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In Indonesia’s heavy equipment industry, there are still many sales and rental companies that still do not realize the importance of customer satisfaction to increase the retention and progress of their companies. This study aims to analyze the effect of customer satisfaction on customer loyalty and the performance of marketing organizations in the B2B market in Indonesia's heavy equipment industry. The goal is that massive equipment sellers and rentals know that increasing customer satisfaction can increase the long-term security of the company's future earnings. This quantitative research was conducted by distributing questionnaires to 38 massive equipment companies in Jakarta and Banten from February to April 2020. They are then testing the results using the SmartPLS 3.0 application. The results showed that the customer satisfaction variable has a positive effect on customer loyalty and negative on the marketing organization's performance. Meanwhile, customer loyalty has a positive and significant effect on the performance of the marketing organization.

**Keywords:** Customer Satisfaction, Customer Loyalty, Marketing Organization Performance, Heavy Equipment, SmartPLS.

1. INTRODUCTION

Development growth in the current era of globalization has increased throughout the world. Every country is racing to develop equitably, including Indonesia. This condition makes companies in the development sector carry out various kinds of business and marketing strategies, including massive equipment companies. The heavy equipment industry is also one of the many industries that play an essential role in developing its economic status. The heavy equipment industry provides various purposes for construction, such as cranes, loaders, drilling rigs, and so on. A massive equipment company usually take a Business to Business (B2B) approach to advance their business, where massive equipment companies sell their goods to contracting companies, oil and gas companies, and others that require heavy equipment [1]. In other words, business to business (B2B) refers to a business that is conducted between companies. However, there are still many heavy equipment sellers and rentals who still do not know the importance of customer satisfaction to increase sales retention and -

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their companies' progress. The strength of a satisfied customer with a service will have a good impact on the supplier. When customers are satisfied with the company's products or services, this can make customers often buy and recommend products and services to other potential customers [2]. Here, a customer satisfaction as a variable of modern approaches to determine the quality of companies and organizations and to serve the development of management and culture that is truly customer-focused [3]. Customer satisfaction is also the result of cognitive and affective evaluations where several standards are compared with the actual perceived performance. Customer satisfaction assessments are related to all experiences made with a particular supplier regarding their products, sales processes, and after-sales service [4]. The lack of understanding by companies that customer satisfaction also requires the involvement of all parts of the company [5]. The importance of customer satisfaction above will also have an impact on customer loyalty. Customer loyalty is also said to be a long-term commitment to repurchase, which involves an excellent cognitive attitude towards the sales company.
Repeat purchases include the customer's perception of continuity expectations such as relationship renewal and the customer's willingness to recommend the company to colleagues. Customer loyalty does not just appear. Customer loyalty is built over time in various successful transactions. Loyal customers will encourage other people/colleagues to transact with our company and think more than twice before switching services [6]. Organizational strategies will be more successful if they focus on retaining existing customers rather than acquiring new customers [7]. Another aspect that is also important and must be considered is organizational performance. Organizational performance is used to achieve the organization's goals by increasing efficiency, quality, productivity, and profitability from the perspective of customers and organizations [8]. Organizational performance refers to how well an organization achieves market-oriented goals and its financial goals [9]. Organizational performance can be divided into two, financial organization performance and marketing organization performance [10]. In this study, the authors put more emphasis on research into marketing organizational performance. Marketing organizational performance refers to increasing the organization's status in market share, increasing customer perceptions of the organization and its products, and increasing customer loyalty to the organization [11]. Studies on the performance of marketing organizations have been carried out in various sectors, such as the education sector, the tourism sector, the health/hospital sector, and the banking sector. The performance of marketing organizations in the education sector where marketing performance was tested with customer satisfaction variables in the education sector at Private Higher Education Institutions, Sri Lanka [12]. Thus, the customer satisfaction in the tourism sector in performance of marketing organizations in the hospital sector using patient (customer) satisfaction variables in Malaysia [13]. Marketing organizations' performance with customer loyalty variables in the banking sector in Isfahan Saderat bank branches [14]. However, as long as the researcher is looking for, it has not been found about marketing organizations' performance by using customer satisfaction variables and customer loyalty in the heavy equipment sector in Indonesia. This research aims to identify whether the application of customer satisfaction can have a positive influence on customer loyalty and the performance of marketing organizations in the B2B market in the Indonesian heavy equipment industry.

2. REVIEW OF THEORY

A. Customer satisfaction
Customer satisfaction has significant implications for its economic performance [15]. Customer satisfaction is a fundamental tool used by marketing agencies to increase customer loyalty and, ultimately, organizational performance and profitability [16]. Looking at the opinion of a customer satisfaction is one of the tools used to make a business successful especially in-service organizations, customer satisfaction is based on developing quality relationships with customers [17, 18]. Recent literature adds a customer satisfaction perspective in the traditional model. Implicitly assumes that customer satisfaction is essentially the result of a cognitive process. Conceptual development shows that affective processes can also contribute substantially to explaining and predicting customer satisfaction [19]. Customer satisfaction should be seen as an assessment based on cumulative experiences made with certain products or services. The measurement of customer satisfaction can be measured in two ways. The first is by asking the customer how satisfied you are with an organization's overall service. The second indicator of customer satisfaction can be measured by satisfaction with service and satisfaction with a price [20]. These theories state that customers' value is a function of quality and price, then differences in the level of perceived value will result in different customer satisfaction [21].

B. Customer loyalty
Customer loyalty is first defined by the behavioral dimension, which concerns different measures at the individual level, such as repurchase behavior, frequency of consumption, how harmonious the relationship between sellers and buyers is, or combined indicators [22]. Here, customer loyalty is defined as a long-term commitment to repurchase, which involves a good cognitive attitude towards repeat company sales [23]. Likewise, loyalty behavior is defined as the tendency of customers to stay with suppliers and not switch [24]. It can be seen to what extent customers prefer suppliers over competitors. Increased customer loyalty can increase usage rates, predict good and safe future income, and minimize the possibility of customer switching [25]. A customer loyalty can be measured by considering a combination of indicators for purchase frequency and purchase value [26]. Loyalty indicator analysis, namely the frequency and value of purchases. These two things are significant because they reveal important aspects to measure loyalty: the number of purchases and financial resources managed for service providers [27]. Besides, the measurement of loyalty also refers to repeat purchases; selection; commitment; retention; and loyalty [28].

C. Marketing Organization Performance
Organizational performance is the process of achieving the organization's goals by increasing efficiency, quality, productivity, and profitability from the perspective of customers and organizations [29]. Resources are assets controlled by the company. Resources provide the 'raw material' for business and corporate marketing strategies [30]. From a marketing perspective, marketing resources can be defined as assets available to sell products/services within the company, which can create valuable results.
when coupled with trained marketing skills [31]. Marketing performance is defined by 3E, Efficiency, Effectiveness, and economics [32]. Combining these three variables makes a combination that reflects the level of performance of an entity [33]. Efficiency is seen from the use of the quantity given by the resource which is taken from the highest result achieved by the resource or the reduction in the number of resources in order to achieve a predetermined result. The economy is seen from the availability of facilities used by resources to carry out an activity (buying and selling) with a minimum cost. Then adequate is determined by achieving predetermined results [34]. The measuring on performance of marketing organizations can be seen from assessing the relationship between marketing activities and business performance [35]. The marketing activities referred to are marketing communications, promotions, and other activities representing buying and selling transactions. Marketing activities affect the results of customer thoughts, feelings, knowledge, and behavior, which will ultimately affect the company's financial organization [36].

D. Hypothesis Development
Customer satisfaction is often said to be a condition of getting customer loyalty [37]. A significant customer satisfaction must be able to create loyalty among customers [38]. Another opinion says that delighted customers generally stay loyal longer, buy more, pay less attention to competing brands, and are less problematic about prices [39]. A customer satisfaction increases above a critical level, repeat purchases (customer loyalty) also increase rapidly [40]. A previous study has shown that customer satisfaction positively affects customer loyalty [41]. Positive relationship between customer satisfaction and customer loyalty have positive impact on user loyalty and behavior. Thus, customer satisfaction with company service capabilities has been shown to have a significant and positive impact on cognitive attitudes and repeat purchases or customer loyalty. From the results of previous research above, the authors propose the first hypothesis:

H1: Customer satisfaction has a positive impact on customer loyalty.

Relationship of Customer Satisfaction to Marketing Organization Performance Customer satisfaction has significant implications for the performance of marketing organizations [42]. High customer satisfaction will lead to an increase in the marketing organization's performance by ensuring higher profits for the organization [43]. Previous studies have also found positive results from the impact of customer satisfaction on the performance of marketing organizations [44]. A customer will have a positive impact on the performance of a better marketing organization [45]. For this reason, the authors propose a second hypothesis:

H2: Customer satisfaction has a positive impact on the performance of the marketing organization

Customer loyalty has a substantial impact on marketing organizations' performance and is widely considered an essential source of competitive advantage [46]. Other studies have shown a clear significant relationship between customer loyalty and marketing organization performance, in this case, an increase in profit [47]. In previous research, it was stated that customer loyalty positively helps organizations increase profits and growth in marketing organizations [48]. Based on the results of these previous studies, the authors propose the third hypothesis as:

H3: Customer loyalty has a positive impact on the performance of the marketing organization

This study used a quantitative survey research design using a questionnaire as a tool. This study's population were managers (or levels above) of massive equipment companies located in Jakarta and Banten. Then 38 respondents were taken as samples. Determination of the sample using the pose sampling method. Most of the managers who fill out this questionnaire occupy the operational manager position, where they understand the conditions of heavy equipment in the field. Then this respondent has worked for more than four years in the heavy equipment industry. Then from the company's inside, it is also seen the number of customers within one year. The distribution of this questionnaire was carried out from February to April 2020. The author went directly to 38 respondents to obtain data using a questionnaire that had been prepared. Then the data that had been collected were analyzed statistically using the SmartPLS 3.0 software. Statistical analysis was carried out to achieve this study's objectives and for data collection using a Likert scale rating. Likert scale rating is a ranking system in which respondents indicate how strongly they agree with the questions or disagree with them [49].

E. Measurement
Measurement in this study, the customer satisfaction variable is adopted with four statements. Furthermore, the customer loyalty variable is adopted from seven statements. Finally, the marketing organization performance variable's measurement is adopted with five statements. In this study, the data were obtained from distributing questionnaires by using a measurement scale with the Likert scale method. On the Likert scale the method used uses five alternative answers, namely; score of 5 highly agree (SS); score of 4 agreed assessment (S); score of 3 assessment between agree and disagree (ASTS); a score of 2 for assessment of disagree (TS) and a score of 1 for assessment of strongly disagree (STS).
In SmartPLS, there are two models, namely, the outer model and the inner model. The outer model consists of convergent validity and discriminant validity, while the inner model is used to prove the hypothesis (see Figure 1).

Figure 1 shows information about a model tested that consists of 1 exogenous latent variable, namely Customer Satisfaction (KP) and 2 endogenous latent variables, namely Customer Loyalty (LP) and Marketing Organization Performance (KO). All types of variables will be proposed using SmartPLS 3.0 software to evaluate the measurement scale's validation and test all the proposed hypotheses. PLS is a statistical tool specifically designed to handle small samples. The one of the measurement methods using PLS is Convergent validity, which measures the correlation between constructs and latent variables. Evaluating the convergent validity of checking individual item reliability can be seen from the standardized loading factor value. The standardized loading factor describes the magnitude of the correlation between each measurement item (indicator) and its construct. The loading factor value > 0.7 is said to be ideal, meaning that the indicator is valid in measuring its construct. In practical research experience, the loading factor value > 0.5 is still acceptable. Thus, the loading factor value < 0.5 must be removed from the model (dropped). The next step is to look at the internal consistency reliability of Cronbach's Alpha and Composite Reliability (CR) values. Composite Reliability (CR) is better at measuring internal consistency than Cronbach's Alpha in SEM because CR does not assume each indicator's same weight. Cronbach's Alpha tends to underestimate construct reliability (internal consistency reliability) than Composite Reliability (CR).

Furthermore, Table I shows that the entire construct has a Cronbach's alpha value and composite reliability above 0.600. Therefore, there is no problem with convergent validity (internal consistency reliability) in the former model. AVE value describes the amount of variance or variety of manifest variables that can be had by latent constructs. Thus, the greater the variance or variety of manifest variables contained by latent constructs, the greater the manifest variable representation of the latent constructs. A minimum AVE value of 0.5 indicates a good measure of convergent validity. This means that the latent variable can explain an average of more than half the indicators' variance. The AVE value is obtained from the sum of the loading factor squares divided by the error. In this study, the AVE value of each construct was above 0.500. Therefore, there is no convergent validity problem (see Table I).

Table I. Summary of the statistical calculation results of the measurement model

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Manifest Variable</th>
<th>Loading Factor</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (KP)</td>
<td>R38</td>
<td>0.889</td>
<td>0.562</td>
<td>0.893</td>
<td>0.807</td>
</tr>
<tr>
<td></td>
<td>R39</td>
<td>0.908</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty (LP)</td>
<td>S40</td>
<td>0.692</td>
<td>0.841</td>
<td>0.889</td>
<td>0.622</td>
</tr>
<tr>
<td>Loyalty (LP)</td>
<td>S42</td>
<td>0.878</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S43</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S44</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>S45</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S46</td>
<td>0.630</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Performance (KO)</td>
<td>T47</td>
<td>0.903</td>
<td>0.860</td>
<td>0.890</td>
<td>0.577</td>
</tr>
<tr>
<td></td>
<td>T48</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T49</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T50</td>
<td>0.799</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T51</td>
<td>0.545</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The reflective model's discriminant validity is evaluated through cross-loading, then the AVE value is compared with the square of the correlation value between constructs. The cross-loading measure compares the correlation of the indicator with its construct and constructs from other blocks. If the correlation between the indicator and its construct is higher than the correlation with other block constructs, this shows that the construct predicts the size of their block better than the other blocks. Another measure of discriminant validity is that the root AVE value must be higher than the correlation between constructs and other constructs. The AVE value is higher than the square of the correlation between constructs. The table below shows that the square root value of AVE ("yellow" block) is greater than the correlation between the constructs and the other constructs. So it can be concluded that there is no problem of discriminant validity in the model formed (see Table II).

Table 2. Summary of the Calculation Results of Cross Loading Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Customer Satisfaction (KP)</th>
<th>Customer Loyalty (LP)</th>
<th>Organizational Performance (KO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>0.899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty (LP)</td>
<td>-0.077</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Organizational Performance (KO)</td>
<td>0.377</td>
<td>0.788</td>
<td>0.760</td>
</tr>
</tbody>
</table>
The inner model is used to run hypothesis testing. SmartPLS uses a re-sampling procedure known as a bootstrap to evaluate the significance of parameter estimates. Hypothesis testing is done by looking at the probability value and the t-statistic. For probability values, the p-value with \( \alpha = 5\% \) is less than 0.05. The t-table value for \( \alpha = 5\% \) is 1.96. So that the criteria for acceptance of the hypothesis is when the t-statistic (count) > t table. From the table below, it can be explained that the estimated results of the effect of Customer Satisfaction (KP) and Customer Loyalty (LP) on Marketing Organization Performance (KO) have a path coefficient of -0.263 and 0.493, the effect is significant only for the Customer Loyalty (LP) variable and not for the Customer Satisfaction variable (KP). This is evidenced by the calculated t value obtained by Customer Satisfaction (KP) and Customer Loyalty (LP) of 1.434 and 2.572 respectively, which is greater than t table 1.96, only for the Customer Loyalty (LP) variable and not for the Customer Satisfaction (KP) variable. Besides, the p-value generated by Customer Satisfaction (KP) and Customer Loyalty (LP), respectively 0.152 and 0.010, is smaller than \( \alpha = 5\% \) only for the Customer Loyalty (LP) variable and not for the Customer Satisfaction (KP) variable. Furthermore, the estimation results of the effect of Customer Satisfaction (KP) on Customer Loyalty Interests (LP) have a path coefficient of 0.377. Where the influence is significant, this is evidenced by the t value obtained of 2.134, is greater than t table 1.96. Besides, the p-value generated by Customer Satisfaction (KP) of 0.033 is smaller than \( \alpha = 5\% \) (see Table III).

### Table III. Hypothesis Testing

<table>
<thead>
<tr>
<th>Exogenous Latent Variable</th>
<th>Endogenous Latent Variable</th>
<th>Coefficient</th>
<th>T Value</th>
<th>P Value</th>
<th>Test Result (alpha = 5%)</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (KP)</td>
<td>Organizational Performance (KO)</td>
<td>-0.263</td>
<td>1.434</td>
<td>0.152</td>
<td>Not Significant</td>
<td>0.214</td>
</tr>
<tr>
<td>Customer Loyalty (LP)</td>
<td>Customer Loyalty (LP)</td>
<td>0.493</td>
<td>2.572</td>
<td>0.010</td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction (KP)</td>
<td>Customer Loyalty (LP)</td>
<td>0.377</td>
<td>2.134</td>
<td>0.033</td>
<td>Significant</td>
<td>0.142</td>
</tr>
</tbody>
</table>

Based on this study's results, there is a relationship between customer satisfaction and customer loyalty in the heavy equipment industry. This shows that customers satisfied with the purchase/rental of heavy equipment will increase customer loyalty. Customer satisfaction is one of the crucial factors to help increase customer loyalty. In general, massive equipment purchasing / rental companies apply to each employee to always prioritize customer satisfaction in order to create a harmonious and sustainable relationship. Besides, employees in the heavy equipment industry, especially sales marketing, must always keep in touch with customers even if they are asking for news. Not only sales marketing but also sales after-sales service are also required always to be responsive when there are complaints from customers about the unit purchased/leased. By doing some of these things without realizing it can increase customer satisfaction who buy/rent heavy equipment because customers feel safe if at any time, there are problems. This is supported by several previous studies which state that customer satisfaction has an influence on customer loyalty. Then in the results of hypothesis testing, there is an insignificant relationship between customer satisfaction and marketing organizations’ performance in the heavy equipment industry. Customer satisfaction has a positive impact on the company, but not for sales marketing employees. Judging from several events in the field in the heavy equipment industry in Indonesia, customer satisfaction does not always positively impact the performance of marketing organizations. However, for now, the author has not been able to find any literature that discusses the negative relationship between customer satisfaction and marketing organizational performance. Therefore, the author will try to analyze this study's results with a logic that can be seen in the field. The heavy equipment industry is relatively large. With its function that can simplify and speed up construction work, it is no wonder each heavy equipment unit has a high enough price. With this high price, many customers must be smart in choosing units and prices that are following the value of their work. This is because most heavy equipment customers, both buyers, and renters in Indonesia, have the habit of bidding on unit prices at prices that can damage the sales marketing incentive. In the consideration that if it is not followed, the buyer will switch to competitor brands. Thus, sales release below the standard price. The impact is that customers are satisfied with the desired price, but sales cannot receive full incentives. In addition to the above, the contact person or familiarly known as the "broker" of customers often takes advantage of the conditions when the company wants to transact. They tend to charge a commission on the pretext of helping the company buy. This also sometimes affects the incentives that will be received by sales. Then the impact on the decline in the marketing organization's performance and make employees lazy to carry out their duties. Furthermore, it can be concluded that there is no influence between customer satisfaction and the marketing organization's performance. Furthermore, from the results of hypothesis testing, there is a significant relationship between customer loyalty and the marketing organization's performance. This shows that loyal customers will improve the performance of the marketing organization. Loyal customers will always remember us for the first time when there is a heavy equipment procurement project. Thus, there will be a return transaction with that customer. It is not only the sales marketing department that feels the impact but the after-sales service department too. This makes the performance of the marketing organization increase. Not only that, in general, but the increased performance of marketing organizations also makes

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employees more diligent and obedient to the call of duty because they want to make other customers loyal to the company and make repeat purchases. The results of this study are in line with research by Rowley & Dawes (2000).

5. CONCLUSIONS
Based on the results obtained in this study, it can be concluded that, first, there is a relationship between customer satisfaction and customer loyalty in the heavy equipment industry. Second, there is an insignificant relationship between customer satisfaction and the performance of the marketing organization. Moreover, third, there is a good relationship between customer loyalty and the performance of the marketing organization. This research certainly has limitations that refer to several weaknesses in it. Some of the limitations include this research only discusses the limited variables of customer satisfaction, customer loyalty, and the marketing organization's performance. Besides, this research only distributed 38 questionnaires to several massive equipment companies in the Jakarta and Banten areas. Furthermore, there is a possibility that some respondents did not fill in the actual conditions or had wrong perceptions in answering the questionnaire. Suggestions for further research can add other variables that are considered to affect customer satisfaction in the heavy equipment industry to increase customer loyalty and the performance of the marketing organization. Another variable that can be suggested for further research is the Customer Relationship Management variable. The CRM variable can improve the relationship between the company and customers in the heavy equipment industry. Besides, further research can also use the service quality variable because SQ can also affect customer satisfaction and customer loyalty in the heavy equipment industry. Here, this study discusses the effect of customer satisfaction on loyalty and performance of marketing organizations. For companies engaged in the heavy equipment industry to maintain and improve their organizational performance, they must pay more attention to customer satisfaction. To increase customer satisfaction, companies can do this by maintaining the Core function of the product, overall quality, and Brand Value. Not only paying attention to the above, to improve organizational performance, the company must also pay attention to the needs and welfare such as incentives that must be received by employees, especially sales, who are at the forefront who will face customers directly. This can be seen from the research results, which states that the relationship between customer satisfaction is not significant to the performance of the marketing organization. Then for companies that want to improve organizational performance must also pay attention to customer loyalty. To get customer loyalty, the company must increase its attitude toward brand and repurchase.

References


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