THE INFLUENCE OF LOYALTY PROGRAM MEMBERSHIP CARD AND CUSTOMER EXPERIENCE ON CUSTOMER LOYALTY AT THE URBAN GYM ASTON HOTEL MANADO

PENGARUH LOYALITAS PROGRAM KARTU MEMBER DAN PENGALAMAN PELANGGAN TERHADAP LOYALITAS PELANGGAN DI THE URBAN GYM HOTEL ASTON MANADO

By:
Keizia Laureina Emor

Faculty of Economics and Business
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
Email: keiziaemor@gmail.com

Abstract: Customer loyalty plays an important role in gaining the company’s profit. In order to maintain the customer loyalty, company need to find out some strategies for increase their sales. The strategy to maintain the customer loyalty that set by The Urban Gym Aston Hotel is Loyalty Program Membership Card and provide the best service to their members so the members will get a great experience in there. The objective of this research is to analyze the influence of loyalty program membership card and customer experience on customer loyalty in The Urban Gym Aston Hotel. This research is a quantitative research associated with multiple regression analysis technique. The respondents of this research are the members of The Urban Gym Aston Hotel. This research found that there is a significant influence of loyalty program membership card and customer loyalty on customer experience simultaneously and partially. It concluded that the loyalty program that set by The Urban gym give a benefits to the customer and they also build a good services to the customer, so it create a good customer experience. This study suggest to The Urban Gym that the loyalty program membership card and customer experience are very important to maintain the good loyalty program and improve the services to make the customer still do the exercise in there.

Keywords: loyalty program, customer experience, customer loyalty

Abstrak: Loyalitas pelanggan memainkan peran penting dalam memperoleh keuntungan perusahaan. Dalam rangka mempertahankan loyalitas pelanggan, perusahaan perlu mengetahui beberapa strategi untuk meningkatkan penjualan mereka. Strategi untuk mempertahankan loyalitas pelanggan yang dietapkan oleh The Urban Gym Aston Hotel adalah program loyalitas kartu member dan memberikan pelayanan yang terbaik kepada para anggotanya sehingga para anggota akan mendapatkan pengalaman menarik di sana. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh kartu anggota program loyalitas dan pengalaman pelanggan terhadap loyalitas pelanggan di The Urban Gym Aston Hotel. Penelitian ini merupakan penelitian kuantitatif yang terkait dengan teknik analisis regresi berganda. Responden penelitian ini adalah anggota dari The Urban Gym Aston Hotel. Penelitian ini menemukan bahwa ada pengaruh yang signifikan dari kartu keanggotaan program loyalitas dan pengalaman pelanggan pada loyalitas pelanggan. Ini menyimpulkan bahwa program loyalitas yang dietapkan oleh The Urban gym memberikan manfaat kepada pelanggan dan mereka juga membangun pelayanan yang baik kepada pelanggan, sehingga menciptakan pengalaman pelanggan yang baik. Penelitian ini menyarankan The Urban untuk mempertahankan program loyalitas mereka dan terus meningkatkan pelayanan mereka agar para pelanggan akan tetap melakukan aktivitas kebugaran mereka disana.

Kata kunci: program loyalitas, pengalaman pelanggan, loyalitas pelanggan
INTRODUCTION

Health is a state of complete physical, social and mental well-being and not merely the absence of disease or infirmity. As a part of the process of growing up, humans need a healthy lifestyle to improve the quality of their life in order to live longer with healthy and independent. Discussing about the healthy life, healthy life does not only need to focus on the foods and beverages that we consumed. But it also related with the positive mind, sleep pattern and the exercise that we take.

Exercise is extremely important to staying health both in body and mind, because exercise has so many advantages, such as helps to speed up the regeneration and cell metabolism, helps to destroy the fat in the body to lose weight, exercise also makes you feel happy and exercise help you fight heart disease and stroke. Nowadays, one of the common exercise that people want to join is Fitness. People who live in a big city such as Manado have so many activities in their work and school activities so that they do not have time or idea how to do a healthy life by them self because they are to busy with their activities.

In Manado, there so are many gym/fitness center that provide kinds of facilities to offers to the customer and they compete to give their best product to the customer in order to attract customer interest and loyalty to do exercise at their gym center. Customer loyalty is described as the strength of the relationship between an individual’s relative attitudes and repeat patronage (Dick and Basu, 1994). In order to gain the customer loyalty, the company need to make strategy to make their customer still use and buy their product or service. For the gym center, to win the market and gain more customer than the other competitors the company need to make some programs as their strategy to maintain their customer loyalty such as provide a loyalty program and maintain a good service to the customer.

The Urban Gym Manado is a gym Center located in 3rd floor of Aston Hotel Manado. It is one of the favourite gym center for Manadonese people because beside they have the good fitness equipment, Zumba, aerobic and sauna, the place is comfortable to do exercise and they offer the a good quality of service for the customer. The Urban Gym has a membership card program in order to maintain they customer loyalty. One of the programs of they membership card is giving a discount for 20% for every purchasing in Aston Hotel Manado including the spa, rooms, restaurant, etc. Beside the loyalty program membership card, the Urban gym also concern on the customer experience for their service when the customer choose to doing exercise in Urban gym.

Research Objectives

Regarding the problems which have been formulated and identified that are mentioned in previous section, the following research objective are:

1. To analyze the significant influence of loyalty program membership card and customer experience on customer loyalty in The Urban Gym Aston Hotel Manado simultaneously.
2. To analyze the significant influence of loyalty program membership card on customer loyalty in The Urban Gym Aston Hotel Manado partially.
3. To analyze the significant influence of customer experience on customer loyalty in The Urban Gym Aston Hotel Manado partially.

THEORITICAL FRAMEWORK

Theories

Marketing

McDaniel, Lamb, and Hair (2011) argue that marketing is activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. They said marketing involves more than just activities performed by a group of people in defined area or department. According Kotler and Keller (2012) Marketing is about identifying and meeting human and social needs. Marketing is the one of the key to be success, because there are many theories that make the business growing and get the goal.
Customer Relationship Management (CRM)

Swift (2000:12) defined CRM as a method of understanding the customer behavior through intense communication with him/her to improve the performance which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability. It can be noticed that this definition regards CRM as mere communication on the part of the organization to understand the customer's behavior. Stone & Findlay (2001) defined CRM as the organization carrying out a lot of information about the customer from various resources and keeping it in order to divide the territories, analyze and reuse.

Loyalty Program

Loyalty Program is a program that allows consumers to accumulate free rewards when they make repeated purchases with a firm. Such a program rarely benefits consumers in one purchase but is intended to foster customer loyalty over time (Sharp and Sharp, 1997). Loyalty programs are often considered value-sharing instruments and can enhance consumers’ perceptions of what a firm has to offer (Bolton, 2000). Loyalty program is very important to increase the customer loyalty.

Loyalty Card

Loyalty cards provide value to their holders also affect store preference. Another easily spotted advantage is an increase in sales - an increase in the profit of that shop as a result of the bond developed with the customer. The points are eventually redeemable and the consumer anticipates future rewards, making him more likely to remain in a relationship with the retailer (Liu, 2007). Loyalty cards are an excellent scheme to overrun the competitors since the consumers become advocates or believers and plead in favour of the store to others.

Customer Experience

Providing a good experience is important because it affects customer satisfaction, delivers customer loyalty influences expectations, instils confidence, supports the brand, and also creates emotional bonds with customers or conversely leads to emotional scarring (Pullman and Gross, 2004). Stuart and Tax (2004) argued that the customer experience can be enhanced by designing the service system to encourage greater active customer participation. A firm need to build a good product and services to create a good experience for their customer.

Customer Loyalty

Inamullah (2012) Customer loyalty is the willingness of a consumer to purchase the same product and keep the same profitable relationship with a particular company. In other words, it the continuous buying of a consumer for a particular company brand and suggesting to other friends and family. Oliver (1999) defined loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing. It is a the key and important competitive advantage in current market situations.

Previous Research

Liu (2007) found that the main advantage of loyalty program is their ability to increase the switching cost. In the long-run, the increase in switching cost has important application for customer loyalty because first, the longer the consumer has been in program, the more vested interest they will have in program. Elif (2007) showed that loyalty cards are quite an important component in a whole program of efforts designed to increase customer commitment to a store. Donnelly, M (2008) examined that that experience are critical in building loyalty in conjunction with the others variable such as quality, value, and satisfaction. Wijaithammarit and Taechammaneestit (2012) found that Customer experience management is a signifant tool of the marketing strategy in business to enhance the customer loyalty.
Research Hypothesis

H₁ : Loyalty Program Membership Card and Customer Experience influence on Customer Loyalty in The Urban Gym Aston Hotel Manado Simultaneously.
H₂ : Loyalty Program Membership Card influence on Customer Loyalty in The Urban Gym Aston Hotel Manado partially
H₃ : Customer Experience influence on Customer Loyalty in The Urban Gym Aston Hotel Manado partially.

RESEARCH METHOD

Type of Research
This research type uses quantitative type of research or quantitative method based on Sugiyono (2013:349) defined as research method based on positivism paradigm that used to investigate specific population or samples.

Place and Time of Research
This research conducted in Manado in The Urban Gym Aston Hotel and the time of research for about three months (February-May) 2016.

Population and Sample
The population in the research is the people who do exercise and have the membership card in The Urban Gym Aston Hotel Manado. The sample in this research is consisting of 35 respondents the sampling method is purposive sampling.

Data Collection Method
The data used in this research consist of 2 types between primary data through questionnaire and secondary data taken from books, journal, and relevant literature from library and internet to understand the theoretical support in this research.

Operational Definition and Measurement of Research Variable
1. Loyalty Program Membership Card (X₁)
   The program that allows consumers to accumulate free rewards when they make repeated purchases with firm.
2. Customer Experience (X₂)
   How the customer feel about the product and service they use.
3. Customer Loyalty (Y)
   The willingness of a consumer to purchase the same product and keep the same profitable relationship with a particular company.

Data Analysis Method

Validity and Reliability Test

Validity is extent to which a construct measures what it is supposed to measure. An easy measure of validity would be to compare observed measurement with the true measurement (Hair et al, 2007:153). Reliability test is established by testing for both consistency and stability of the answer of questions. Consistency indicates how well the items measuring a concept hang together as a set. Alpha cronbach is reliable coefficients that can indicate how good items in asset have positive correlation one another (Sekaran, 2006).

Multiple Regression Analysis Method

Cooper and Schindler (2001) stated that multiple regression analysis is a technique to observed value more than X to estimate or predict corresponding Y value. The equation model of multiple regression analysis which used in this research can formulated as shown below:

\[ Y = \alpha + b_1X_1 + b_2X_2 + e \]

Where:
\( Y \) : Customer Loyalty
\( \alpha \) : Intercept
\( b_1, b_2 \) : The regression coefficient of each variable
\( X_1 \) : Loyalty program membership card
\( X_2 \) : Customer experience
\( e \) : Error

RESULT AND DISCUSSION

Validity and Reliability

Validity test is used to know whether the instrument is valid or not. The instrument is valid if the value of Pearson Correlation above 0.3. The Correlation between loyalty program membership card (0.822), customer experience (0.753) with customer loyalty (0.861) show a positive relationship. Therefore, the data is considered as valid. Reliability test is to measure if one item of question was tested several times would give consistent value. Based on the table above shows that the value of alfa cronbach is 0.829, which means that it is above acceptance limit of 0.6, therefore, the research instrument for relationship among the variable indicates good consistency and the data is acceptable.

Classical Assumption

Multicollinearity

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>Loyalty Program Membership Card</td>
<td>0.887</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>0.887</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty

Source : SPSS data analysis 2016

The table 1 shows the tolerance of Loyalty program membership card is 0.887, and Customer Experience is same with Loyalty program membership card which is 0.887. It means that the tolerance value of each variable is more than 0.1. The VIF value of Loyalty program membership card and customer experience are
1,278, it means that the value of both variable is less than 10. Since the tolerance value is more than 0.1 and VIF value is less than 10 the research is free from multicollinearity.

**Heterocedasticity**

![Figure 2. Heterocedasticity](source: SPSS data analysis 2016)

The Figure 2 shows that the pattern of the dots is spreading and does not create a clear pattern. The dots are spreading above and below 0 (zero) in the Y axis. It proves that the model is free from heteroscedasticity.

**Normality**

![Figure 3. Normality](source: SPSS data analysis 2016)

The Figure 3 above shows that the data that represented by the dots are spreading near the diagonal line and follow the direction of diagonal line. Therefore the normality test is completed.

**Multiple Regression Analysis**

**Table 2. Multiple Regression Result**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1,391</td>
<td>.527</td>
<td>2,640</td>
<td>.013</td>
</tr>
<tr>
<td>1</td>
<td>Loyalty Program</td>
<td>.317</td>
<td>.100</td>
<td>3,166</td>
</tr>
<tr>
<td></td>
<td>Membership Card</td>
<td>.420</td>
<td>.129</td>
<td>3,262</td>
</tr>
<tr>
<td></td>
<td>Customer Experience</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty

*Source: SPSS data analysis 2016*
Recall that the Multiple Linear Regression model is used to determine the effect of several independent variables on a dependent variable. The computation was done by using SPSS 21 software. The computerized calculation ensures the accuracy of the analysis. From the result in the table above, the model define as:

\[ Y = 1.391 + 0.317 X_1 + 0.420 X_2 + e \]

### Multiple Coefficient and Correlation Determination

#### Table 3. Multiple Regression Coefficient of Correlation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.702a</td>
<td>0.493</td>
<td>0.461</td>
<td>0.16533</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Experience, Loyalty Program.

*Source: SPSS data analysis 2016*

The interpretation of coefficient correlation (R) that shown on Table 3 means there is significant relationship between the the two independent variables with dependent variable. It is because value of R is 0.702 which is proved that the relationship among variable independents and dependent is strong. The coefficient of determination (\(R^2\)) according to the table 3 is 0.493, it means that the linear relationship in this model is able to explain the Customer Loyalty (\(Y\)) for 49.3%. And the rest 50.7% are caused by other factors not discussed in this research.

### Hypothesis Testing

#### F-Test

F-Test is any statistical test intended to determine whether the independent variables simultaneously influence the dependent variable. This test is done by comparing the \(F_{\text{count}}\) with \(F_{\text{table}}\). If \(F_{\text{count}} > F_{\text{table}}\) as confidence level of 95% \(\alpha = 0.05\).

#### Table 4. F-test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum Squares</th>
<th>of df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.850</td>
<td>2</td>
<td>.425</td>
<td>15.554</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>.875</td>
<td>32</td>
<td>.027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.725</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), Customer Experience, Loyalty Program Membership Card

*Source: Data Processed, 2016*

From the F-test, by using the significant value of 0.05 (\(\alpha = 0.05\)), the calculated value of \(F_{\text{count}}\) is greater than the \(F_{\text{table}}\) (15.554 > 3.295). Since the \(F_{\text{count}}\) is greater than \(F_{\text{table}}\), \(H_0\) is rejected and \(H_1\) is accepted. It means that the independent variables significantly affect the dependent variable simultaneously.

#### T-test

T-Test is any statistical test intended to determine the partial effect of each independent variable (X) to dependent variable (Y).
The partial influence of each independent variable are as follow:

1. Loyalty Program Membership Card (X₁) to Customer Loyalty (Y)
   The hypothesis is reject \( H_0 \) and accept \( H_1 \) if \( T_{\text{count}} > T_{\text{table}} \) or accept \( H_0 \) and reject \( H_1 \) if \( T_{\text{table}} > T_{\text{count}} \). In Table 4.8 the \( T_{\text{count}} \) of Loyalty Program Membership card (X₁) is 3.166. Comparing \( T_{\text{count}} \) with \( T_{\text{table}} : 3.166 > 2.030 \) with the significant level of 0.03. Since the \( T_{\text{count}} \) is greater than \( T_{\text{table}} \), \( H_0 \) is rejected and \( H_1 \) is accepted. Therefore, Loyalty Program Membership card has a significant influence to Customer Loyalty.

2. Customer Experience (X₂) to Customer Loyalty (Y)
   The hypothesis is reject \( H_0 \) and accept \( H_1 \) if \( T_{\text{count}} > T_{\text{table}} \) or accept \( H_0 \) and reject \( H_1 \) if \( T_{\text{table}} > T_{\text{count}} \). In Table 4.8 the \( T_{\text{count}} \) of Customer Experience (X₂) is 3.262. Comparing \( T_{\text{count}} \) with \( T_{\text{table}} : 3.262 > 2.030 \) with the significant level of 0.03. Since the \( T_{\text{count}} \) is greater than \( T_{\text{table}} \), \( H_0 \) is rejected and \( H_1 \) is accepted. Therefore, Customer Experience has a significant influence to Customer Loyalty.

From the explanation above, it is describe that all independents variable which are Loyalty Program Membership Card and Customer Experience have a significant influence on Customer Loyalty partially.

Discussion

Customer loyalty plays an important role in gaining the company’s profit. In order to maintain the customer loyalty, company need to find out some strategies for increase their sales. One of the strategy to maintain the customer loyalty that set by The Urban Gym Aston Hotel is Loyalty Program Membership Card. The Urban gym make some programs that create benefits for they members, so the members will still do their fitness activities in The Urban Gym. The Urban Gym also concern on the customer experience, because they believe that a good experience from their customer will make the customer still do their fitness activities in The Urban Gym.

In this research the data was collected from 35 members of The Urban Gym Aston Hotel Manado and categorized by gender, age, and occupation. The result shows that 60% respondents are male and 40% respondets are female. Most of the respondents are between 20-35 years old, and have occupation as private employee. Based on the research of questionnaire, the respondents who are the members of The Urban Gym Aston Hotel mostly agree that rewards and discount as the loyalty program of membership card affect the customer loyalty in The Urban gym Aston Hotel. It is because the members satisfied with the discount and rewards given by The Urban Gym Aston Hotel. The members also get a financial benefits because when they became a member in The Urban gym they can save their money for 20% of the price in every purchases in Aston Hotel including the gym, spa, rooms, foods and beverages. This research has a similar finding with Rumbay (2014) stated that the special treatment such as discount, point, and reward in loyalty program is the most influencing factor to increase the customer loyalty. Therefore, reward and discount play a critical role in loyalty program in order to build a positive reinforcement of customer’s purchase behaviour to continue to doing business with the firm.
The members in the Urban Gym Aston Hotel mostly agree that they have a good experience when doing their exercise in there. The members said that The Urban gym has a good quality of the services, it is because the gym atmosphere in The Urban gym make the members feel comfort, the instructors of gym and aerobic give a good training and exercise to the members so the members can get the benefits of fitness for their body and health, the Urban Gym also has a good and modern facilities and it supports the gym center to create a good experience for the members.

**CONCLUSION AND RECOMMENDATION**

**Conclusion**

After examining the findings and discussing the result, the conclusions based on this research are as follows:

1. There is a significant influence of Loyalty Program Membership Card and Customer Experience on Customer Loyalty at The Urban Gym Aston Hotel Manado simultaneously.
2. There is a significant partial influence of the independent variables (Loyalty Program Membership Card and Customer Experience) on Customer Loyalty at The Urban Gym Aston Hotel Manado.
3. The findings are \( Y = 1.391 + 0.317X_1 + 0.420X_2 + e \). Meaning that an increase of 1 unit of Loyalty Program Membership Card leads to an increase of 0.317 units of Customer Loyalty and an increase of 1 unit of Customer Experience, leads to an increase of 0.420 in Customer Loyalty.

**Recommendation**

This thesis was done with hope that it can be a contribution to The Urban Gym Aston Hotel Manado. These are the recommendations as input that hopefully can be useful as suggestion:

1. To maintain the Customer Loyalty The Urban Gym Aston Hotel Manado should add more programs in their loyalty program for their members. Such as, birthday gift and special offers on a special day.
2. The Urban Gym Aston Hotel Manado need to create a good customer experience in order to maintain their loyalty. The Urban Gym Aston Hotel Manado should:
   a) Improves the service quality from the coaches to the members
   b) Add more gym equipments to fullfil the need of fitness
   c) Add the additional time for Zumba
   d) Maintain the good facilities that offer to the customer
   e) Maintain a good relationship between customers and employees

**REFERENCES**


