describes how companies interact and actively manage customer relationships. According to Buttle (2007), in general, it can be stated that "*CRM aims to develop beneficial relationships and create value for target consumers in a profitable manner by integrating internal processes and functions with all external networks*". Customer relationship marketing focuses on building relationships with one customer at a time. This requires in-depth and accurate knowledge of the customer's situation, behavior, needs, and preferences. The study of customer relationship marketing is full of antecedents, results, and relationship marketing activities itself. Morgan and Hunt (1994) suggest that "*many references to the definition of customer relationship marketing (customer relationship marketing) offer all marketing activities from establishment, development, and maintenance*".

## **2.2 Consumer Trust**

Effective marketing depends on developing and managing customer trust so that customers specifically buy a service before experiencing it (Shamdasani and Balakrishnan, 2000). Trust management is determined in the manner in which the service provider, personnel, technology, and systems resources are used so that customer trust in the resources involved and the company itself. Kreitner and Kinicki (2001) state that trust is the belief of one party regarding the intentions and behavior of the other party. According to Bologlu (2002), the dimension of trust is defined as the dimension of a business relationship that determines the degree to which people feel they can depend on the integrity of the promises offered by others. Trust is "*the basis of a strategic partnership because a relationship based on trust is highly valued so that interested parties will be eager to commit to the relationship*" (Morgan and Hunt, 1994). Trust is a major determinant of relationship commitment (Morgan and Hunt, 1994), while Bloemer et al. (1998) states that "trust and commitment are mediators between satisfaction and loyalty. Garbarino and Johnson (1999) "*emphasize individual trust with reference to consumer confidence in the quality and reliability of services provided*".

## **2.3 Word of mouth**

According to Kotler (2006), word of mouth is personal communication about a product between buyers, neighbors, friends, family members, and colleagues. According to Rosen (2004), Vilpponen et al. (2006), word of mouth is the amount of word of mouth communication about a particular brand of product, service, or company at each stage at a certain time. According to Mowen & Minor (2002: 180), word of mouth refers to the exchange of comments, thoughts, or ideas between two or more consumers, and is not a source of marketing. Based on these three definitions, it can be concluded that word of mouth is a form of personal communication that aims to provide information or influence others to use products or services from a particular organization. The Word of Mouth strategy is very effective in influencing customers because the information provider has a close and trustworthy relationship.

## 2.4 Customer loyalty

According to Griffin (2002: 35) states that "*loyalty is defined as nonrandom purchase expressed over time by some decision-making unit*". Based on this definition, it can be seen that loyalty is more aimed at behavior, which is indicated by routine purchases, based on a decision-making unit. Customer loyalty has an important role in a company, maintaining them means improving company performance, this is the main reason for a company to attract and maintain. Nguyen, et al (2007), revealed that "*loyal customers will consider themselves loyal, do shopping in, shopping is the first choice, will go shopping in the future, and will promote to family and friends*". Sung and Chang (2005) reveal that customer loyalty is formed due to favorable words, repetitive purchases, and the intention of repurchase. Meanwhile, Chen (2008) identifies the best choice for shopping, loyalty, the desire to always shop, the order of shopping choices, has a character where visitors are served quickly.

## 2.5 Hypothesis Development

According to Kotler (2009) relationship marketing (Relationship Marketing) aims to build mutually satisfying long-term relationships with key constituents in order to acquire and retain customers. Kotler and Keller (2016) argue that the importance of relationship marketing is carried out by companies, in the long run, not only to gain instant profits but also to create mutually satisfying relationships between companies and customers, because companies can create customer loyalty, get as much income as possible from customers, obtain profits according to the target set and in the end, can maintain the business. Jesri, et al. (2013), Harun (2011), and Semuel (2011) concluded that CRM significantly affects customer loyalty. Based on this description, the research hypothesis is as follows:

### **Hypothesis 1: Customer relationship marketing has an effect on customer loyalty.**

CRM can be used as a strategy for building good relationships with customers in the long run (Winer, 2001). A good CRM will create a trust (Tjiptono, 2000). Semuel's research (2012) shows that customer relationship marketing has an influence on customer trust. Bataineh, et al (2015) show that customer relationship marketing factors have an influence on customer trust. Rizan, et al (2014) and Bataineh, et al. (2015) concluded that customer relationship marketing directly affects customer trust. Based on this description, the research hypothesis is as follows:

### **Hypothesis 2: Customer relationship marketing affects customer trust.**

Chiou and Droge (2006) prove that trust affects loyalty. Ball, et al. (2003) concluded that trust has an impact on loyalty. Luarn and Lin (2003), Seigyoung (2005) prove that trust does not affect commitment but does affect loyalty. Ranjbarian, et al. (2011) show that there is a significant correlation between trust and customer loyalty in four-star hotels in Iran. This is because customer trust is important in increasing customer loyalty. Based on the results of an empirical study, the hypothesis of this study is as follows:

**Hypothesis 3: Customer trust directly has a significant effect on customer loyalty.**

Research Samuel (2012), Bataineh, et al (2015), Rizan, et al. (2014) and Bataineh, et al. (2015) concluded that customer relationship marketing affects customer trust. Meanwhile, Chiou and Droge (2006), Ball, et al. (2003), Luarn and Lin (2003), Seigyoung (2005) and Ranjbarian, et al. (2011) show that there is an effect of trust on customer loyalty. Based on the results of an empirical study, the hypothesis of this study is as follows:

**Hypothesis 4: Customer trust mediates the effect of customer relationship marketing on customer loyalty.**

According to Kotler and Armstrong (2010), relationship marketing is a strategy to retain existing customers and build long-term relationships that can bring benefits to both parties. Managing the relationship between the two parties creating communication will lead to a closer introduction (Chan, 2003). Relationship marketing strategy is very important besides the company must also create and build relationships with new customers. Results from research by Ngoma & Ntale (2019) and Yang, et al. (2010) show that there is a significant influence between customer relationship marketing and word of mouth. Based on the results of an empirical study, the hypothesis of this study is as follows:

**Hypothesis 5: Customer relationship marketing director has a significant effect on Word of mouth.**

Word of mouth can market a product and service through conversations, promotions, and recommendations from customers about products and services to others enthusiastically and voluntarily, in these conditions it can create customer loyalty. Research conducted by Ntale et al. (2013) show that word of mouth has a significant effect on consumer loyalty. Yusfita and Yulianto (2018) reveal that there is a significant positive effect of word of mouth on loyalty. Based on the results of an empirical study, the hypothesis of this study is as follows:

**Hypothesis 6: Word of mouth directly has a significant effect on customer loyalty.**

Ngoma & Ntale Research (2019) and Yang, et al. (2010) show that there is a significant influence between customer relationship marketing and word of mouth. Meanwhile, Ntale et al. (2013) show that word of mouth has a significant effect on consumer loyalty. Yusfita and Yulianto (2018) reveal that there is a significant positive effect of word of mouth on loyalty. Based on the results of an empirical study, the hypothesis of this study is as follows:

**Hypothesis 7: Word of mouth mediates the effect of customer relationship marketing on customer loyalty.**

### 3. Method

The population of this study is the Java Dancer Coffee Roaster in Malang City and because the population size cannot be known with certainty, the sample size is determined by multiplying the number of indicators from 4 variables by 10. Based on these provisions, the sample size used is  $14 \times 10 = 140$  respondents. After determining the number of samples to be used as respondents, the determination of respondents based on a purposive sampling technique, namely determining the sample by determining certain criteria. The criteria set for members of the population who meet the sample are consumers who have the authority to make purchases at the Java Dancer Coffee Roaster at least 4 times a month, thus the sample is considered to have enjoyed the services provided by Java Dancer Coffee Roaster.

Sources of data used in this study are primary data obtained by distributing questionnaires to customers of Java Dancer Coffee Roaster in Malang City in order to find out respondents' opinions about customer relationship marketing variables, word of mouth trust, and customer loyalty.

**Table 1:** Identification of Research Variables

Variable	Indicator	Source
Customer Relationship Marketing	Long-term customer focus	Gronroos, (1990) dan Ndubisi (2007)
	Make good communication with customers	
	Involve members in marketing activities	
	Develop a service culture for customers	
	Obtain and use customer information	
Customer Trust	Ability	Mayer et al. (2005)
	Benevolence	
	Integrity	
Word of Mouth	Talking about	Babin, et al. (2005)
	Recommend	
	Convincing	
Customer Loyalty	Repurchase	Griffin (2002)
	Willingness to reuse	
	Compliance with product use	

Likert scale is used to measure the variables to be studied through respondents' responses. In this study, each answer to the question in the questionnaire is weighted as follows Strongly disagree given a weight of 1, Disagree given a weight of 2, Simply agree is given a weight of 3, Agree to be given weight 4, and Strongly agree given a weight of 5.

The analysis technique in this research is Structural Equation Modeling (SEM). Whether or not this direct effect was tested by the t-test. With a significance level  $\alpha = 5\%$ . The criteria for acceptance or rejection of hypothesis testing are as follows: if the probability  $< 5\%$ , then  $H_0$  is rejected;  $H_1$  is accepted and if the probability  $> 5\%$  then  $H_0$  is accepted;  $H_1$  is rejected. Meanwhile, to investigate the existence of an indirect effect, a

single test is carried out by testing the strength of the indirect effect of the independent variable (X) on the dependent variable (Y) through the mediating variable (M). The indirect effect of X to Y through M is calculated by multiplying the path  $X \rightarrow M$  (a) by the path  $M \rightarrow Y$  (b) or  $ab$ . So the coefficient  $ab = (c - c')$ , where  $c$  is the effect of X on Y without controlling M, while  $c'$  is the coefficient of influence of X on Y after controlling for M. the indirect effect (indirect effect) is calculated by the formula below:

$$Sab = \sqrt{b^2.Sa^2 + a^2.Sb^2 + Sa^2.Sb^2}$$

Where:

- a: the coefficient of direct effect X on M;
- b: the coefficient of direct effect M to Y;
- Sa: standard error of the coefficient a;
- Sb: standard error of the coefficient b.

To test the significance of the indirect effect, it is necessary to calculate the t value of the coefficient  $ab$  with the following formula:

$$t = \frac{ab}{Sab}$$

The value of t count is compared with the value of the t table which is  $\geq 1.96$  for a significant 5% and t table  $\geq 1.64$  indicates a significance value of 10%. If the t value is greater than the t table value, it can be concluded that there is a mediation effect (Ghozali, 2009).

## 4. Result

### 4.1 Instrument Testing

Instrument testing is done by testing validity and reliability. The results of the instrument trial conducted on 30 respondents can be seen in Table 2 below:

**Table 2:** The results of the instrument validity and reliability tests

Variable	Item	Correlation		Coefficient	
		r	result	alpha	result
Customer Relationship Marketing	X1.1	0.601	Valid	0.849	Reliable
	X1.2	0.631	Valid		
	X1.3	0.594	Valid		
	X1.4	0.805	Valid		
	X1.5	0.625	Valid		
Customer Trust	Y1.1	0.774	Valid	0.728	Reliable
	Y1.2	0.712	Valid		
	Y1.3	0.844	Valid		



Word of Mouth	Y2.1	0.846	Valid	0.867	Reliable
	Y2.2	0.879	Valid		
	Y2.3	0.792	Valid		
Customer Loyalty	Y2.1	0.861	Valid	0.878	Reliable
	Y2.2	0.862	Valid		
	Y2.3	0.876	Valid		

Based on Table 2, it can be seen that all items for the variables of service quality, image, customer trust, and customer loyalty are valid and reliable, because they have met the validity testing criteria used, namely the Pearson product moment correlation index ( $r$ )  $\geq$  0.3. Likewise, all research items are said to be reliable, because they have met the reliability testing criteria used, namely the Cronbach Alpha value is greater or equal to 0.6.

#### 4.2 SEM Analysis Results

The test results with Structural Equation Modeling (SEM) are presented in Figure 1 below.

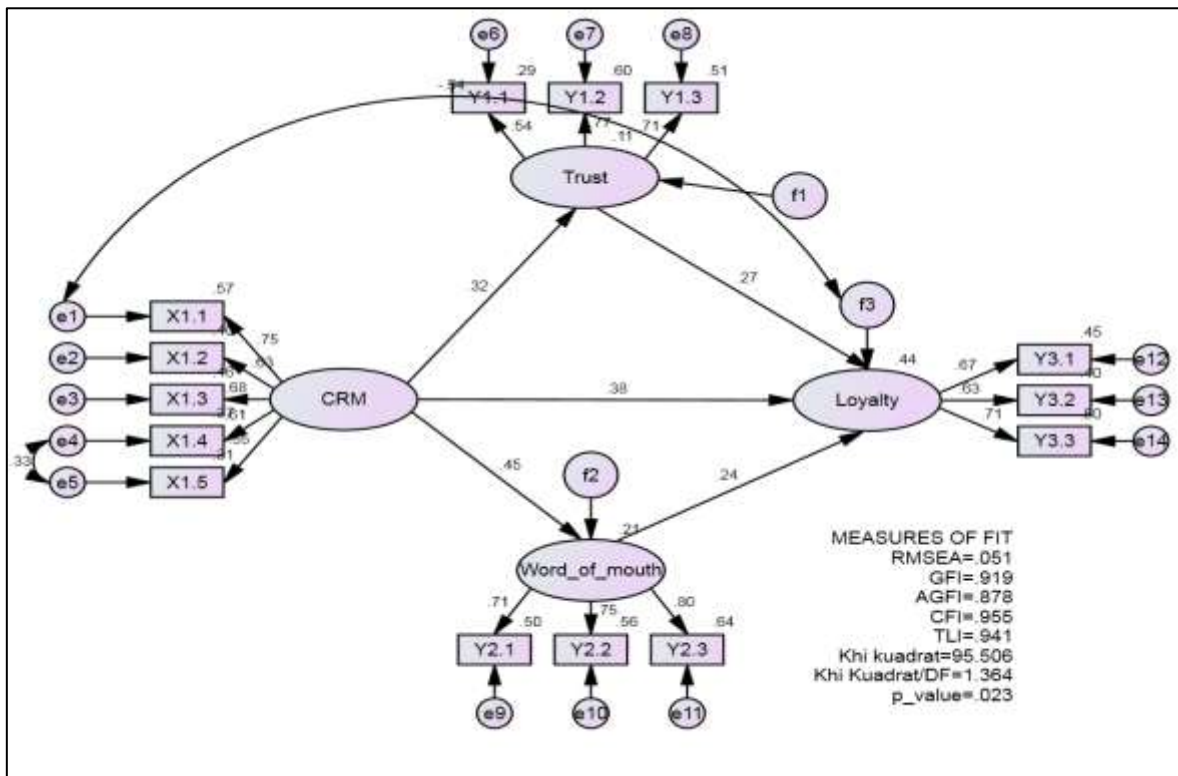


Figure 1: Path diagram SEM analysis results

The results of the final model test presented in Figure 1 are evaluated based on the goodness of fit indices criteria in Table 3.

**Table 3:** Evaluation Criteria for Goodness of Fit Indices Overall Model SEM

The goodness of fit index	Cut-off Value	Model Results	Results
X <sup>2</sup> – Chi-square	Small expected	95,506	Marginal
Sign Probability	≥ 0,05	0,023	Marginal
CMIN/DF	≤ 2,00	1,364	Good
GFI	≥ 0,90	0,919	Good
AGFI	≥ 0,90	0,878	Marginal
TLI	≥ 0,95	0,941	Good
CFI	≥ 0,95	0,955	Good
RMSEA	≤ 0,08	0,051	Good

Based on the evaluation of the proposed model, it shows that the evaluation of the model against the constructs, even though as a whole has not resulted in value above critical. According to Arbuckle and Wothke (1999: 617), the best criteria used as an indication of the goodness of the model are CMIN / DF values that are less than 2, and RMSEA which is below 0.08. In this study, the CMIN / DF and RMSEA values have met the cut off values, therefore the model can be categorized as suitable and suitable for use, so that interpretation can be made for further discussion.

### 4.3 Hypothesis Testing Results

Analysis of Structural Equation Model (SEM) using AMOS 20.0 was used to test the hypothesis proposed by the researcher. As a basis for testing the hypothesis used the Critical ratio (Cr) from the weight regression output results. The research hypothesis will be accepted if the p-value <of significance is 5%, then the null hypothesis is rejected. Each hypothesis is listed in Table 4 below.

**Table 4:** Results of Weight Regression Analysis

Correlation			Path Coefficient	C.r.	p-value
Customer loyalty	<-	Customer relationship marketing	0.377*	2.530	0.011
Customer trust	<-	Customer relationship marketing	0.324*	2.565	0.010
Customer loyalty	<-	Customer trust	0.274*	2.188	0.029
Word of mouth	<-	Customer relationship marketing	0.455*	3.781	0.000
Customer loyalty	<-	Word of mouth	0.237*	1.976	0.048

Evidence : \*significant at the 5% level

### Hypothesis 1: Customer relationship marketing affects customer loyalty.

The effect of customer relationship marketing on customer loyalty results in a Cr value of 2,530 with a p-value of 0.011. Because the p-value is smaller than the statistical significance at  $\alpha = 5\%$ , so the hypothesis which states that customer relationship marketing director has a significant effect on customer loyalty is acceptable, these results indicate that the better customer relationship marketing is, the higher customer loyalty to Java Dancer. Coffee Roaster in Malang City.

**Hypothesis 2: Customer relationship marketing affects customer trust.**

The effect of customer relationship marketing on customer trust results in a Cr value of 2.565 with a p-value of 0.010. Because the p-value is smaller than the statistical significance at  $\alpha = 5\%$ , so the hypothesis which states that customer relationship marketing director has a significant effect on customer trust is acceptable, these results indicate that the better the customer relationship marketing is, the higher the customer trust in Java Dancer. Coffee Roaster in Malang City.

**Hypothesis 3: Customer trust directly has a significant effect on customer loyalty.**

The effect of customer trust on customer loyalty results in a Cr value of 2.188 with a p-value of 0.029. Because the p-value is smaller than statistical significance at  $\alpha = 5\%$ , so the hypothesis that customer trust directly has a significant effect on customer loyalty can be accepted, these results indicate that the higher customer trust, the higher customer loyalty to Java Dancer Coffee Roaster in Malang City.

**Hypothesis 4. Customer trust mediates the effect of customer relationship marketing on customer loyalty.**

The results of the analysis of the role of customer trust as a mediation of the influence of customer relationship marketing on customer loyalty need to know the significant results of the influence of customer relationship marketing on customer trust and the significance of the influence of customer trust on customer loyalty can be seen in tables 5 and 6.

**Table 5:** The influence of customer relationship marketing on customer loyalty by mediating customer trust

Influence between Variables			Path Coefficient	C.r.	p-value	Result
Customer trust	<-	Customer relationship marketing	0.297 <sup>a</sup>	2.426	0.015	significant
Customer loyalty	<-	Customer relationship marketing	0.389 <sup>b</sup>	3.071	0.002	significant
Customer loyalty	<-	Customer trust	0.379 <sup>c</sup>	2.880	0.004	significant

The results of the influence of customer relationship marketing knowledge on customer loyalty without the mediating variable of customer trust are shown in Table 6.

**Table 6:** The influence of customer relationship marketing on customer loyalty without mediation customer trust

Influence Between Variables			Path Coefficient	C.r.	p-value	Result
Customer loyalty	<-	Customer relationship marketing	0.507 <sup>d</sup>	3.801	0.000	significant

The path coefficient of the customer relationship marketing variable which is controlled by customer trust can significantly influence customer loyalty with a coefficient value of 0.379 (c). Furthermore, (c) has a smaller coefficient value (decreased) than the effect of customer relationship marketing on customer loyalty without the mediating variable of customer trust, with a coefficient value of 0.507 (d). Thus, it can be concluded that customer trust partial mediation (partial mediation) of the indirect effect of the effect of customer relationship marketing on customer loyalty.

**Hypothesis 5: Customer relationship marketing director has a significant effect on Word of Mouth.**

The effect of customer relationship marketing on word of mouth results in a Cr value of 3.781 with a p-value of 0.000. Because the p-value is smaller than the statistical significance at  $\alpha = 5\%$ , so the hypothesis that customer relationship marketing director has a significant effect on word of mouth is acceptable, these results indicate that the better the customer relationship marketing is, the higher the customer will do the word of mouth.

**Hypothesis 6: Word of mouth directly has a significant effect on customer loyalty.**

The effect of word of mouth on customer loyalty results in a Cr value of 1.976 with a p-value of 0.048. Because the p-value is smaller than the statistical significance at  $\alpha = 5\%$ , so the hypothesis that word of mouth directly has a significant effect on customer loyalty can be accepted, these results indicate that the higher the word of mouth, the higher customer loyalty to Java Dancer Coffee Roaster in Malang City.

**Hypothesis 7: Word of mouth mediates the effect of customer relationship marketing on customer loyalty.**

The results of the analysis of the role of word of mouth mediating the effect of customer relationship marketing on customer loyalty need to know the significant results of the influence of customer relationship marketing on word of mouth and the significance of the effect of word of mouth on customer loyalty can be seen in tables 7 and 8.

**Table 7:** The influence of customer relationship marketing on customer loyalty by mediating *Word of Mouth*

Influence Between Variables			Path Coefficient	C.r.	p-value	Result
Word of mouth	<-	Customer relationship marketing	0.438 <sup>a</sup>	3.852	0.000	significant
Customer loyalty	<-	Word of mouth	0.318 <sup>b</sup>	2.497	0.013	significant
Customer loyalty	<-	Customer relationship marketing	0.348 <sup>c</sup>	2.597	0.009	significant

The results of the influence of customer relationship marketing knowledge on customer loyalty without the mediating variable of customer trust are shown in Table 8.

**Table 8:** The influence of customer relationship marketing on customer loyalty without mediation *Word of Mouth*

Influence Between Variables			Path Coefficient	C.r.	p-value	Result
Customer loyalty	<-	Customer relationship marketing	0.507 <sup>d</sup>	3.801	0.000	significant

The path coefficient of the variable customer relationship marketing which is controlled by word of mouth can significantly influence customer loyalty with a coefficient value of 0.348 (c). Furthermore, (c) has a smaller coefficient value (decreased) than the effect of customer relationship marketing on customer loyalty without the mediating variable of customer trust, with a coefficient value of 0.507 (d). Thus, it can be concluded that word of mouth partial mediation (partial mediation) from the indirect effect of the effect of customer relationship marketing on customer loyalty.

## 5. Discussion

### 5.1 The influence of customer relationship marketing on customer loyalty

Schiffman (2002) states that relationship marketing was created to develop customer loyalty and commitment to the products and services of a business entity, thus relationship marketing can be achieved by creating strong and lasting relationships with a core group of customers. Relationship Marketing can lead to an increase in marketing productivity if relationship marketing is implemented effectively and efficiently. Relationship marketing is carried out because it can improve the company's business performance by increasing customer loyalty.

Based on the analysis, Java Dancer Coffee Roaster customers in Malang City will have a high level of loyalty if Java Dancer Coffee Roaster focuses on long-term customers continuously, creates good communication with customers, involves all employees in marketing activities, implements a service culture that is both to customers and Java Dancer Coffee Roaster open to accept and use customer information related to the product offered.

The results of this study expand on the study conducted by Jesri, et al. (2013) which concluded that CRM significantly affects customer loyalty of Mehr Bank, Iran. Harun (2011) concluded that customer relationship marketing has a high impact on the formation of customer loyalty at Bank Muamalat Jambi branch. Samuel (2011), customer relationship marketing dimensions have a significant effect on customer loyalty of national banks.

### 5.2 The influence of customer relationship marketing has an effect on customer trust

Based on the results of the inferential statistical analysis found evidence that customer relationship marketing has an effect on customer trust in Java Dancer Coffee Roaster in Malang City. Trust is generally seen as a fundamental ingredient for successful relationship marketing. Without trust, a relationship will not last in the long term.

Morgan and Hunt (1994) state trust as the basis for a partnership strategy, when there are parties who have the desire to commit or bind themselves to a certain relationship. To gain trust from customers, companies must communicate effectively, adopt norms that customers believe in, and stay away from negative judgments (Morgan and Hunt, 1994). Customer trust in Java Dancer Coffee Roaster in Malang City because of the role of customer relationship marketing which is implied in Java Dancer Coffee Roaster in Malang City focuses on long-term customers continuously, creates good communication with customers, involves all employees in marketing activities, applies culture good service to customers and Java Dancer Coffee Roaster is open to receiving and using customer information related to the products offered.

These results are in line with research conducted by Semuel (2012) which shows that customer relationship marketing has an influence on customer trust. Bataineh, et al (2015) show that customer relationship marketing factors have an influence on customer trust. Rizan, et al (2014) concluded that customer relationship marketing directly affects customer trust.

### **5.3 The effect of customer trust on customer loyalty.**

Based on the results of inferential statistical analysis, it is found that customer trust affects customer loyalty of Java Dancer Coffee Roaster in Malang City. This can be explained that customers will be loyal to Java Dancer Coffee Roaster in Malang City if customers believe in Java Dancer Coffee Roaster in Malang City and this trust arises because Java Dancer Coffee Roaster provides comfort for customers, is consistent in providing quality service, and always prioritizes interests of customers.

Morgan and Hunt (1994) say that trust and commitment are key intermediaries in building loyalty. Consumer loyalty will arise when there is trust from consumers in the product brand so that there are communication and interaction between consumers, namely by talking about the product. The relationship between trust and customer loyalty, namely, the higher consumer confidence in a product, the higher the level of consumer loyalty to a brand.

The results of this study expand on the study conducted by Chiou and Droge (2006) to prove that trust affects loyalty. Ball, et al. (2003) concluded that trust has an impact on loyalty. Luarn and Lin (2003), Seigyoung (2005) prove that trust does not affect commitment but does affect loyalty. Ranjbarian, et al. (2011) show that there is a significant correlation between trust and customer loyalty.

### **5.4 Customer trust mediates the effect of customer relationship marketing on customer loyalty**

Based on the results of inferential statistical analysis, it is concluded that customer trust is partial mediation of the indirect effect of customer relationship marketing on customer loyalty. These results can be explained that the role of customer relationship marketing by focusing on long-term customers continuously provides the strongest contribution in building customer trust because Java Dancer Coffee Roaster is consistent in providing

quality service. The emergence of trust has an impact on increasing customer loyalty which is shown by continuing to come to Java Dancer Coffee Roaster, because the coffee offered is according to taste.

The results of this study further strengthen the study conducted by Jesri, et al (2013) which concluded that CRM significantly affects customer loyalty of Mehr Bank, Iran. Harun (2011) concluded that customer relationship marketing has a high impact on the formation of customer loyalty at Bank Muamalat Jambi branch. Samuel (2011), customer relationship marketing dimensions have a significant effect on customer loyalty of national banks.

### **5.5 The influence of customer relationship marketing on word of mouth**

Based on the results of inferential statistical analysis, it is found evidence that customer relationship marketing affects the word of mouth of Java Dancer Coffee Roaster in Malang City. It can be explained that customers will do word of mouth for Java Dancer Coffee Roaster which is shown by telling others about Java Dancer Coffee Roaster, recommending Java Dancer Coffee Roaster to be the first choice for a place to drink coffee, and convincing others to choose Java Dancer Coffee Roaster as a place to drink coffee if Java Dancer Coffee Roaster can implement customer relationship marketing well.

Kotler and Armstrong (2010) revealed that to establish a word of mouth, a company can use one business strategy, namely by increasing customer relationship marketing. Customer relationship marketing is a strategy to retain existing customers and build long-term relationships that can benefit both parties. The results of this study further strengthen the studies conducted by Ngoma & Ntale (2019) and Wang and Yang, (2010) showing that there is a significant influence between customer relationship marketing on word of mouth.

### **5.6 The influence of Word of mouth on customer loyalty**

Based on the results of inferential statistical analysis, it is found that word of mouth affects customer loyalty at the Java Dancer Coffee Roaster in Malang City. This can be explained that customers will be loyal to Java Dancer Coffee Roaster which is shown by being willing to come back to Java Dancer Coffee Roaster, keep using/visiting Java Dancer Coffee Roaster, and still come to Java Dancer Coffee Roaster because the coffee offered is according to taste. The creation of customer loyalty due to word of mouth, such as telling experiences to others, recommending Java Dancer Coffee Roaster to be the first choice for a coffee shop, and convincing others to choose Java Dancer Coffee Roaster as a place to drink coffee.

The results of this study further strengthen the study conducted by Ntale et al. (2013) show that word of mouth has a significant effect on consumer loyalty. Yusfita and Yulianto (2018) reveal that there is a significant positive effect of word of mouth on loyalty.

### **5.7 Word of mouth mediates the effect of customer relationship marketing on customer loyalty**

Based on the results of inferential statistical analysis, it shows that word of mouth is able to act as a mediator of the indirect effect of the effect of customer relationship marketing on customer loyalty. These results can be explained that word of mouth is like telling experiences to others, recommending Java Dancer Coffee Roaster to be the first choice for a place to drink coffee and convincing others to choose Java Dancer Coffee Roaster as a place to drink coffee can mediate the influence of customer relationship marketing such as focus on long-term customers continuously towards customer loyalty. In this condition, customer relationship marketing, such as a continuous focus on long-term customers, can directly increase customer loyalty, which is shown by continuing to come to Java Dancer Coffee Roaster, because the coffee offered is according to taste.

The results of this study further strengthen the study conducted by Jesri, et al. (2013) which concluded that CRM significantly affects customer loyalty of Mehr Bank, Iran. Harun (2011) concluded that customer relationship marketing has a high impact on the formation of customer loyalty at Bank Muamalat Jambi branch. Semuel (2011), customer relationship marketing dimensions have a significant effect on customer loyalty of national banks.

## **6. Suggestions**

Based on the findings of this study, the suggestions given by the results of this study can enrich references and treasures of knowledge related to customer loyalty so as not to move to competitors based on customer relationship marketing, customer trust, and word of mouth. the value of loading factor for customer relationship marketing on the indicators of obtaining and using customer information has the smallest value, so that management is more open to receiving suggestions from customers regarding the products offered. The results of the loading factor value of customer confidence in the ability indicator have the smallest value, so management needs to pay attention to customer comfort. The results of the word of mouth loading factor value on the indicators of talking have the smallest value, so that management needs to create good relationships with customers so that customers tell their experiences to others about Java Dancer Coffee Roaster. For future research, it can conduct a customer satisfaction study of Java Dancer Coffee Roaster, so that it can be used as a comparison.

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