THE IMPACT OF RELATIONSHIP MARKETING AND SERVICE QUALITY ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY
(Study on Customers of BNI Malang Branch Office)

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ABSTRACT

The aim of this research was to clarify the impact of relationship marketing and service quality on customer satisfaction and customer loyalty on customers of BNI Malang Branch Office. This research used explanatory research and quantitative approach. Population in this research was customers of saving product in BNI Malang Branch Office. Questionnaires were distributed by purposive sampling technique to 116 respondents. Path and descriptive analysis used as data analysis technique. Based on calculation of path analysis showed that relationship marketing had positively significant impact on customer satisfaction and customer loyalty; service quality had positively significant impact on customer satisfaction; service quality had negatively significant impact on customer loyalty; and customer satisfaction had positively significant impact on customer loyalty. Based on this research, BNI Malang Branch Office should be able to maintain and improve the variables of relationship marketing and service quality. Thus, customer satisfaction and customer loyalty will increase.

Keywords: Relationship Marketing, Service Quality, Customer Satisfaction, Customer Loyal

Kata Kunci: Relationship Marketing, Kualitas Layanan, Kepuasan, Loyalitas Nasabah

ABSTRAK


Kata Kunci: Relationship Marketing, Kualitas Layanan, Kepuasan, Loyalitas Nasabah
INTRODUCTION

The development of marketing as a way to improve the sustainability of banking industries existence was rapidly developed. To face this situation, various banking sectors are trying to adjust appropriate strategy with current trend. This trend should be followed by the banking industries to avoid lost in a competitive business.

One of the best ways to operate service of banking sector is to increase customer satisfaction. According to Kotler and Keller (2012:128) satisfaction is a comparison between performance and expectation. The satisfaction of customer is strongly influenced by the expectations of consumers in receiving performance were given by the bank as a provider of banking services. Nowadays, customer satisfaction has become one of the concept in the theory and practice of marketing to obtain customer loyalty.

Customer loyalty is highly expected as the main purpose of the banking sector industry that must be achieved to compete with the same industry sectors. According to Oliver in Kotler (2012:127) loyalty is a commitment of the customers to rebuy product or service. A consumer will show high commitment if a company has ability to provide satisfaction to its customers. Customers with high loyalty will bring benefits in long term to the company. To meet customer satisfaction and loyalty, company need a strategy. One of the strategy that can improve this case is relationship marketing strategy.

Relationship marketing strategy has been believed to be able to increase customer satisfaction and loyalty. According to Chan (2003:6) relationship marketing is two ways communication between consumers and company that has mutualism benefits. Meanwhile, according to Kotler and Keller (2012: 20) purpose of relationship marketing is to aim and build mutually long-term relationships between parties. Relationship marketing is one of the proper way which is used by companies to attract, retain, and improve customers. This strategy is expected can be strengthen the company to face the trend of business changes. A close relationship between the company and consumers will bring benefit to each parties. It can be concluded that good relationship marketing will increase customer satisfaction and loyalty, vice versa.

Customer satisfaction and loyalty also can be achieved through service quality. According to Wyckof in Tjiptono (1996:59) service quality is degree of comparison that expected and controled to fulfillment of customer's perception. The fulfillment of the customer's perception degree became the main purpose in achieving its goals. Therefore, it can be concluded that a good service quality will increase customer satisfaction and loyalty, vice versa.

PT Bank Negara Indonesia (Persero) Tbk or BNI is one of the most great competitor which implement relationship marketing as their strategy and service quality as part of service standarization management. Based on their achievement in annual report of BNI 2015 on banking industry sector, they have eight achievements on 2015 and it was reflected the implementations of relationship marketing and service quality to achieve customer satisfaction and customer loyalty (Bank BNI, 2015). Based on those achievements in annual report of BNI 2015, BNI not surprisingly have ISO 9001:2008 certification on 4 categories to support customer satisfaction and customer loyalty through implementations of relationship marketing and service quality.

Based on the explanation of the background, it can be known that BNI is one of the national bank in Indonesia which use relationship marketing and service quality as their strategy to create and increase customer satisfaction and customer loyalty. Based on this background, researcher interested to write undergraduate thesis entitled “The Impact of Relationship Marketing and Service Quality on Customer Satisfaction and Customer Loyalty (Study on Customers of BNI Malang Branch Office).”

LITERATURE REVIEW

Relationship Marketing

According to Chan (2003:6) relationship marketing is two ways communication that has symbiosis mutualism between parties. Meanwhile, according to McKenna (1991) in Prasetya (2010:9) relationship marketing is a strategy that sustainable relations between parties and there is no ending after its done. In addition, according to Nduibisi (2007:4) it can be define in four dimention, the four dimensions as follows:

a. Trust

Trust is a willingness to rely on partner based on belief (a partner’s word or promise) in the relationship.

b. Commitment

Commitment is desire to maintain a valued relationship for measuring the likelihood of customer loyalty.
c. Communication
Communication is an interactive dialogue between parties to provide timely and trustworthy information.

d. Conflict handling
Conflict handling is the ability to avoid potential conflicts, solve conflicts, and discuss solutions.

Service Quality
Quality is the totality and characteristics a product that bear on its ability to satisfy stated or implied needs (Kotler, 2012:128). Meanwhile, according to Parasuraman, Zeithaml and Berry in Ivanauskiene (2014: 2) service quality defined as the gaps between expectations and perceptions of service and often it can build a competitive advantage. In this theory can be concluded that two main factors, there are expected service and perceived services. In this point, if the perceived service equal with expected service, service quality perceived good and its means customers satisfy. If service that was implemented more than customer’s perception, service quality perceived ideal. And if, service that was implemented lower than customer’s perception, service quality perceived bad.

According to Parasuraman (1988) in Mohammad (2011:2), he identify ten main factors that determine service quality, there are reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding/knowing the customer and tangibles. Further, according to Parasuraman in Mohammad (2011), Mosahab (2010) and Akbar (2009) they mention the ten dimentions can be integrated into only five ones, there are:

a. Reliability
Reliability is ability to perform the promised service dependably and accurately. It means that the company should has certain time promises, on time services, insists on error free sales transactions and willingly handles customers in performance.

b. Responsiveness
Responsiveness is willingness to help and provide prompt service to customers. It is importance because the customer needs favour from the company to help their service activities, for instance accuracy provide service, and provide clarity of information.

c. Assurance
Assurance is employee’s knowledge and courtesy to inspire trust and confidence. The level of knowledge of employees are important as good as the proficiency employees to communicate as the customer wants.

d. Empathy
Empathy is caring, individualized attention the to customers, for instance fair to each customer, the company has good employee’s attention, and handle customer complaints.

e. Tangibles
Tangibles is consists of equipment, physical facilities and appearance of personnel, for instance neatness appearance employee, cleanliness and completed equipment.

Customer Satisfaction
According to Kotler and Keller (2012:128) satisfaction is a customer’s feelings of pleasure or disappointment based on comparing a product’s perceived performance (or outcome) and expectations. Meanwhile, according to Bearden (2001:94) customer satisfaction is a central of the marketing concept and it is a dominantly influenced to the customer loyalty. This is why according to Evans (1997:10) satisfaction is crucial element in success or not the marketing implementation. Assessment of satisfaction and dissatisfaction are generally thought of result of the comparisons between a customer’s expectations and the product’s actual performance.

According to Zeithaml and Bitner (2000) in Chavan (2013:2) satisfaction is influenced by several reasons, they are perceptions of service quality, perceptions of product quality, pricing factors, situational factors and personal factors. Briefly, it could be explained as follows:

a. Customer satisfy with service quality
Service quality measure how much the business of an company in satisfying customers. customers will feel satisfied if services quality of company's performances are good or more than that.

b. Customer satisfy with product
Quality of product determines how good the product which is produced and felt by consumers. The quality of products can be measurement how satisfied the consumers feel the product. Customers will be satisfied when using good product based on experience.
c. Customer satisfy with affordability of price
   To determine the price, the company must consider several factors that may affect the company's performance. One of the way determining the affordability of price is from product it self and customers, because most customers are sensitive, low price is an important aspect to achieve customer satisfaction.

d. Customer comfort being a customer
   Comfort in using a product or service is priority for customers. Customers will feel comfortable when a product as reached the expectations of customers.

e. Customer proud with product
   Pride is one of the signs that consumers are satisfied with its products. One sign that the customers are satisfied (pride) is customers feel emotional with the value by the brand or product they have.

**Customer Loyalty**

According to Oliver in Jesri (2013: 4) loyalty is a commitment to rebuy the product in the future rather than switching other product. Meanwhile, according to Griffin (2005:31) loyalty is customers purchase behavior and it has characteristics. Further, Griffin (2005:31) mentioned characteristics of customer loyalty is as follows:

a. Purchases repeatedly and regularly
   The routine activity of customer behaviour as part of their lifes to purchase or use the product and make this activities as common or habbits.

b. Inter-line purchase of product and services
   When customer is using the product they want to gain the experience of the company as reflection of satisfaction and feel convenience.

c. Refer the firm to others
   When the customer already experience and feel emotional to the company, customer have motivation to refer the company to other to buy the company’s product.

d. Resistance to the product of competitors
   Retention of the company make cusomer resistance to the other. It make benefit to the company as supplier of the product.

**Hypothesis**

Hypothesis in this research use to examine the marketing evidence related relationship marketing, service quality, customer satisfaction and customer loyalty.

**Figure 1 : Hypothesis Model**

Explanation

H1 : There is impact of relationship marketing on customer satisfaction
H2 : There is impact of service quality on customer satisfaction
H3 : There is impact of relationship marketing on customer loyalty
H4 : There is impact of service quality on customer loyalty
H5 : There is impact of customer satisfaction on customer loyalty

**RESEARCH METHOD**

Based on research objectives, this research method used explanatory research and quantitative approach. The measurement in this research method used Likert scale. Location of this research was BNI Malang Branch Office. Sample size of customers this research used Machine and Champbell formula. The collection of data obtained from distributing questionnaire to 116 customers of BNI Malang Branch Office who used saving product. Non probability sampling used as purposive sampling. Sample criteria in this research are:

a. Saving product customer of BNI that have become customer at least one year.

b. Saving product customer of BNI that have more than one transaction or at least twice transactions per month

**RESULT AND DISCUSSION**

**Descriptive Analysis**

PT Bank Negara Indonesia (Persero) Tbk or BNI was established in 1946. In 1946, it started running the function as the central bank of Indonesia based Government Regulation. BNI operates as a commercial bank since 1955. This research was dominated by 16 years old up to 20 years old. Most of educational background respondents was senior high school background. BNI Taplus Product was the most widely used by the respondents. The frequency of respondents based on number...
transactions per month more than 16 up to 21 times within a month was dominated. The factors affecting respondents to be customer of saving product BNI showed good services was dominant factor.

Path Analysis

The result of path analysis can be seen in Table 1.

<table>
<thead>
<tr>
<th>Exogenous Variable</th>
<th>Endogenous Variable</th>
<th>Beta</th>
<th>t-test</th>
<th>P-Value</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship Marketing (X1)</td>
<td>Customer Satisfaction (Z)</td>
<td>0.210</td>
<td>2.232</td>
<td>0.028</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality (X2)</td>
<td>Customer Satisfaction (Z)</td>
<td>0.540</td>
<td>5.379</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Relationship Marketing (X1)</td>
<td>Customer Loyalty (Y)</td>
<td>0.389</td>
<td>3.621</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality (X2)</td>
<td>Customer Loyalty (Y)</td>
<td>-0.306</td>
<td>-2.556</td>
<td>0.012</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Satisfaction (Z)</td>
<td>Customer Loyalty (Y)</td>
<td>0.528</td>
<td>5.018</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Follows the equation of path analysis diagram result can be calculate:

Sub Structure I: \( Z = 0.210 X_1 + 0.540 X_2 \)
Sub Structure II: \( Z = 0.389 X_1 - 0.306 X_2 + 0.528 Z \)

![Path Analysis Diagram](image)

Figure 2: Result of Path Analysis

Indirect Effect

a. Indirect effect of relationship marketing on customer loyalty through customer satisfaction.

\[
\text{Indirect Effect (IE)} = PX_1 \times PZY \\
= 0.210 \times 0.528 \\
= 0.111
\]

b. Indirect effect of service quality on customer loyalty

\[
\text{Indirect Effect (IE)} = PX_2 \times PZY \\
= 0.540 \times 0.528 \\
= 0.285
\]

Total Effect

a. Total effect relationship marketing on customer loyalty through customer satisfaction

\[
\text{Total Effect (TE)} = PX_2 + (PZX \times PZY) \\
= 0.389 + 0.11121 \\
= 0.500
\]

This calculation indicates that customer satisfaction as intervening variable strengthen relationship marketing on customer loyalty.

b. Total effect service quality on customer loyalty through customer satisfaction

\[
\text{Total Effect (TE)} = PX_2 + (PZX \times PZY) \\
= -0.306 + 0.285 \\
= -0.021
\]

This calculation indicates that customer satisfaction as intervening variable strengthen service quality on customer loyalty.

Provision Model

The research data as provision model can be measured from relationship of the determination coefficient (R2) in both equation, which the result model as follows:

\[
R^2 = 1 - (1 - R21)(1 - R22) \\
= 1 - (1 - 0.496) (1-0.376) \\
= 1 - (0.504 \times 0.624) \\
= 1 - 0.314 \\
= 0.686
\]

That calculation means contribution of the structural model to describe the relationship model among four variables studied amounted to 68.6%. The rest of number was 31.4% which means explained by other variables that were not included in this research model.

Result of Hypothesis Testing

1. There is impact of relationship marketing on customer satisfaction

   Variable of relationship marketing consisting trust, commitment, communication and conflict handling has a significant impact on customer satisfaction. The impact was indicated by the value of the path coefficient (β) accounted 0.210 with p-value with the number of 0.028 (p<0.05). The significant impact was proved that when the relationship marketing level of BNI increase, the customer satisfaction will be increase too. In this research BNI customers satisfied because relationship marketing promote the relationship items, the items were trust, commitment, communication, and conflict handling. Those items integrated and satisfied the BNI customers.

   The result of this research was being supported by Rezvani (2012) which explained relationship marketing has an impact upon customer’s loyalty through influence of customer’s satisfaction. According to Rezvani, the banks should do some
measurements to create commitment and make their services compatible with each customer needs, for this sake, the bank management and employees should identify each customer needs by establishing long term and stable relationship to support customers. The result of this research also confirmed by Rizan (2014) that explained relationship marketing has significant affect on customer satisfaction. The result of this research also confirmed by Chavan (2013) that was explained the study has endowed insights and implications for bank management, thus enabling them to develop strategies to improve customer satisfaction.

In this research, the majority reason of customers that choosing BNI was the commitment and trust level of BNI. By using relationship marketing based on commitment and trust level, BNI was being product chose based on customer’s want and need. Satisfaction is comparison between expectation and implementation which has been obtained after using the products. It can be concluded that customer expectations appropriate for BNI.

Furthermore customer satisfaction of BNI was occurred because several reasons, such as customer feels satisfied with service quality, product, price, comfortable, and proud with the product. In addition, BNI was consistent in providing service quality and adjustments to suit customers’ needs. Based on the research result, it can be concluded the relationship marketing can be used as strategy to increase customer satisfaction based on BNI case.

2. There is impact of service quality on customer satisfaction

Variable of service quality has a significant impact on customer satisfaction. The impact was indicated by the value of the path coefficient (β) accounted 0.540 with p-value with the number of 0.000 (p<0.05). The significant impact means, when the service quality level of BNI increase, the customer satisfaction will increase too. In this research, BNI customers were satisfied because service qualities support the satisfaction items, the items were reliability, responsiveness, assurance, empathy and tangible. This items integrated and satisfied the customers of BNI.

The result of this research was being supported by Akbar (2009) which explained service quality has impact on customer’s satisfaction. According to Akbar, the management should primarily focus on customer satisfaction. The result of this research also was confirmed by Mosahab (2010) that explained satisfaction plays important role and there is a positive and it has relation between service quality and satisfaction.

In this research the majority reason of customers to choose BNI was the assurance and tangible. Based on assurance of the BNI, the level knowledge of employees, proficiency employees to communicate and attitude was appreciated as the customer wants. Satisfaction is comparison between expectation of customer and implementation after use the product. It can be concluded that customer expectations appropriate for BNI.

Furthermore customer satisfaction of BNI was occurred because several reason, such as customer satisfy with service quality, product, price, comfortable being a customer of bank, and proud with product. In addition BNI were consistent in providing service quality and adjustments to suit customers’ needs. Based on the research result, it can be concluded that the increasing relationship marketing can be used as strategy to increase customer satisfaction of BNI.

3. There is impact of relationship marketing on customer loyalty

The result of relationship marketing variable has a significant impact on loyalty variable. The impact was indicated by the value of the path coefficient (β) accounted 0.389 with p-value with the number of 0.000 (p<0.05). The significant impact means, when the relationship marketing level of BNI increase the customer loyalty will be increase too. In this research, BNI customers were classified as loyal because relationship marketing promote the items of customer loyalty, there are trust, commitment, communication, and conflict handling. This items integrated with the loyalty of BNI customers.

The result of this research was supported by Jesri (2013) which explained all components of relationship marketing (there are trust, commitment, communication, conflict handling and competence) have an impact on customer loyalty. The result of this research also was confirmed by Rezvani (2011) that explained trust, commitment, connection, and conflict have an impact on customer loyalty. The result of this research also was confirmed by Rizan (2014) that
explained the tactics of relationship marketing significantly affected on customer loyalty. According to Ndubisi (2007) trust, commitment, communication and conflict handling have a significant effect on customer loyalty. Moreover, they significantly related to one another. Based on the research result, it can be concluded the increasing relationship marketing can be used as strategy to increase customer loyalty.

4. There is impact of service quality on customer loyalty

Calculation of the service quality variable consisting indicators of reliability, responsiveness, assurance, empathy and tangible has a negative significant impact on customer satisfaction. The impact was indicated by the value of the path coefficient ($\beta$) accounted -0.306 with p-value with the number of 0.012 (p<0.05). The negative significant impact means, when the service quality level of BNI increase the customer loyalty will be decrease. That happen because most of respondents are student (53.40 %) which gently persuade to open saving account of BNI Taplus (56.00 %), whereas the student want to open BNI (Simpel) Simpanan Pelajar account which more cheap and easy to maintain. If service quality decrease, the student has a reason to change the saving account to other, such as BNI Simpanan Pelajar. This disloyalty was making the student willing to change to other account or banking services.

The result of this research was suported by Chavan (2013) that explain service quality and customer loyalty are connected, but this research was not supported by Ivanauskienë (2014) which explained service quality has a positive impact on customer loyalty. Loyalty of customers of BNI were decrease as a result of the indicators which owned by service quality increase, this indicator are reliability, responsiveness, assurance, empathy and tangible.

5. There is impact of customer satisfaction on customer loyalty

Result of calculation variable of customer satisfaction has a significant impact on customer loyalty. The impact was indicated by the value of the path coefficient ($\beta$) accounted 0.528 with p-value with the number of 0.000 (p<0.05). The significant impact means, when the customer satisfaction level of BNI increase the customer loyalty will be increase too. The result of this research was suported by Rezvani (2012) which explained customer’s loyalty was influenced by customer satisfacton. The result of this research also was confirmed by Rizan (2014) and Akbar (2009) that explained customer loyalty has significant affect on customer satisfaction. The result of this research also confirmed by another study, it was conducted by Mozahab (2010) that explained the customer satisfaction plays the role as mediator in the effects of service quality on service loyalty. Customer will be satisfied, if the product or services that was expected by the customer in accordance with the performance of BNI. Based on the research result, it can be concluded the increasing customer satisfaction can be used as strategy to increase customer loyalty of BNI customer.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on research that has been conducted by path analysis can be concluded as follows:

1. Relationship marketing significantly has a positive impact on customer satisfaction.
2. Service quality significantly has a positive impact on customer satisfaction.
3. Relationship marketing significantly has a positive impact on customer loyalty.
4. Service quality significantly has a negative impact on customer loyalty.
5. Customer satisfaction significantly has a positive impact on customer loyalty.

Recommtentation

1. Management of BNI at Malang Branch Office should be able to maintain and improve the indicators of relationship marketing, because relationship marketing has a significant impact on customer satisfaction and customer loyalty. Strategies that can be used by the BNI to increase the relationship marketing as follows, BNI should be more intents monitoring of suspicious transactions, auditing the security systems, educate and remind customers to maintain the importance of personal identities, and not only increase easiness ways to the customers but also improve consistency of performance.

2. Management of BNI at Malang Branch Office should be able to maintain and improve not all of the indicators of service quality, because service quality significantly has a positive impact only on the satisfaction and customer loyalty.
on customer satisfaction, whereas service quality significantly has a negative impact only on customer loyalty, it because the indicator related inter-line purchase of services and refer the bank to others decrease the impact of the variables. Strategies that can be used by the BNI to increase the service quality as follows, employees of BNI should have to increase neatness and good perception to customers and create comfortable atmosphere to customers as customer want, because when customers feel comfortable, it was increasing service quality of BNI.

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