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The Effect of Customer Relationship Marketing, Customer Value, and Service Quality toward Customer Satisfaction and Customer Loyalty in Bank Rakyat Indonesia (BRI) Cik Ditiro Branch Yogyakarta

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ABSTRACT

This study aimed to examine the effect of customer relationship marketing, customer value, and service quality on the improvement of bank customer satisfaction and the impact to the loyalty of customer. The sample of this study is the bank customer a total of 100 people, run with the software SPSS (Regression Analysis), is used to analyze the data, analysis the result show that customer relationship marketing (X1) has positive and significant with sig. (P) 0.032., customer value (X2) has positive and significant with sig. (P) 0.000 as well as dominant variable on the impact of customer satisfaction, and service quality (X3) has positive and significant with sig. (P) 0.005 on customer satisfaction (Y1). Then, customer satisfaction (X4) has positive and significant with sig. (P) 0.000 that impact on customer loyalty (Y2) improvement.

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Introduction

The more increase of competitive business today's, encouraging many business people to find new ideas and strategy for improving its existence. Marketing is strategically concerned with the direction and scope of the long-term activities performed by the organization or company to obtain a competitive advantage. Over many decades, the marketing thought have changed into distinct stages. According to Bruhn (2003), between the 50's up to 60's that company's focus is **product**, assumed that consumers were primarily interested in product availability, corporation essentially aimed at satisfying all of the existing demand. In the 70s, the fundamental transformation is **market orientation** which defined as the means to address the need of specific target groups and to turn them into purchasers of the corporate output.

In the 80s, new transform into **competition orientation**, is the expanding market by simply focusing not only meeting a customer's general need, but also to achieve market performance by competitive approach. Then, in the 90s company had to shift their focus to customer orientation. *The core concept of marketing are needs, wants and demands which directly affect the identification and selection of relevant customer value reflected in product, services and ideas that the organization provide, communicates and delivers in the form of exchanges to build long-term satisfactory relationship with customers* (Bradley, 2003).

As well as transform work properly, the growth of world banking sector today's more rapidly and the condition of banking sector in Indonesia was also making progress. Business banking in Indonesia in 60's and 70's was unknown, bank has not to find

customer otherwise customer who are looking for bank. Then in the 80's and 90's world image for banking sector was flip over, precisely bank who look for their customer. When issued Pakto 1988 and law 7 of 1992, bank grows healthy and was marked by the emergence of new banks, even they do not know bank as well, until the beginning of 1997 up to 2000 is the destruction of banking sector in Indonesia caused by an error in the management of bank (Kasmir, 2008).

Banking sector in Indonesia face the strongly competition, both national and international. The claims of this competition are hard work on improvement service quality as a form of competitive advantage of bank and fulfill the customer value. Bank is an industry engaged in services section and service quality becomes the most important part that will increase its development. A business entity must make a profit as expected. Therefore, a business entity has to be managed properly and professional. The most wanted things by customers are the fulfillment of their value through satisfaction them with needs and wants, in accordance with sacrifice.

The reason of researcher chooses Bank Rakyat Indonesia (BRI) as the object of the research is based on data that appear on LQ 45 (LQ 45 is one of the index in the Indonesia Stock Exchange (BEI)). The data that researcher took on LQ 45, shows that Bank Rakyat Indonesia (BRI) has stability in liquidity transactions, by period July 2011 untill Juli 2015 (www.sahamok.com). In this area of competition, Bank Rakyat Indonesia (BRI) is one of wealthy and strongly bank that enable on keeping their performance. However in this research, there are limitation about the location and time. Therefore the subject of the research is only the customers who are

having account in Bank Rakyat Indonesia (BRI) Cik Ditiro Branch Yogyakarta, Indonesia.

Both practitioners and academics understand that customer loyalty and satisfaction are linked inextricably. Although loyal customers are most satisfied, satisfaction does not universally translate to loyalty. Loyalty is described here as a deeply held commitment or rebuy or re patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-set purchasing, despite situational influence and marketing efforts having the potential to cause switching behavior (Oliver, 1999). Alongside his research, Oliver found 4 of dimensions of loyalty, are brand's performance affect (cognitive loyalty), brand's likeableness (affective loyalty), wanting to re buy (conative loyalty), and commitment to action rebuying (action loyalty). Customer loyalty in banking has been a major concern to practitioners due to severe competition and higher customer expectation. One of the ways to enhance customer loyalty in banking is by improving customer satisfaction through focusing on offering services and meeting the need of customer that can create customer value.

Theory based on Woodruff (1997), said that Customer satisfaction as an overall positive or negative feeling about the net value of service received from a supplier (Jumaev et al. 2012). There are 4 dimensions of this variable. They are word of mouth (WOM), personal need, the past experience, and communication (Zeithaml and Bitner, 2003:182) Based on Zeithaml and Bitner (2003), customer satisfaction is divided by three factors. In this research, researcher only chooses on two factors, are service and value.

Rokeach (1973) theory about Customer value; *"Value is centrally held enduring beliefs which guide actions and judgments in specific situations and in more general circumstances as people orient themselves in their environment"*(Bradley, 2003). Four distinct, value dimensions emerged that were termed emotional, social, quality/performance and price/value for money (Sweeney and Soutar, 2001). Bank is a company that running their firm as service industry; therefore, service quality is the most important part of ways for bank on improving their competitive advantage. Many defines have appear on this part. In this research, theory of service quality based on Kotler and Keller (2012), *"Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs"*. Means, the service is a process where interactions between customer and service providers most often exist. Hence, there are almost a relationship between customer and service provider. The dimensions of service are 5 dimensions: 1) tangible; 2) empathy; 3) reliability; 4) responsive; and 5) assurance (Kasmir, 2008).

One of strategies that must be doing by bank is applying customer relationship marketing. This way of strategy could be establish relationship between bank and their customers. According to Palmatier (2008), definition of customer relationship marketing is *"Relationship marketing (RM) is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance."* Hence, customer relationship building creates mutual rewards which benefit both the firm and the customer. The dimensions of this variable are 4 dimensions: trust, commitment, communication and conflict handling

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(Ndubisi, 2007).

From the first of introduction, we know that customer loyalty and customer satisfaction are linked inextricably. Although loyal consumers are most typically satisfied, satisfaction does not universally translate into loyalty. By improving the three variables, its goal will reached and created the customer satisfaction, then directly impact on the customer loyalty. All dimensions used as item of questionnaire as ways to prove the hypothesis.

This research has purposed to examine which variables that affects properly on improvement of satisfaction then will increasing the customer loyalty.

Objective of the study

The objective of this study is to examine the causal relationship marketing, customer value and service quality antecedents of customer satisfaction on impact to improving customer loyalty of BRI bank.

Materials and Methods

Study design and population

This research formulates the antecedents of customer satisfaction as shown in figure 1.
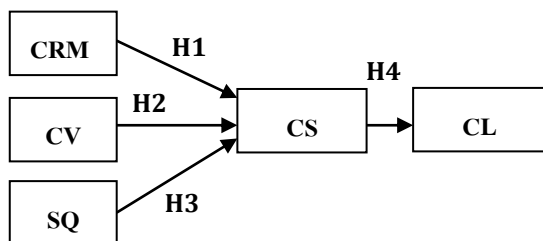

Figure 1 Research Framework

Source: developed for research

This particular study concentrates on "**The Effect of Customer Relationship Marketing,**

Customer Value, and Service Quality toward Customer Satisfaction and Customer Loyalty in Bank Rakyat Indonesia (BRI) Cik Ditiro Branch Yogyakarta" used 100 customer as the sample of the research. The sample was requested to complete a questionnaire that contained measures of the constructs of concern. The respondents are staying in Yogyakarta, Sleman, Bantul, Kulon Progo who are having account in Bank Rakyat Indonesia (BRI) and has long been saving for 5 years. The study used *non probability sampling* by *design convenience sampling*.

The reason why researcher takes only 100 respondents in this research is based on the pattern: (Djarwanto, 2000)

$$n = \left(\frac{Z\frac{1}{2}\alpha}{\varepsilon} \right)^2$$

$$n = \left[\frac{1.96 x 0.50}{0.1} \right]^2$$

$$n = 96.04$$

Description:

n is the number of samples required

$Z\frac{1}{2}$ Is standard of distribution (1.96)

ε is a level of the error point (1%)

α is deviation (0.50)

According to the equation above, the sample in this study a minimum of 96.04 then rounded to 100 respondents.

The tool was distributed to the respondent in bank. The questionnaire designed for this research was formulated as open ended and closed-ended questions which were normally structured for respondents to select their choices of statement form a list of questions presented to them. Study used likert scale by five-point scales described at either end by

strongly disagree to strongly agree was used. In the first part, the respondent's demographic profiles were asked as gender, age, study, occupation, income and the product they were used which offering by bank. The second part consists of 5 variables are customer relationship marketing (4 dimensions), customer value (4 dimensions), service quality (5 dimensions), customer satisfaction (4 dimensions) and customer loyalty (4 dimensions). The entire items of the questionnaire were based on the dimension of the variables. Then, the total of questionnaire is about 21 items.

Validity Test

Validity had shown the truth. This refers to how well an idea "in accordance" with the actual reality. The absence of significant validity to poor compatibility between the ideas used to analyze what actually happened (Susanto 2013: Tjahjono, 2015). A questionnaire is said to be valid if the questions on the questionnaire is able to express something that will be measured by the questionnaire.

Testing the validity of this study is using SPSS version 16.0. Test its validity by looking at the value of significance. If the significance value <0.05 or 5%, it is said to be valid.

Reliability Test

Reliability test was conducted on the dependent and independent variables. Reliability means the ability to reliable or consistent. It shows the same thing happens again repeated or under conditions that are identical or very similar (Susanto 2013: Tjahjono, 2015). The Cronbach's alpha value of the study variables are shown in table at the result below. The reliability coefficient of the research variables exceeded the minimum acceptable level of 0.60 (Indriantoro and Supomo, 2002).

The researchers with the data analysis show variables multivariate, researchers using **SPSS version 16.0 (Statistical Package for Social Science).**

This research uses the data analysis:

Regression Double Analysis

Its result will show the impact of relationship between dependent and independent variables. The regression equation used is shown on the table 8 and table 9 below:

$$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + e$$

Description:

Y = Customer Satisfaction

α = Constanta

$\beta1$= coefficient variable X1 (CRM), X1 = CRM

$\beta2$= coefficient variable X2 (CV), X2 = CV

$\beta3$= coefficient variable X3 (ServQual), X3 = SQ

e = standard of error

Partial Test

Testing using partial test is determining how much influence the independent variables on the dependent variables. The test is as follows:

Determine the hypothesis formula

H0 : β = 0, means X1 and X2 has no significant impact as partial toward Y

H1 : $\beta \neq$ 0, means X1 and X2 has significant impact as partial toward Y

Determine the level of trust 95 % or 0.05

Determine significant

If P value $\leq$ 0.05, means H0 decline and H1 accepted

If P value $>$ 0.05, means H0 accepted and H1 declined.

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Result

The measurement of the data for this study research is using **SPSS version 16.0**. The results for customer relationship marketing are shown on table. 2., as follows:

Table 2 Validity of CRM

Variable	Points	r result	Sig.	Description
Customer Relationship Marketing (X1)	1.	0.626	0.000	Valid
	2.	0.696	0.000	Valid
	3.	0.805	0.000	Valid
	4.	0.768	0.000	Valid

Source: Primary data are proceed using spss software

The Cronbach's alpha for the variable ranges from 0.626 to 0.805 and significant result is 0.000. That Cronbach's alpha 0.701 hence we can say the reliability of the questionnaire is at moderately good level

The results for customer value are shown on table. 3., as follows:

Table 3 Validity of CV

Variable	Points	r result	Sig.	Description
Customer Value (X2)	1.	0.569	0.000	Valid
	2.	0.689	0.000	Valid
	3.	0.779	0.000	Valid
	4.	0.788	0.000	Valid

Source: Primary data are proceed using spss software

The Cronbach's alpha for the variable ranges from 0.569 to 0.788 and significant result is 0.000. That Cronbach's alpha 0.674 hence we can say the reliability of the questionnaire is at moderately good level

The results for service quality are shown on table. 4., as follows:

Table 4 Validity of Service Quality

Variable	Points	r result	Sig.	Description
Service Quality (X3)	1.	0.696	0.000	Valid
	2.	0.578	0.000	Valid
	3.	0.796	0.000	Valid
	4.	0.762	0.000	Valid
	5.	0.736	0.000	Valid

Source: Primary data are proceed using spss software

The Cronbach's alpha for the variable ranges from 0.578 to 0.796 and significant result is 0.000. That Cronbach's alpha 0.764 hence we can say the reliability of the questionnaire is at moderately good level

The result for customer satisfaction is shown on table. 5., as follows:

Table 5 Validity of CS

Variable	Points	r result	Sig.	Description
Customer Satisfaction (Y1)	1.	0.532	0.000	Valid
	2.	0.772	0.000	Valid
	3.	0.741	0.000	Valid
	4.	0.821	0.000	Valid

Source: Primary data are proceed using spss software

The Cronbach's alpha for the variable ranges from 0.532 to 0.821 and significant result is 0.000. That Cronbach's alpha 0.697 hence we can say the reliability of the questionnaire is at moderately good level

The results for customer loyalty are shown on table. 6., as follows:

Table 6 Validity of CL

Variable	Points	r result	Sig.	Description
Custome r Loyalty (Y2)	1.	0.638	0.000	Valid
	2.	0.796	0.000	Valid
	3.	0.844	0.000	Valid
	4.	0.831	0.000	Valid

Source: Primary data are proceed using spss software

The Cronbach's alpha for the variable ranges from 0,638 to 0,844 and significant result is 0,000. That Cronbach's alpha 0,786 hence we can say the reliability of the questionnaire is at moderately good level

Reliability test will show the result that will appear on table. 7, as follows:

Table 7 Reliability of the Variables

Variabel	Sig.	Keterangan
Customer Relationship Marketing	0.701	Reliabel
Customer value	0.674	Reliabel
Service quality	0.764	Reliabel
Customer satisfaction	0.697	Reliabel
Customer loyalty	0.786	Reliabel

Source: Primary data are proceed using spss software

That Cronbach's alpha were > 0.60, hence we can say the reliability of the questionnaire is at moderately good level.

The data analysis

Regression multiple analysis, is to determine how much influence the relationship of independent variables on the dependent variable. This analysis had shown us the relationship between each variable on its goal for improving customer satisfaction.

Table 8 Regression Analysis part 1

Statistic	Beta (Standardized Coefficients)	t	Sig. (P)
(constant)		0.935	0.000
CRM	0.236	2.173	0.032
CV	0.399	3.633	0.000
SQ	0.306	2.873	0.005
F_{value}	152.413		
Sig. (P)	0.000		
R	0.909		
R (Squere)	0.826		
Adjusted R	0.821		

Source: Primary data are proceed using spss software

According to the result on the table above, obtained the regression equation as follows:

$$Y_1 = 0.236X1 + 0.399X2 + 0.306X3$$

From the pattern above, the researcher got the result as follow:

1. Customer relationship marketing coefficient is about 0.236, means if customer relationship marketing is adding by 1 point, than the level of customer satisfaction will increase about 0.236 point.

2. Customer value coefficient is about 0.399, means if customer value is adding by 1 point, than the level of customer satisfaction will increase about 0.399 point.

3. Service Quality coefficient is about 0.306, means if service quality is adding by 1 point, than the level of customer satisfaction will increase about 0.306 point.

The regression equation shown that customer relationship marketing has positive value 0,236., customer value has positive value 0,399 as well as dominant variable, and variable customer value has positive 0,306. All variables have significant positive relationship to the impact of increasing customer satisfaction. Then, all variables are demonstrated the hypotheses, as follow:

H1: There may have significant positive relationship between crm and cs

H2: There have have significant positive relationship between cv and cs

H3: There may have significant positive relationship between sq and cs

R value in this analysis is about 0.901. This result shows that all variables has the effect toward customer satisfaction is about 90.1% and the left is only about 9.9% is influenced by other variables not examined.

Table 9 Regression Analysis part 2

Statistic	Beta (Standardized Coefficients)	t	Sig. (P)
(constant)		2.237	0.028
CS	0.691	9.468	0.000
F_{value}	89.637		
Sig. (P)	0.000		
R	0.691		
R (Squere)	0.478		
Adjusted R	0.478		

Source: Primary data are proceed using spss software

According to the result on the table 9, obtained the regression equation as follows:

$$Y_2 = 0,691 X 4$$

Based on the pattern above, showing the important information, that customer satisfaction coefficient is about 0.691, means if customer satisfaction is adding by 1 point, than the level of customer loyalty will increase about 0.691 point. The table shown the value of customer satisfaction has positive value 0,691 and then it does prove the 4th hypothesis which told us that customer satisfaction has positive and significant relationship on the impact of increasing customer loyalty.

H4: There may have significant positive relationship between cs on the impact of cl

R value in this analysis is about 0.691. This result shows that customer satisfaction which divided into 4 dimension, has the effect toward customer loyalty is about 69.1% and the left is about 30.9% is influenced by other variables not examined.

Discussion

The main findings of this research were that measurement of all variables can predict customer satisfaction, and then could improving customer loyalty, at least in Bank Rakyat Indonesia (BRI) Cik Ditiro Branch Yogyakarta, Indonesia. The research was demonstrated the hypotheses, as follows:

1. Customer relationship marketing, using theory Ndubisi (2007) which demonstrated in Malaysian Banking Sector by himself, also proving the positive relationship on improving customer satisfaction Bank Rakyat Indonesia (BRI) Cik Ditiro Branch Yogyakarta, Indonesia.

2. Customer value has significant positive relationship on customer satisfaction. By using theory Sweeney and Soutar (2001), all the dimensions proved the hypothesis.

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3. Service quality has significant positive relationship on improving customer satisfaction. This is demonstrated the theory which is using in this research. There are 5 items (Zeithaml *et.al.,* 2003) which is using to prove this variable, and used by researcher as item of questionnaire.

4. Customer satisfaction has significant positive relationship on improving customer loyalty. This is proving that customer loyalty and customer satisfaction are linked each other.

5. The previous study that presented by Didik Isnadi (2005) was demonstrated that customer satisfaction, customer value and product advantage has significant positive relationship toward customer satisfaction and customer loyalty. However, in this research, researcher used different variable. Exchange between product advantage and service quality, considering that bank is a service entity.

Conclusion

This research study was oriented on the effect of the three variables on customer satisfaction and improving customer loyalty. The study established that customer value is having high influence on customer satisfaction. The research proves that customer satisfaction and customer loyalty have an important element of banking success in today's increasingly competitive environment.

Acknowledge

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