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RELATIONSHIP MARKETING AND SUSTAINABLE BRAND LOYALTY FORMATION

Yusuf Rahman Al Hakim

Universitas Mayjen Sungkono Mojokerto

correspondence: yusufrahmanalhakim@gmail.com

Abstract - *Relationship marketing shifts organizational focus from individual transactions to long term customer connections that build lasting brand loyalty. This study constructs a theoretical framework defining relationship marketing dimensions and explaining mechanisms of long term loyalty formation. A systematic literature review method was applied following established qualitative research procedures. The framework identifies trust as the fundamental foundation of relationships built through consistent positive interactions and demonstrated integrity. Affective commitment based on emotional attachment rather than calculative considerations generates genuine long term loyalty. Responsive two way communication enables companies to listen and adapt to evolving customer needs. Fair and swift conflict resolution transforms dissatisfied customers into even stronger brand advocates. Customer lifetime value provides the appropriate metric for evaluating long term relationship marketing effectiveness. Ethical personalization enhances perceptions of being uniquely known without violating privacy boundaries. Experience based and recognition based loyalty programs outperform point based discounts in building emotional attachment. Consistent service quality serves as minimum prerequisite before relationship marketing can work effectively. Digital technology integration must strengthen rather than replace human interactions that build relationships. Heterogeneous customer preferences for relationship intensity require segmentation and varied approaches.*

Keywords: relationship marketing, brand loyalty, customer trust, affective commitment, lifetime value.

INTRODUCTION

The modern marketing paradigm has undergone a fundamental shift from a transactional orientation to a relational orientation in recent decades. Traditional marketing models focusing on acquiring new customers through mass promotion and advertising are being abandoned due to ever-increasing costs. Companies realize that retaining existing customers is far more efficient than finding new, unfamiliar ones (Yu, 2022). Every effort to attract new consumers requires heavy investment in advertising, sales promotion, and other marketing activities. Meanwhile, customers who already have a positive experience with a brand tend to make repeat purchases without additional marketing costs. They are also more likely to recommend the brand to relatives and friends through word-of-mouth communication. The cost of retaining already loyal customers is estimated to be only one-fifth of the cost of acquiring new ones. This economic reality is what drives companies' attention to shift from a product-based approach to a relationship-based approach. Relationship marketing emerged as an answer to the need to build long-term bonds with consumers. This approach emphasizes the creation of shared value between the company and customers through continuous interaction. This aligns with the literature stating that through the integration of social responsibility in sustainable marketing, companies can build stronger bonds, where companies can establish closer relationships with customers, enhance brand reputation, and create greater social value (Arifin & Darmawan, 2021).

Modern marketing paradigms have undergone a fundamental shift from transactional orientation toward relational orientation in recent decades. Traditional marketing models focused on acquiring new customers through mass promotion and advertising began to be abandoned because of continuously rising costs. Companies realized that retaining existing customers is far more efficient than searching for new, unfamiliar customers (Yu, 2022). Every effort to attract new consumers requires substantial investment in advertising, sales promotion, and other marketing activities. Studies show that the use of celebrity endorsers can shape attitudes toward advertisements and ultimately brand attitudes themselves, meaning heavy promotional spending does not automatically produce an emotional bond with the brand (Darmawan et al., 2019). Meanwhile, customers who already have positive experiences with a brand tend to make repeat purchases without additional marketing expenditure. They are also more likely to recommend the brand to relatives and friends through word of mouth. The cost of retaining an already loyal customer is estimated at only one-fifth of the cost of acquiring a new one. This economic reality has driven companies' attention to shift from a product-based approach toward a relationship-based approach. Relationship marketing emerged as an answer to the need to build long-term bonds with consumers. This approach emphasizes the creation of shared value between companies and customers through continuous interaction. This is in line with literature stating that through the integration of social responsibility into

sustainable marketing, companies can build stronger bonds, establishing closer relationships with customers, enhancing brand reputation, and creating greater social value (Arifin & Darmawan, 2021).

Relationship marketing is defined as marketing activities aimed at building, developing, and maintaining successful exchange relationships with various parties (Johanesová & Vaňová, 2020). The parties referred to are not only end customers but also suppliers, distributors, business partners, and other stakeholders. This definition emphasizes that marketing is no longer the function of a specific department but the responsibility of the entire organization. Collaboration between human resources and marketing units has indeed been shown to strengthen a company's capacity to respond to customer needs, for instance in developing environmentally friendly product innovation (Mardikaningsih & Essa, 2025). Every employee who interacts with customers contributes to the quality of the relationships being built. Unlike traditional marketing, which ends once the sales transaction is completed, relationship marketing actually begins after the transaction. Its focus shifts from acquisition to retention, from sales to satisfaction, and from product to relationship value. Companies that implement relationship marketing well will have a database on their customers' preferences and behavior. This data is used to personalize communication and offers so that customers feel understood individually. This reliance on customer data must be balanced with adequate security measures, since data breaches such as credit card information theft in e-commerce systems can instead erode the trust already built (Hartana et al., 2024). This sense of being understood creates a stronger emotional bond than mere functional satisfaction with the product. Relationship marketing recognizes that transactions are not the end goal but a means of building sustainable relationships. Marketing strategies can no longer be applied separately; they must be designed within a comprehensive relational framework focused on maintaining long-term relationships with customers (Alamin et al., 2021).

Long-term brand loyalty is the desired end result of consistent and sustainable implementation of relationship marketing. This differs from repeat purchases that may occur due to limited choice or habit without any positive feeling (Oz, 2022). True loyalty encompasses a psychological commitment to consistently purchase the same brand in the future. Loyal consumers not only repurchase when a need arises but also actively recommend the brand to others. Perceptions of price, service quality, and product variety have also been found to jointly influence customer loyalty toward a brand (Hariani & Sinambela, 2020). They are more tolerant of price increases because the perceived relational value exceeds the product's mere functional value. When a brand makes a mistake, loyalists tend to give a second chance because of the trust already established. Conversely, consumers without loyalty will immediately switch to competitors upon hearing even the slightest negative issue. Brand loyalty is dynamic and its intensity can change over time depending on positive or negative experiences. A single bad experience can destroy loyalty built over many years in a very short time. Therefore, consistency in relationship quality becomes more important than merely meeting a set minimum standard. Long-term loyalty requires continuous investment in maintaining the relationship at all times. This is affirmed in the literature stating that satisfied consumers become loyal customers who not only contribute to revenue but also have the potential to become influential brand advocates, recommend the company to others, and provide positive feedback and support (Nuraeni et al., 2023).

Building brand loyalty cannot be achieved solely through short-term incentive programs such as discounts or reward points (Hwang et al., 2019). Transactional-based loyalty programs only create artificial attachment that disappears once the incentive is discontinued. Consumers will stop buying once the accumulated points are no longer attractive or once the program is discontinued by the company. True loyalty requires emotional engagement that goes beyond rational considerations of monetary value received. Emotional engagement is built when consumers feel that the brand understands their unspoken needs. Brands that successfully create a sense of belonging will enjoy stronger loyalty. Consistent two-way communication allows companies to adjust their offerings to changing customer needs over time. Social media in particular has become an effective channel for building this kind of two-way communication, since it allows brands to promote themselves while directly engaging with consumers (Infante & Mardikaningsih, 2022). Listening to complaints and responding quickly shows that the company genuinely cares about the customer experience. Companies that only send one-way messages without responding will never build true loyalty. Long-term loyalty is the result of a series of consistent positive interactions that customers feel at every moment. There is no shortcut to building loyalty other than through relationship quality maintained over time. Currently, consumers in the digital and pandemic era appear less sensitive to price and more concerned with value (Khayru, 2021).

Implementing relationship marketing requires a fundamental change in how companies organize themselves and measure success (Wasik et al., 2023). Traditional measurement systems that focus on monthly or quarterly sales volume are not suited to a long-term orientation. Companies need to develop relationship metrics such as customer retention rate, share of customer, and customer lifetime value. Consistency of service across various channels in an omnichannel experience has been shown to directly affect service costs, retention levels, and customer lifetime value calculations (Darmawan, 2025). Customer lifetime value accounts for all the profit that will be obtained from a customer throughout their time as a consumer. A customer who remains loyal for ten years contributes more than ten customers who only make a single purchase. This long-term orientation often clashes with external pressure from shareholders who want profit growth every quarter. Managers evaluated based on short-term profit tend to neglect investment in customer relationships. They prefer to cut customer service costs or reduce quality in order to increase short-term margins. Ironically, this action

actually damages existing loyalty and significantly reduces long-term profit. Companies successful in relationship marketing have shareholders who understand and support long-term investment. They are willing to accept lower short-term profit for the sake of a stronger market position in the future.

The main problem in implementing relationship marketing is the gap between top management's commitment and frontline employee behavior. The board of directors may issue ambitious statements about focusing on long-term customer relationships. Yet if employee performance appraisal and compensation systems are still based on the number of transactions completed per hour, employees will behave according to what is measured and rewarded, namely speed rather than interaction quality. A rushed customer service officer will end a call more quickly even though the customer's problem has not been resolved. Findings on public health service quality likewise show that patient or customer satisfaction largely depends on how attentively frontline staff handle each complaint, not merely on the speed of service (Darmawan et al., 2022). Customers feel unheard and regarded as a burden rather than a valuable partner to the company. As a result, negative word spreads quickly on social media and damages a brand reputation that was expensively built. The cost of repairing a damaged reputation can reach dozens of times the cost of maintaining a good one. Meanwhile, top management wonders why a well-designed relationship marketing program fails to produce loyalty. The answer lies in the misalignment between what the company says and how employees actually behave in the field. Changing the measurement and incentive system is a prerequisite for the success of relationship marketing, not an optional activity. This highlights the need for a proactive strategy one that not only applies cutting-edge tools but also prepares the workforce and organizational structure to embrace ongoing transformation (Neagara et al., 2021).

Another problem identified relates to the difficulty of accurately measuring the return on investment from relationship marketing activities. Budgets for loyalty programs are often rejected by finance managers because the direct link to sales cannot be seen by them. This tendency is partly related to the level of financial literacy and awareness among decision makers, who are often more accustomed to evaluating short-term numerical indicators than long-term relational value (Issalillah, 2024). Yet the effects of relationship marketing are known to be cumulative and can be delayed, so these effects are not visible in monthly profit-and-loss reports. A customer who is continuously served well may not increase their purchase frequency at present. However, they may remain a customer for the next five years, while competitors' customers come and go. The lifetime value contribution of this loyal customer is difficult to calculate precisely, because assumptions about the future must be involved in the calculation. The discounted cash flow method can be used, but this method is known to be highly sensitive to the discount rate and retention rate estimates. Large differences in customer lifetime value estimates can result from small differences in assumptions. As a result, relationship marketing proposals are often rejected because they are considered not financially convincing enough compared to other projects with clearer results. Ironically, this rejection is self-fulfilling, since relationships will never be built without investment. Companies that dare not invest now will continue to experience difficulty retaining customers in the future. This paradox can only be solved by leaders who dare to make decisions based on long-term conviction, as emphasized in studies on customer relationship metrics by Gupta et al. (2020) and the analysis of the marketing investment paradox by Rust et al. (2019).

The need for a better understanding of relationship marketing mechanisms has become increasingly urgent in a digital era full of consumer distraction. Every day consumers are bombarded with thousands of marketing messages from various brands competing for limited attention. In this hyper-competitive environment, strong relationships become the only foundation that competitors cannot easily imitate. Other studies note that competitive advantage can also stem from technology orientation and entrepreneurial competence, yet such factors remain easier for rivals to imitate compared with an already-established customer relationship (Putra & Darmawan, 2022). Competitors can easily imitate product features, lower prices, or copy packaging in a short time. Yet the emotional relationship already built between a brand and consumers cannot be replicated overnight. Consumers may switch because of a cheaper price but will return if the emotional relationship is strong enough. Studies on the concept of relationship marketing and the process of building loyalty are important for winning competition. Companies that ignore the relational aspect will remain trapped in a price war that damages industry profitability. Meanwhile, companies that master relationship marketing can escape the price war and enjoy higher margins. Therefore, normative research outlining the concepts and principles of relationship marketing is greatly needed. The results of this research will serve as a guide for companies wishing to build long-term brand loyalty. Companies need to ensure that they can collaborate with suppliers, customers, and technology partners to create innovative solutions that can provide competitive advantage (Mardikaningsih & Hariani, 2023).

This research aims to systematically outline the concept of relationship marketing and explain the mechanism of long-term brand loyalty formation through a relational approach. The resulting theoretical framework includes the operational definition of relationship marketing, relationship quality dimensions, and sustainable loyalty indicators. The theoretical contribution of this study is integrating relationship marketing literature with consumer psychology into a coherent causal model. Its practical contribution is providing guidelines for marketing managers in designing effective relationship marketing programs. Companies can use this framework to diagnose the strength of their relationships with current customers. Resource allocation for various marketing initiatives can be done more targetedly based on priorities proven to build loyalty. The results of this study are expected to bridge the gap between academic theory and business practice in the field.

RESEARCH METHODS

A systematic literature review approach is used in this study, as outlined in the framework proposed by Xiao and Watson (2019). This approach was chosen because of its ability to identify, evaluate, and synthesize all theoretical evidence relevant to relationship marketing. Search protocols were established before the process began so that bias in source selection could be reduced. Keywords used included relationship marketing, brand loyalty, customer retention, trust, commitment, and long term orientation. Searches were conducted in academic databases covering marketing, management, and consumer psychology journals. Inclusion criteria were applied to articles directly discussing the relationship between relationship marketing constructs and loyalty. Articles discussing only one construct without connecting the two were excluded from the analysis. The selection process was carried out in three stages, namely duplicate screening, assessment based on abstracts, and full-text reading. Each article that passed to the final stage was analyzed to extract the concepts, propositions, and arguments put forward. The collected data was then organized into a thematic matrix based on the proposed variables and relationships.

The analysis procedure in this study follows the guidance on qualitative research in the social sciences formulated by Denzin and Lincoln (2018). Analysis begins with open coding to identify concepts that appear repeatedly in the literature. Concepts such as trust, commitment, communication, and conflict handling were identified as relationship quality dimensions. The second step, axial coding, was conducted to group related codes into more abstract categories. The categories formed include: relationship antecedents, relationship dimensions, and loyalty outcomes. The third step, selective coding, was performed to identify the core category explaining the central mechanism. The core category in this study was identified as relational value creation, which serves as a bridge between relationship marketing and loyalty. The validity of findings was maintained through source triangulation, which involves comparing propositions from various different authors. When inconsistencies were found, an analysis of the underlying assumptions of each theoretical framework was conducted by the researcher. A conceptual model explaining how relationship marketing generates long-term brand loyalty is produced as the final finding. This model is tentative and requires further empirical testing through quantitative research.

RESULTS AND DISCUSSIONS

One of the important components of business performance is marketing performance. Effective marketing will determine business performance (Darmawan, 2022). Relationship marketing is defined as a series of marketing activities aimed at identifying, building, maintaining, and strengthening relationships with customers and other stakeholders. This definition emphasizes four key processes, namely the identification of high-value potential customers, the building of initial relationships through positive interactions, the maintenance of relationships through continuous service, and the strengthening of relationships into mutually beneficial partnerships (Sargsyan & Karapetyan, 2024). Unlike transactional marketing which focuses on individual transactions, relationship marketing treats every transaction as an episode in a longer relationship history. The consequence of this perspective is that short-term losses can be justified if they yield long-term benefits. For example, providing a replacement for a damaged product at no additional cost even though it is technically not the company's responsibility. This action is disadvantageous in that transaction but builds trust that will generate repeat purchases in the future. Relationship marketing also expands the scope of exchange from economic to social where feelings and emotions become important currency. A customer invited to a product launch event feels valued not as a source of revenue but as a partner. This is supported by the view that marketing activities through events and sponsorships are not merely momentary promotional tools, but rather an opportunity to build long-term relationships with consumers which can subsequently increase brand loyalty and trust (Cahyati & Mardikaningsih, 2021). Companies that succeed in relationship marketing do not have customers; rather, they have fans who voluntarily promote the brand.

Trust is the most fundamental foundation of every long-term relationship between a company and its customers (Dimock, 2020). Trust is defined as a person's willingness to depend on an exchange partner based on confidence in that partner's integrity and competence. Established trust also enables an organization to face challenges and change more effectively, since every member holds the conviction that leadership will guide them in the right direction (Mardikaningsih & Darmawan, 2022). Trust rests on two components: trust in moral character, meaning the company will not exploit its customers, and trust in competence, meaning the company can deliver products and services as promised. This second component is reinforced when a company actively secures its brand assets, since legal protection of trademarks and other intellectual property signals that the identity customers rely on is safeguarded from imitation or misuse (Hidayat et al., 2024). When both components are fulfilled, customers feel safe transacting without needing to monitor every step the company takes. This sense of safety reduces transaction costs, since complex contracts or third-party guarantees become unnecessary. Trust is built gradually through a consistent series of positive interactions over an extended period. Each positive interaction adds to a deposit of trust, while a single negative interaction can erase years of accumulated goodwill. Satisfaction is what carries that accumulation forward, since it is through repeated satisfying experiences that isolated positive interactions turn into stable trust and loyalty rather than remaining one-off impressions (Darmawan, 2019a).

Companies that violate customer trust face severe consequences, as betrayed customers become cynical. Restoring damaged trust takes roughly three times longer than building it did. This is evident in banking, where a customer's saving experience shapes trust, but that trust only translates into loyalty through the mediating effect of satisfaction meaning trust alone rarely produces loyalty without a consistently satisfying experience alongside it (Darmawan, 2022). Preserving trust must therefore be a top priority for any organization serious about relationship marketing, since authenticity in building corporate value is not merely a strategic advantage but a basic requirement for meaningful relationships with consumers in an increasingly environmentally conscious market (Essa & Mardikaningsih, 2021).

Commitment is the second dimension of relationship quality after trust, and it predicts long-term loyalty (Auruskeviciene et al., 2010). Commitment is a continuing desire to maintain a valued relationship because of its perceived benefits. Unlike trust, which is cognitive, commitment carries an affective element and a desire for continued involvement. A favorable corporate image feeds directly into this affective element, since a positive brand attitude gives customers an emotional reason to stay attached beyond the functional benefits a company offers (Darmawan, 2019b). Committed customers will not switch to a competitor immediately even when offered an objectively better deal. They tolerate price fluctuations and temporary problems more readily. Two types of commitment need to be distinguished: affective commitment, from genuine liking and emotional attachment, and calculative commitment, from switching costs high enough to keep customers from leaving. True loyalty comes from affective commitment, while calculative commitment disappears easily once switching costs fall. Effective relationship marketing aims to convert calculative commitment into affective commitment over time. This conversion also depends on how the broader service marketing mix is designed, since a well-integrated set of service elements gives a company a form of competitive advantage that customers value beyond price alone (Darmawan & Grenier, 2021). Strategies include creating shared memories, celebrating important customer moments, and building a shared identity. Companies relying solely on point programs and discounts only build calculative commitment that is essentially artificial. True loyalty is born from customers feeling that a brand understands and shares their values.

Effective two-way communication is the primary instrument for building and maintaining long-term relationships (Earnshaw, 2018). Communication involves not just conveying product information; it also means listening to complaints, suggestions, and customer expectations. Companies that excel at relationship marketing keep feedback channels easy to access. These include toll-free phone lines, dedicated email addresses, interactive social media, and online communities. This obligation also extends to email as part of the contemporary digital marketing communication mix, so consumers are not misled by inaccurate information (Sinambel & Darmawan, 2021). Keeping these channels functioning well requires continuous investment in digital capability, since HR development that keeps pace with new technology is what allows a company's service and communication systems to keep improving instead of falling behind (Mardikaningsih et al., 2024). What matters more than channel availability is the company's responsiveness to what it receives. Customers grow frustrated when complaints sit in a system with no clear follow-up. Responding quickly, even without an immediate solution, beats silence. Effective communication also means proactively informing customers of changes that will affect them before those changes happen — for instance, announcing scheduled system maintenance beforehand rather than explaining a disruption after it occurs. Transparency about problems and the steps taken to fix them actually strengthens long-term trust. Transparency also ensures that every policy and decision made by leadership can be accounted for and understood by every member of the organization (Gani & Darmawan, 2022). Customers understand no company is perfect and appreciate honesty about its limitations. Good communication turns the relationship from an impersonal exchange into a dialogue between two parties who know each other.

Conflict handling is the true test of relationship quality between a company and its customers. Every relationship inevitably experiences conflict from differing interests or expectations (Levadnaya & Sidorov, 2022). What separates a strong relationship from a weak one is how that conflict is managed and resolved. When a dispute cannot be settled through a company's own service channels, structured mechanisms such as arbitration and mediation allow it to be resolved fairly without permanently damaging the relationship (Junaidi et al., 2024). Companies oriented toward long-term relationships prioritize restoring the relationship over winning the argument. They are willing to admit fault when evidence shows the company was indeed wrong. Staying defensive and denying fault despite clear evidence destroys trust that has already been built. When a company admits its mistake and offers fair compensation, customers often become more loyal than before. This service recovery effect occurs because the company demonstrates integrity and genuine concern through concrete action. Conversely, a company that denies fault and blames the customer loses that customer permanently. Customers dissatisfied with how their complaint was handled will share their bad experience with far more people. A single poorly handled conflict can carry a heavy cost in reputational damage. Companies therefore need to invest in training customer service staff in negotiation skills and empathy.

Customer lifetime value is the most appropriate metric for evaluating the long-term effectiveness of relationship marketing (Ferrentino et al., 2016). It is calculated by discounting all future cash flows a customer is expected to generate over the relationship. The calculation accounts for purchase frequency, average transaction value, contribution margin, and the cost of retaining that customer. These purchase-related variables are themselves shaped by service quality, product variety, store atmosphere, and price perception, all of which influence how often and how much a customer decides to

buy (Essardi et al., 2022). What distinguishes this from a simple calculation is the inclusion of a retention probability that declines over time. Highly loyal customers have a retention probability close to 100 percent up to a certain point. Customers without emotional attachment have a lower retention probability that falls sharply year over year. Relationship marketing raises lifetime value through three mechanisms: higher retention. The second is a larger share of wallet, since loyal customers buy more product categories from the same brand. The third is lower marketing costs, since the company no longer needs constant advertising to retain already-loyal customers. This value extends beyond a single transaction cycle: customers who are financially literate and able to plan ahead tend to sustain their purchasing relationship with a brand over a longer horizon, which strengthens the case for treating financial capability as part of building durable customer value (Oluwatosin & Darmawan, 2025). Companies that calculate customer lifetime value invest differently across segments. High-value customers get special treatment, personal service, and exclusive offers. This segment receives the largest share of resources in a company's relationship marketing program.

Differentiating treatment among customers based on lifetime value raises ethical questions worth considering (Wiesel et al., 2011). A company that openly gives better service to wealthier customers can be accused of discrimination. Lower-value customers may feel unfairly treated even though the practice makes economic sense. Relationship marketing should not mean neglecting customers who are less financially profitable. This concern is sharper in digital marketplaces, where platform accountability and scrutiny of anticompetitive practices determine whether differentiated treatment stays legitimate segmentation or slides into unfair exclusion of certain customer groups (Jauhari et al., 2024). A more ethical solution is a tiered loyalty program where every customer has a path to move up. New customers start at a basic tier with standard service that is still adequate. Through more purchases or longer tenure, they can advance to a higher tier. This system is transparent and behavior-based rather than built on demographic traits customers cannot change. Ensuring that fairness ultimately rests with company leadership, since those responsible for governance carry legal accountability for how differentiation policies are designed and applied across the customer base (Nugroho et al., 2024). Customers feel motivated to deepen their relationship with the brand because a clear path exists. Companies can still allocate resources efficiently without creating a sense of unfairness. The key is that the base level of service must stay genuinely good, so no customer feels shortchanged. Special treatment for premium customers is a bonus, not a replacement for the minimum standard.

Personalization is an effective strategy for strengthening customers' sense that a company recognizes them as individuals (Kaushik & Sharma, 2023). It means tailoring communication and offers based on data about customer preferences and behavior. Advances in big data and artificial intelligence now make mass personalization possible at an increasingly affordable cost. This success is also supported by using consumer behavior data to personalize marketing strategy so that innovation is more readily accepted by the target market (Fared & Darmawan, 2021). Preferences that shape personalization are not limited to purchase history alone; lifestyle factors also matter, since lifestyle has been shown to meaningfully predict what customers ultimately choose to buy (Putri & Darmawan, 2025). Product recommendation systems based on prior purchase history can significantly raise conversion. But excessive personalization can feel intrusive and create a sense of being constantly watched. Customers grow uneasy when a company seems to know too much about their personal lives. The line between helpful personalization and a privacy violation is not always clear and differs from one person to the next. Companies need explicit customer consent before collecting behavioral data for personalization. A clear explanation of the benefit customers get in exchange for their data matters greatly. Customers will willingly share data if they see tangible benefits, such as relevant recommendations and a more efficient process. Without a perceived benefit, data collection will be seen as exploitation that damages the relationship. Ethical personalization treats customers as consenting partners, not as objects to be studied.

A point-based reward system accumulated from every purchase is the most common loyalty program, yet also the least effective (Jarosz, 2022). Programs like this only draw customer attention to the transactional value of their relationship with the company. Customers calculate how many points each transaction earns and redeem them for the maximum reward. When a point program ends, customers abandon the brand in large numbers. This mirrors what happens with sales promotions more broadly: a promotional incentive can trigger impulsive buying in the short term, but that behavior is driven by the promotion itself rather than any lasting attachment to the brand, so it fades once the incentive stops (Gardi & Darmawan, 2022). The long-term effect of point programs on loyalty is very small, sometimes even negative, because customers grow accustomed to rewards and their expectations keep rising. Companies get trapped in an implicit discount spiral that steadily erodes margins without building genuine loyalty. A more effective loyalty program offers experience and recognition rather than plain price discounts. Even a modest enterprise can build this kind of non-price loyalty: a clearly formulated marketing strategy, grounded in an honest assessment of its own strengths and weaknesses, lets a small business compete on distinctiveness instead of relying on discounting alone (Hariani, 2022). Examples include invitations to exclusive events, early access to new products, or better personal service. Non-material rewards a sincere thank-you, recognition of loyal customer status matter too. Programs like this are harder for competitors to copy because they rest on a company's cultural values rather than discounts. They also avoid the discount escalation spiral, since the cost of recognition is lower than the cost of a price cut. Companies that succeed in building genuine loyalty see very high participation in non-discount programs.

Consistent service quality is an absolute prerequisite for relationship marketing because no strong relationship can be built on a fragile foundation (Kumar, 2014). This attachment makes consumers more forgiving of minor mistakes because they feel they have a personal relationship with the brand (Saini & Singh, 2018). However, a customer might forgive one mistake but will not stay if mistakes continue to happen regularly. Consistency means that customers can accurately predict what they will experience every time they interact. A brand may have a superior product, but if the in-store service is poor, the overall experience will feel negative. Conversely, an ordinary product can feel special if packaged within a pleasant and memorable shopping experience (Sand et al., 2020). This predictability reduces anxiety and makes customers feel comfortable making repeat transactions. Service procedure standardization laboratories, uniform employee training, and strict quality management systems. However, consistency does not mean being rigid without room for flexibility in situations requiring exceptions. Customers appreciate when employees are empowered to make decisions outside of standard procedures. For example, allowing product returns after the validity period has expired for special, reasonable reasons. Policies that are too rigid send the message that the company cares more about procedures than customers. A balance between standardization that ensures consistency and flexibility for special cases needs to be sought. Employee training on when to follow procedures and when to make exceptions is crucial to achieving this balance. Consistency built on rigid rules will be fragile when facing unexpected situations that require human judgment.

Marketing activities will yield optimal results with the involvement of internet technology (Darmawan, 2018). In certain industry categories, internet technology has been utilized in business processes. However, not all businesses are ready to do so (Arifin et al., 2022). The integration of digital technology in relationship marketing creates new opportunities and challenges for companies. The development of financial technology (fintech) in Indonesia has changed how people conduct financial transactions, especially with the emergence of electronic payment systems offering efficiency and convenience (Rahman et al., 2024). On one hand, technology enables real-time monitoring of relationship health at a lower cost. Customer relationship management systems track every interaction and provide early warnings about potential churn (Naim et al., 2024). Artificial intelligence can analyze sentiment patterns from complaint texts to identify issues before they spread. Chatbots can provide 24-hour basic services with response times much faster than humans. However, on the other hand, technology can reduce the personal touch which is precisely the essence of relationship marketing. Customers feel unvalued when facing automated systems that cannot understand their unique situation. Repeating information multiple times because the system fails to transfer data between departments is very frustrating. Technology integration must be designed to free up employees so they can focus on high-quality interactions. Administrative tasks such as data recording and scheduling should be fully automated. Tasks requiring empathy and situational judgment must still be handled by trained humans. Companies that succeed in digital relationship marketing are those that use technology to strengthen human interactions. Technology is not a replacement for humans, but rather a tool that makes humans more effective in building relationships. A glocal approach combining universal principles with local adaptation becomes the most promising strategy (Garg, 2023).

Reality shows that preferences for relationship intensity vary greatly among individuals and situations. Some consumers want a warm and personal relationship with the companies they shop from regularly. Others want efficiency and anonymity without the burden of building relationships that require reciprocal effort (McKeage & Gulas, 2013). This expression of status and taste formation reinforces the existence of social stratification and certain lifestyles amidst consumer society (Sinambela & Halizah, 2023). Contacting customers who are introverted and do not want interaction will actually damage the existing relationship. Segmentation based on willingness to relate becomes important for the efficiency of relationship marketing programs. Customers who do not want relationships are simply provided with good service without excessive proactive communication. Customers who want relationships can be included in more intensive loyalty programs. Cross-cultural differences also affect expectations regarding relationships with supplier companies. Collectivist cultures may value close and personal relationships more than individualistic cultures. Further research is needed to examine how consumer characteristics moderate the effectiveness of various relationship marketing strategies. Retailers and manufacturers must understand how their consumers react, and develop customized and personalized marketing strategies for each (Gani et al., 2021).

CONCLUSIONS

Relationship marketing is defined as the activity of building, developing, and maintaining successful exchange relationships with customers and other stakeholders. Trust as the foundation of relationships is built through a series of consistent positive interactions and visible integrity. Affective commitment resulting from liking and emotional attachment is a true source of long-term loyalty. Responsive two-way communication allows companies to listen and adjust offerings to changing customer needs. Fair and prompt conflict handling can turn disappointed customers into more loyal brand advocates. Customer lifetime value is an appropriate metric to evaluate the effectiveness of relationship marketing in the long term. Ethical personalization enhances the perception that the company knows customers individually without crossing privacy boundaries. Experience- and recognition-based loyalty programs are more effective than discount point programs in building attachment. Consistent service quality is the minimum prerequisite before

relationship marketing can work optimally. Digital technology integration must be designed to strengthen rather than replace the human interactions that build relationships. Differences in customer preferences for relationship intensity require segmentation and varied approaches for each segment.

The implication for marketing practitioners is the need to re-evaluate loyalty programs that have been focused on transactional incentives. Companies are advised to gradually reduce the portion of discounts and points in loyalty programs. Instead, increase offerings of exclusive experiences and social recognition that build emotional bonds. Program effectiveness measurement is not sufficient with participation rates but long-term retention rates. Future research can empirically test the relationship between various dimensions of relationship marketing and affective loyalty. Cross-industry studies are needed to see whether strategy effectiveness differs depending on normal purchase frequencies. Experimental research can manipulate a single relationship marketing variable to measure changes in loyalty in a controlled manner. Qualitative studies with interviews can uncover the psychological processes that occur when customers decide to be loyal. Companies are advised to begin transformation by changing manager evaluation metrics from monthly sales to customer portfolio lifetime value. This metric change will automatically alter manager behavior without the need for additional intervention. Replication of this study in developing countries will provide insights into the influence of culture on relationship marketing effectiveness.

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