“THE EFFECT OF DIRECT MAIL, TANGIBLE REWARD, INTERPERSONAL COMMUNICATION AND PREFERENTIAL TREATMENT ON POSITIVE WORD OF MOUTH”

(An Empirical Study of Credit Card Holder of Mandiri Bank in Malang City)

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This research aims at examining the effect of Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment on Positive Word of Mouth on credit card holder of Mandiri Bank in Malang City partially. The questionnaire has been distributed to 150 respondents who are Credit Card Holder of Mandiri Bank and lived in Malang City. The sampling technique used is purposive sampling and the research instruments were tested using the Validity Test, Reliability Test, and Classical Assumption Test. This research uses Multiple Regression Analysis to analyze the data. The result of multiple regression analysis indicates that Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment are significantly effect on Positive Word of Mouth. It also known that Tangible Reward is the most powerful and dominant variable among all the independent variables. The results of this research can be applied in a marketing strategy for the company and interested parties to maintain and maximize Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment to obtain a positive effect of Positive Word of Mouth on potential customers that can lead to a purchase decision.

Keywords: Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment, Word of Mouth.

I. Introduction

Nowadays, bank plays important role in national financial stability. In this globalization era, almost everyone whether adult, youth or even a child has already had a banking product such as Debit Card, Credit Card, E-Money and insurance. This fact indicates that people depends on Bank to manage their financial planning. Currently, people have a different way of thinking compared to those in the previous era when everything was managed traditionally. At this era, people do not need to save their cash in their home, saving-box etc. Now they can save their money safer in the banks without worried that it will lose or gone. People also can withdraw their money from automatic transaction machine (ATM) with their transaction card. It is somehow is the impact of technology too. With technology, everything looks easier and simpler. The importance of bank gives the impact not only to the individuals but also to the activity involving consumer or seller. Many years ago, whenever people want to purchase something, they need to have cash as an exchange for the product. This activity is called as trading transaction. Until around 1980’s Indonesian government create credit card and debit card to decrease the amount of money which will effect on increasing of the inflation rate.
Therefore to manage such tight competition among the banks. There has to be organization who have authority to rule and control all the financial institutions. That organization named as Central Bank or in Indonesia called Indonesian Bank (BI). Central Bank as most of people know is to stabilize the currency exchange rate and avoid the inflation rate. The other job that Indonesian Bank has is to safeguard the monetary stability and financial system stability as well. In fact, since January 2016 (4,14%) until February 2016 (4,28%) the inflation rate has increased for 0,28%.

Nowadays, the amount of cash transaction in Indonesia grows significantly. This is inline with previous explanation about inflation. To avoid the increasing of inflation rate, Central Bank needs to find a solution for this national issue. On August 14th, Central Bank has declared GNNT/NCNM (Gerakan Nasional Non Tunai = Non Cash National Movement) to increase public awareness, businesses and government agencies to use non-cash means of payment in conducting financial transactions easily, safely and efficiently (BI, 2014). GNNT refers to strategy to decrease the use of cash transaction or every trading that involve cash. The examples of Noncash Transaction is , Debit Card, Credit Card and E-Transactions.

Among the other Noncash Transactions, Credit Card is one of the most popular product. Although the users are not as much as Debit Card Holder, still there are many people prefer to use Debit Card because they do not have to worry about the balance. Credit Card is a plastic card that is provided by the bank to allow the holder to purchase product and to own it the costumers have to fulfill various requirements. According to Indonesia Credit Card Association (2016) the amount of credit card holder in Indonesia always increase started from 2009 until April 2016. This indicates that in indonesian become a potential market for credit card growth.

Mandiri bank which in the future become the object of this research considered this as an opportunity for them to deliver their Credit Card product to consumers. Therefore, in order to convince its costumers to use its credit card products, Mandiri Bank provides many benefits whether it is in the form of direct reward or points that can be exchanged into prizes or a discount. As a support for the product, Mandiri Bank collaborates with a lot of companies start from SME’s until MNC’s.

To create and accomplish its objectives, Mandiri bank needs Relationship Marketing as one of the strategy as building a strong relationship with costumers requires good communication. According to research from De Wulf et. al (2001) in Huang (2015) there are 4 attributes that may conduct relationship marketing. There are Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment. These variables are chosen because they all been used for many research with different variable.

Kotler and Keller (2007) stated that the by word of mouth communication is a communication process for the provision of advice either individually or in groups for a product or service that aims to provide personal
information. Word of Mouth can be done not only through direct personal communication but it could also be done through media such as the Internet, television or other print media. The more people talking about the product the more people will notice the product.

The goal of this research is to determine the effect of Relationship Marketing attributes named Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment on Positive Word of Mouth. Therefore the author conduct a research entitled “THE EFFECT OF DIRECT MAIL, TANGIBLE REWARD, INTERPERSONAL COMMUNICATION AND PREFERENTIAL TREATMENT ON POSITIVE WORD OF MOUTH” (An Empirical Study of Credit Card Holder of Mandiri Bank in Malang City).

II. Literature Review

Marketing plays an important role in every company because it is related to customers and it will affect the sales of the company. Marketing also directly connected to the consumers. Therefore understanding the importance of Marketing is a must for every company that wants to gain more profit. Kotler and Armstrong (2011) defined that marketing is process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

2.1 Relationship Marketing

In the field of marketing, relationship can be a factor that can make a company increases its profit multiple times. In doing business, theory of quality is not enough to develop a business.

Palmatier (2008) argued that Relationship Marketing is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance. While Sorce (2002) Relationship marketing is defined as the activity of creating a mutually beneficial exchange between business partners

According to De Wulf (2001) in Huang (2015) there are 4 tactics of Relationship Marketing investment such as Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment. For more explanation will be described as follows:

2.1.1 Direct Mail

One of the benefits of Direct Mail is more personal. For some people, communicating through letters look more private. These customers could assume that companies are willing to take their time to pay attention to their customers even if only for a little notice

Anderson & Narrus (1990) in the Relationship Marketing Literature stated that it has been verified that the communication between customers and sellers increases the understanding of each other and enhances closeness and trust. Moreover, De Wulf et al (2001) argued that the personalization of customers contacted by direct mail could enhance the perceived relationship quality of customers.

2.1.2 Tangible Reward

According to Berry and
Parasuraman (1991), customers will remain loyal if they receive financial benefits e.g. reward programs and/or social benefits e.g. a personalized service. These benefits can turn customers into clients. While Huang (2015) argued that Tangible rewards refer to a customer’s perception regarding retailers' offerings for tangible benefits such as free gifts and discount coupons.

Meanwhile, every consumer would expect rewards for their loyalty to the company. As the exchange, costumers who received a gift from the company for their loyalty and allegiance will feel happy and grateful. This feeling of gratitude will bring create customers’ loyalty which further it can create Positive Word Of Mouth.

### 2.1.3 Interpersonal Communication

Interpersonal communication can be described as word of mouth, or informal communications directed at other costumers about the ownership, usage, or characteristics of particular goods and services or their sellers (Westbrook, 1987).

In direct Mail, marketers will be likely to make the consumer purchase the product. Mail is the media to introduce it. While Interpersonal Communication, does not only mean about promoting and pursuing the costumers to purchase or use the product, but it is about interacting with the costumers and giving them relational benefits through personal communication.

For instance, Beatty et. al (1996) in Journal of Retailing showed that personal relationships between customers and retailers are social processes in nature, such as friendship, personal warmth, and feelings of familiarity. Thus Interpersonal Communication should encourage a feeling of loyalty of the consumer and lead them to create Positive Word of Mouth by sharing with their friends or relations.

### 2.1.4 Preferential Treatment

Preferential Treatment refers to how the company treat their regular consumers rather than their non-regular consumers. Lacey et al (2007) in Jiang et al (2013) argued that Preferential Treatment refers to the differences in the treatment received by regular costumers and non-regular costumers. Moreover, he also stated that preferential treatment programs have been found to lead to stronger consumer-brand relationships, more positive word of mouth, and increase purchase intentions. Marketing literature shows that special treatment lets a firm addresses a customer's basic need and lets customers feel important (Peterson, 1995).

Palmatier (2009) said that a customer’s recognition of a seller's intentional relationship marketing activities will generate attributions regarding the motives of the giver, engage the customer's emotional systems, lead to feelings of gratitude on the part of the costumers, and increase the intentions to repay the seller. Thus, costumers feel motivated to repay for the treatment that they obtain from the company. This leads to a higher level of gratitude to the costumers. The greater the gratitude of costumers, the greater the chances of Positive Word of Mouth among the costumers.
2.2 Word of Mouth

Bone (1992) defined WOM communication as a conceptualized phenomenon—an exchange of comments, thoughts, and ideas among two or more individuals. None of these individuals act as a marketing source.

Sheth (1971) in a Journal of Strategic Marketing (1998) claimed that WOM was more important than advertising in raising awareness of an innovation and in securing the decision to try the product. Day (1971) concluded that this was due to source reliability and the flexibility of interpersonal communication. He computed that WOM was nine times as effective as advertising at converting unfavorable or neutral predispositions into positive attitudes.

Conceptual framework

![Conceptual framework diagram]

Description:

- Dominantly Effect
- Partially Effect

2.3 Hypothesis

H1: Direct Mail influences significantly on Positive Word of Mouth on Credit Card Holder of Mandiri Bank in Malang City.

H2: Tangible Reward significantly influences Positive Word of Mouth on Credit Card Holder of Mandiri Bank in Malang City.

H3: Interpersonal Communication significantly influences Positive Word of Mouth on Credit Card Holder of Mandiri Bank in Malang City.

H4: Preferential Treatment significantly influences Positive Word of Mouth on Credit Card Holder of Mandiri Bank in Malang City.

H5: Direct Mail is the most dominant variable of Relationship Marketing influence Positive Word of Mouth on Credit Card Holder of Mandiri Bank.

III. Research Methodology

This research used quantitative approach. While the type of this research is explanatory research. The purpose of explanatory research is to test a theory or hypothesis to strengthen or even reject the theory or hypothesis of the research that has already existed.

3.1 Research Location

This research was conducted in Malang City. The data collection of this research involved every Mandiri Bank in Malang City. The researcher distributed 150 questionnaires to some many branches of Mandiri Bank in Malang City such as Mandiri Bank of Brawijaya
branch, Mandiri Bank of Galunggung branch, etc.

3.2 Population and Sample

The population of this research are people who have credit card of Mandiri Bank in Malang City. The number of people who have use this product in Malang City is unknown; therefore, the researcher decided to take some of them by taking a sample from the population.

The minimum number of sample in this research is 30 as it is the requirements to fulfill the minimum criteria. Therefore, the researcher spread 150 questionnaires to improve the accuracy of the data. It took 7-8 weeks to collect all the questionnaires.

In this research, the researcher decided to use Non-profitability Sampling. Type of Non-profitability that is used in this research is purposive sampling. The object of this research is Credit Card holder of Mandiri Bank in Malang City. Therefore, the samples are people who live in Malang and use Credit card of Mandiri Bank.

3.3 Data collection Method

To collect all the Data, the researcher used questionnaire as the chosen method:

- Questionnaire is pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2003).

3.3.1 Validity Test

According to Hair (1998) Validity is the degree to which a measure accurately represents what it is supposed to measure. The instrument is said to be valid if it is able to measure what is desired. Research questionnaire is considered valid if the instrument is actually able to measure the magnitude of the variables studied.

3.3.2 Reliability Test

According to Suliyanto (2006) Reliable is defined as to which the results of a measurement can be trusted. If the results of measurements carried out repeatedly relatively equal then the measurement is considered to have a good level of reliability. Hair (1998) stated that Reliability is the degree to which the observed variable measures the “true” value and is “error free”.

3.4 Classical Assumption Test

3.4.1 Normality Test

Normality test aims to see if the residual value is normally distributed or not. A good regression model should have normally distributed residual value.

3.4.2 Multicollinearity Test

According Sekaran and Bougie (2013), multicollinearity is an often encountered statistical phenomenon in which two or more independent variables in a multiple regression model are highly correlated.

3.4.3 Heteroscedasticity test

Heteroscedasticity test is done to see whether there is an inequality of the
variance of the residual one of one observation to another observation. If the variance from residual of one observation to other observation is the same, it is called homoscedasticity. Meanwhile, if it is different, it is called heteroscedasticity (Ghozali, 2011).

3.5 Data Analysis Technique

3.5.1 Multiple regression analysis

This test used to determine the effect of Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment. Thus the equation for this method in this research is:

\[ Y = a + b_1X^1 + b_2X^2 + b_3X^3 + b_4X^4 + e \]

Explanation:

\( Y \) = Positive Word of Mouth  
\( X^1 \) = Direct Mail  
\( X^2 \) = Tangible Reward  
\( X^3 \) = Interpersonal Communication  
\( X^4 \) = Preferential Treatment

\( b_1, b_2, b_3, b_4 \) = Regression Coefficient

\( e \) = Error

3.5.2 Determination Coefficient \(^2\) (\( R^2 \))

Determination Coefficient is measuring the extent of the ability of independent variables in explaining the variance of the dependent variable. The purpose of Determination Coefficient is to determine the amount of effect of independent variables (\( X \)) on the dependent variable (\( Y \)).

3.6 Hypothesis Test

3.6.1 Partial Test (T Test)

Ghozali (2011) stated that t test basically shoes how far the influence of the independent variables individually in explaining the dependent variable. T test is used to see the significant effect of the entire independent variable \( X \) partial effect on dependent variable \( Y \).

3.6.2 Dominant Test

Dominant Test is to find out which variable from dependent variables is the biggest influence on the independent variable. To determine which independent variable that have the most dominant influence to dependent variable is by comparing the regression coefficient (\( \beta \)) between the variables each other.

IV. Result

4.1 Description of Respondents Characteristics

There are 4 characteristics that about to measured in this research; Sex, age, occupation and income. The respondents of this research consists of 57% male and 43% female. This means that male doesn’t want to spent more time to withdraw their cash because they need to work or doing something else. The age of the respondents in this research dominated with >30 years old while the lowest are 20-22 years old. This means that adult people can manage their financial better than the youth. Most of the respondents in this research are graduated from bachelor degree with 59%. The majority of respondents in this research are working as entrepreneur with total 25%.

4.2 Descriptive analysis of the variables
Description on the distribution of the question items are used to determine the frequency and variation of the respondents answers to the questions items in the questionnaire.

On the first variable named Direct Mail, respondents give positive answer with the mean score 3.27. It can be said that most of the respondents stated neutral to this variables because the mean score near from 3. For the second variable named Tangible Reward, the mean score of 3.94 that is shown indicates that most of the respondents agreed with the second variables because the mean score (3.94) close to 4 which means agree. The third variable named Interpersonal Communication, with the mean score of 3.54 close to 4. It shows that most of the respondents agree to the third variable in the questionnaire. While the fourth variable named Preferential Treatment with the mean score of 3.52 can be said as an agree because it close to 4 which means agreed. For the last variable is Positive Word of Mouth as the dependent variable (Y). Positive Word of Mouth in this research have 3.86 as the mean score which is close to 4. So it can be said that most of the respondents agreed with the statement of Positive Word of Mouth.

4.3 Research instrument

Good data collection instruments must meet two critical requirements that are valid and reliable. To fulfill these two criteria, the available data is needed to be tested with Validity Test and Reliability Test.

4.3.1 Validity Test

As all the sig. r the item in question is smaller than 0.05 ($\alpha = 0.05$), which means that each items are valid variable, so it can be concluded that these items can be used to measure the research variables.

4.3.2 Reliability Test

In this test, the value of the Cronbach alpha for all of the variables is greater than 0.6. Thus based on the provisions previously mentioned then all the variables used for this present research are reliable.

4.3 Classical assumption test

This classical assumptions test must be done to fulfill the use of multiple linear regression. After having the calculation of regression through SPSS for Windows, the classical assumption test is done using regression testing.

4.3.1 Normality Test

Based on the calculation can be obtained sig. is 0.946 or it is greater than 0.05; then based on the provisions of H0 it is concluded that the normality assumption is fulfilled. According to the graph P-P Plots shows that normal data is when curve shape follows the direction of the diagonal line or histogram chart.

4.3.2 Multicollinearity Test

Multicollinearity test can be done by comparing the value of VIF (Variance Inflation Factor) by 10. If the value of VIF > 10 then multicollinearity occurs. Therefore, as there are VIF that above 10, it means that there are no multicollinearity between the independent variable.
4.3.3 Heteroscedasticity Test

One of the requirements of heteroscedasticity test is a scatterplot of heteroscedasticity test is randomly scattered and does not form a shape or specific pattern. As the scatterplot doesn’t form a specific pattern, then there is no heterosdascity found in this research.

4.4 Data Analysis Method

This multiple regression analysis is conducted to determine the relation of independent variables to dependent variable based on the result of data processing using SPSS for Windows ver. 17.00

4.4.1 Multiple Regression Test

This multiple regression analysis consist of 2 kind of test; Multiple Regression Analysis and Regression Equation ($R^2$).

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Unstandardized Coefficient</th>
<th>T.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.726</td>
<td>3.060</td>
<td>0.003</td>
</tr>
<tr>
<td>X1</td>
<td>0.197</td>
<td>2.976</td>
<td>0.003</td>
</tr>
<tr>
<td>X2</td>
<td>0.738</td>
<td>6.397</td>
<td>0.000</td>
</tr>
<tr>
<td>X3</td>
<td>0.339</td>
<td>2.371</td>
<td>0.019</td>
</tr>
<tr>
<td>X4</td>
<td>0.240</td>
<td>2.243</td>
<td>0.026</td>
</tr>
</tbody>
</table>

In unstandardized regression, size variable or the size of the answer has been likened. The regression equation obtained as follows:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \]

\[ Y = 0.197X_1 + 0.738X_2 + 0.339X_3 + 0.340X_4 \]

Based on the calculation, can be interpreted that all the independent are significantly effect on the dependent variable.

4.4.2 Regression Coefficient

Table 4.16
Coefficient Determinant Result ($R^2$)

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.773</td>
<td>0.597</td>
<td>0.586</td>
</tr>
</tbody>
</table>

It can be concluded that the contribution of independent variables consisting of Direct Mail (X1), Tangible Reward (X2), Interpersonal communication (X3), Preferential treatment (X4) variable can affect the dependent variable of Positive Word of Mouth (Y) for 58.6% and the remaining 41.4% comes from other factors that not discussed in this research.

4.5 Hypothesis Test Result

The purpose of the Hypothesis Test is to ensure the answer to the hypothesis researcher has previously made. Regression models that have been obtained must be tested only for partially or T test.

4.5.1 T Test

Table 4.17
T Test Result

<table>
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<td>2.243</td>
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</tr>
</tbody>
</table>
4.5.2 Dominant Test

Dominant Test can be done by comparing the regression coefficient (β) between the variables with one and another. The independent variables which have the most dominant influence on Y variable is the variable that has the greatest regression coefficient. In this Research the most dominant independent variable is Tangible Reward with coefficient of 0.738.

4.6 Discussion

4.6.1 The effect of Direct Mail on Positive Word of Mouth.

Direct Mail (X₁) has a regression coefficient as much as 0.197. The counted of $t_{value}$ is greater than $t_{table}$ and significance is smaller than $\alpha = 0.05$. So, it can be concluded that X₁ (Direct Mail) has a significant effect on Y variable (Positive Word of Mouth). In other words, Direct Mail (X₁) affects Positive Word of Mouth (Y) partially.

The effect of Direct Mail on Positive Word of Mouth is when the costumers have the notion that direct mail is satisfactory then costumers will disseminate their perception to their colleagues thus it will increase Positive Word of Mouth.

On the other hands, when Negative Word of Mouth occurs, these costumers will disseminate their negative perception of the product to their closest friends. According to De Wulf et. al (2001) in Huang (2015) Direct mail refers to a customer's perception regarding Marketer’s regular direct mail for information.

Furthermore Huang (2015) explained that customers will feel more appreciated if Mandiri Bank is willing to send them messages directly and personally compared to those sent via emails. Marketers use direct mail to keep their customers informed. Marketers also utilize direct mail as a regular communication tool to target specific customer groups.

2. The effect of Tangible Reward on Positive Word of Mouth.

Tangible Reward (X₂) has a regression coefficient as much as 0.738. The counted of $t_{value}$ is greater than $t_{table}$ and significance is smaller than $\alpha = 0.05$. it can be concluded that X₂ (Tangible Reward) has a significant effect on Y variable (Positive Word of Mouth). In other words, Tangible Reward (X₂) affects the Positive Word of Mouth (Y) partially. Moreover, as this variable have the highest coefficient among the other variables, it can be said that Tangible Reward become the most dominant variable that influence Positive Word of Mouth.

Reward is a proof showing that the company appreciates their customers’ loyalty. The Form of the reward itself can be tangible or intangible like Discount/special prize or free gifts. For customers who feel that they have a good relationship with Bank Mandiri would obviously expect to receive the benefits of their relationship. Moreover, as De Wulf et al (2001) stated, a company offer tangible rewards to their regular customers to increase perceived relationship investment and consequently to maintain behavioral loyalty.

However, for customers who receive a reward from Mandiri Bank will
obviously be happy because they will feel that Mandiri Bank gives more attention to the Credit Card Holders because of their Trust and Loyalty to the product Mandiri Bank Credit Card. For that reasons, consumers will create Positive Word of Mouth for free in return for the gifts given by Mandiri Bank to them.

3. The effect of Interpersonal Communication on Positive Word of Mouth

Interpersonal Communication ($X_3$) has a regression coefficient as much as 0.339. The counted of $t_{value}$ is greater than $t_{table}$ and significance is smaller than $\alpha = 0.05$. it can be concluded that $X_3$ (Interpersonal Communication) has a significant effect on Y variable (Positive Word of Mouth). In other words, Interpersonal Communication ($X_3$) affects Positive Word of Mouth ($Y$) partially.

Interpersonal communications increases when the company creates a relationship based on communication verbally or non-verbally. Interpersonal communications offer a safe feeling to the consumer. As a key of Relationship Marketing, Interpersonal communication plays important role in order to create or maintain good relationship with the consumer whether they are regular customers or loyal customers.

According to Berger (2014) the two key moderators in Communication are the audience and the channel or whom people are communicating with. Customers communicate with a variety of different audiences depending on the situation. They may talk to friends or acquaintances, just one person or a large group, and people that are higher or lower status. Thus three key aspects of the communication namely audience, audience size, and tie status are connected to each other. Besides audience, customers also communicate through many other channels. They talk face-to-face, on the phone, and in chat rooms; through blogs, on Facebook, and over text. Meanwhile, channels differ in a number of ways, some key dimensions are written vs. oral, identifiability, and audience salience.

4. The effect of Preferential Treatment on Positive Word of Mouth

Preferential Treatment ($X_4$) has a regression coefficient as much as 0.240. The counted of $t_{value}$ is greater than $t_{table}$ and significance is smaller than $\alpha = 0.05$. So it can be concluded that $X_4$ (Preferential Treatment) has a significant effect on Y variable (Positive Word of Mouth). In other words, Preferential Treatment ($X_4$) affects Positive Word of Mouth ($Y$) partially.

De Wulf et al. (2001) and Gwinner et al. (1998) stated that Preferential treatment refers to a customer's perception regarding retailers' treatments and services to their regular buyers which is better than to their nonregular buyers. Every company needs to treat its consumers maximally but not every customers deserve to be treated specially. Although Preferential Treatment may be a critical strategy to create loyalty behavior and produce gratitude on the feeling of the customers, not all customers care about different treatment that they receive from the company.

4.7 Managerial implications

This research obtained both practical and theoretical implications in
the form of a marketing strategy either for a short or long period of time about how Strong Relationship Marketing support Positive Word of Mouth on Credit Card Holders of Mandiri Bank.

Companies should maximize their every effort to improve their relationship. In many case, a good product is not enough to make consumers happy. Many factors could make consumers become more loyal and give positive statements about the company to the people closest to them or called Positive Word of Mouth. In this research note that the four attributes of Relationship Marketing can increase the possibility of the creation of the Positive Word of Mouth among consumers.

Direct mail is one of the communication strategies implemented by Mandiri Bank to its customers, including the credit card holders. Communication via Direct Mail will increase the understanding of both parties so that the relationship that has already existed between the customers and the bank will be more closely. One of the benefits of Direct Mail is Mandiri Bank offers updated and accurate information about its latest product or promotion provided by Mandiri Bank. As a result of the processed data in this research, it was found that Direct Mail has a significant influence on Positive Word of Mouth. Mandiri Bank still must deploy the other strategies to maintain its relationships with customers.

Tangible Reward in this research is the most dominant variable among the other independent variables toward dependent variable (Positive Word of Mouth). When there are customers who get a gift from Mandiri Bank, they will usually tell people close to them and indirectly it also helps spreading the positive news from Mandiri Bank to others. But knowing that Tangible Reward is the most powerful attribute, Mandiri Bank still has to improve their reward strategies more and more.

Interpersonal Communication plays an important role in any relationship marketing because it will lead to a strong relationship between both consumers and company. It also influences significantly to Positive Word of Mouth. Interpersonal Communication is how the marketers try to interact with their customers especially credit card holders of Mandiri Bank. One of the benefits generated by the tactics of Interpersonal Communication is that consumers will feels treated so well by the company.

Preferential Treatment indicates that regular customers should receive better service or get extra services rather than non-regular consumers. Every regular customers expect something in return for their loyalty to Credit Card of Mandiri Bank. Mandiri shouldn’t only focused on their regular consumer. Mandiri Bank still have to pay attention on their non-regular consumers. The goal of Preferential Treatment is to treat the regular consumers different than the non-regular consumers. Different in this case doesn’t mean ignoring the others.

V. Conclusions and Recommendations

5.1 Conclusions

All dimension of Relationship Marketing (Direct Mail, Tangible Reward, Interpersonal Communication and Preferential Treatment) have significant influence on Positive Word
of Mouth partially. If Mandiri Bank implying these 4 attributes, then there are possibilities that their credit card holder willing to spread their good feeling to other consumers (Positive Word of Mouth). It can be seen that Tangible Reward is the most dominant variable among the independent variables that influence Positive word of Mouth. So, it means that most of the consumers especially credit card holder would expect reward for their willingness to use credit card of Mandiri Bank continuously. Credit card holder also expect that Mandiri often give special promo or prize for every consumers that use credit card holder of Mandiri Bank.

5.2 Recommendations

As Tangible Reward is the most powerful variable which gives the highest contribution on Positive Word of Mouth, it can be suggested that the company should give reward for its costumers more often. It also means that the respondent which means the credit card holder feels satisfied for the reward system from Mandiri Bank. However, reward can be secret strategy for Mandiri Bank among the other Bank to attract consumers even more especially for their credit card product.

Providing reward might spend more costs, but the company will get the payback as a return from its costumers as they feel appreciated toward what the company has done to them. To minimize additional cost in providing reward, the company can have a cooperation with related company providing the reward.

Besides focusing on Tangible Reward, Mandiri Bank should implement other strategies like Direct Mail, Interpersonal Communication and Preferential Treatment too as well because all of them give significant effect on Positive Word of Mouth. All of those dimensions might increase the possibilities on the costumer in forming Positive Word of Mouth about Mandiri Bank.

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