EFFECT OF SERVICE QUALITY AND RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION AND ITS IMPACT ON LOYALTY SERVICE ON WISMA SOEWARNA BRACH OFFICE (KCP) OF BNI OF TANGERANG

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Abstract: The purpose of this study is to determine the Effect of Service Quality and Relationship Marketing on Customer Satisfaction and Its Impact on Loyalty by measuring indicators that affect the variable Service Quality and Relationship Marketing on customer satisfaction variables and their implications on customer loyalty variables. This research applies a descriptive research design using survey methods. Sampling uses convinient sampling as a sampling technique. This study was tested using the structural equation modeling (Lisrel) approach to test the significance of the significance of the overall model and predetermined pathway. The findings show that Service Quality and Relationship Marketing variables significantly influence customer satisfaction variables. Further findings indicate that Service Quality and Relationship Marketing variables directly have a significant effect on customer loyalty variables. This study also shows that customer satisfaction has an influence on customer loyalty variables. It is recommended to companies to improve the excellence of Service Quality and Relationship Marketing.

Keywords : Loyalty, Relationship Marketing, Service Quality , Satisfaction,

INTRODUCTION

In today's business world which keeps changing, along with increasing level of competition, every company organization, whatever the form and type, and whoever the owner is will face the problem, which is how to maintain the survival of the company in the situation. Survival of the company will eventually be determined by the company's ability in getting adequate level of profitability sustainably. This includes banking companies.Bank as

business institution is inseparable from the problem, especially related with the role of banking in economic activities as one of the machine of Indonesian development. In a dynamic economy, the existence of the banking sector has a very vital and strategic role. In this context, the main role of banking is an intermediating institution between a party with excess and a party with shortage and needs for fund to reflect the bank's health. Therefore, healthy banks will reflect healthy economy in a country, while unhealthy banks reflect poor economy of a country [14].Based on the data collected by the author, as of today, there are 134 Banks in Indonesia [2]. This increases the level of competition among the banks. Some of the well-known banks in Indonesia are below.

Table 1. List of Several Banks in Indonesia

No	BUMN Bank	Regional Development Banks	Private Bank
1	Bank Mandiri	Bank DKI	Bank Central Asia
2	Bank Nasional Indonesia	Bank BJB	Bank Bukopin
3	Bank Rakyat Indonesia	Bank Jatim	Bank BTPN
4	Bank Tabungan Negara	Bank Jateng	Bank Danamon
5		Bank Banten	Bank CIMB Niaga
No	Private Bank	Bank branch offices foreign	syariah bank
1	Amar Bank Indonesia	Bangkok Bank	Bank BNI Syariah
2	Bank Artos Indonesia	Bank of America	Bank BRI Syariah
3	Bank Bisnis Internasional	Bank of China	Bank Syariah Mandiri
4	Bank Dinar Indonesia	Citibank	Bank Muamalat
5	Bank Fama Internasional	Deutsche Bank	Bank Mega Syariah

Increasing competition and number of competitors force all banks to pay attention to the needs and wishes of the customers, and try to fulfill their expectations in more satisfying ways than other banks and their competitors.

Table 2. List of Several Banks In Indonesia

No	Bank	2017	2018	Growth
1	Mandiri	338,73	380,24	14,27
2	BRI	328,78	372,13	13,18
3	BCA	277,53	323,46	16,54
4	BNI	189,35	224,9	18,77
5	CIMB Niaga	117,82	131,79	11,77
6	Danamon	80,23	86,67	8,02
7	Panin	75,06	85,67	12,25
8	Permata	59,51	82,93	39,34
9	BII	59,08	70,48	17,51
10	BTN	47,55	61,99	30,38

Table 2 shows that BNI ranks fourth in market share. This is very different from other public banks. Considering this, BNI should reform to get serious attention, otherwise BNI may be

left behind by the competitors.Based on a survey by Marketing Research Indonesia (MRI) on service products of conventional banks, the recent low rank of BNI is caused by suboptimal services provided by BNI to the customers. In the survey, BNI is ranked fifth on the best bank service excellence. Table III. below shows the result of survey MRI survey on the bank ranking in terms of services.

Table 3. The Best Bank Service Excellence

Rank	Name of Bank
1	Bank Mandiri
2	Bank International Indonesia (BII)
3	Bank OCBC NISP
4	Permata Bank
5	Bank Negara Indonesia (BNI)
6	Bank CIMB Niaga
7	Bank Rakyat Indonesia (BRI)
8	Bank Central Asia (BCA)

Based on Table 3. BNI ranks fifth nationally in collecting public fund through bank saving products. BNI should be able to improve its quality to rank better. The services provided by BNI today are good, but BNI could be better than in 2018. In this case, the researcher performed a research on saving products in PT. Bank Negara Indonesia Tbk. The saving products to be studied were facilities offered by BNI, so any occurring problem would reduce competitiveness in maintaining customer loyalty.

The main focus of the present study was analysis of strategy programs performed by Bank Negara Indonesia in providing day-to-day services, by comparing them with the saving products of other banks.

Table 4, *Customer Loyalty Index*

No	Name Of Bank	2016	2017	2018
1	Bank Central Asia	78	78,1	75,7
2	Bank Mandiri	76,9	77,6	75,2
3	Bank Negara Indonesia	75	77	74,1
4	Bank Rakyat Indonesia	71,8	77,2	73,9
5	Bank Danamon Indonesia	67,2	72,7	73,8
6	Bank Bukopin	67,5	74,8	73,6
7	Panin Bank	69,7	75	73,4
8	Bank OCBC NISP	73,7	76,3	73,2
9	Bank UOB Buana	74,2	76	73,1
10	Bank Internasional Indonesia	70	75,5	73

Based on Table 3. and Table 4. BNI has never ranked first. BNI only ranks third. Considering Table 3. and Table 4. BNI should improve its service quality to keep their customers loyal to BNI. Equally important service is maintaining good relationship with the customers to improve customer satisfaction. This is very important because customer satisfaction is the most valuable thing for bank because it will impact customer loyalty. impact customer loyalty.

However, as banks grow and develop today, BNI Kcp Wisma Soewarna has difficulty to keep the customers loyal by maintaining long-term relationship (customer relationship) because customers are assumed to not only save their money in one bank. This is shown by the number of customers who no longer actively do transactions. It was found that among the existing customers of BNI KCP Wisma Soewarna up to 2018, only 79 % were still active or often performed transactions. The remaining 21% percent was categorized as inactive in performing transactions (no longer performing transactions and very rarely performing transactions). This is shown in Table 5.

Table 5. The Number Of Clients Active And Inactive

Year	The number of clients	Active	Growth	Inactive	Growth
2014	10.338	8.918	86,26	1.420	13,74
2015	10.738	9.209	85,76	1.527	14,22
2016	11.480	9.541	83,11	1.939	16,89
2017	12.644	10.425	82,45	2.219	17,55
2018	13.050	10.309	79,00	2.741	21,00

Customer loyalty is the crowning achievement of banks. Satisfied and loyal customers don't hesitate spreading news on banking products they choose. They have high credibility because they're not paid by anyone to recommend the banking product or brand. Maintaining loyal customer should be prioritized over getting new customers because recruiting new customers is difficult as if cost a lot of money. So, companies should maintain loyal customers.

The ideal situation will be realized if marketers know the needs and wishes of customers to take appropriate steps. A customer is considered loyal if they have strong commitment to buy and consume the goods regularly. Therefore, companies should know how to form customer loyalty.

LITERATURE REVIEW

Service quality is a dynamic condition related with product, service, human, process and environment which meet or exceed expectation

Relationship marketing is a marketing strategy concept which aims to form long-term relationship with customers, i.e. maintaining solid and mutually beneficial relationships between service providers and customers which could create repeat transactions and customer loyalty [12].

Customer satisfaction is a level in which estimated product performance is consistent with buyer's expectation. Customer satisfaction is one's happiness or satisfaction which occurs after comparing product performance or outcome with expected performance or outcome before consuming or using the product [7].

Loyalty is customer's deep commitment to return or do repeat purchase of chosen product/service consistently in the future, although situation and marketing efforts potentially cause change in behaviors.

Framework is narration (description) or statement (proposition) on identified or formulated conceptual problem solving frame. Below is the framework of the present study:
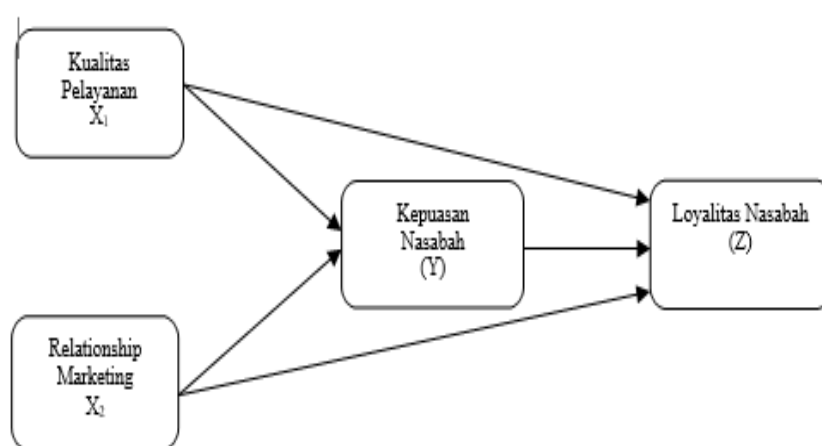
Fig. 1. Framework

RESEARCH METHODS

The present study was a causal relation using descriptive research method with survey type quantitative approach. The research population in the present study was customers of BNI KCP Wisma Soewarna of Tangerang. The research sampling used non-probability sampling with purposive sampling technique. The number of samples referred to the criteria proposed by Hair et.al [4] i.e. Maximum Likelihood Estimation (MLE) technique. The good number of samples according to MLE is 100-200 samples.

The data collection method in the present study was questionnaire using likert scale with five research scores administered to 150 respondents who met the sample criteria. The questionnaire was distributed online via google form. In the present study, the variables were categorized into: (1) Independent variables i.e.; (X1) Service quality and (X2) Relationship marketing (2) and Dependent variables i.e.; (Y1) Customer satisfaction and (Y2) Customer loyalty. The data analysis of the present study used LISREL 8.80 for processing primary data

FINDINGS AND DISCUSSION

Validity test shows how far an instrument can measure a variable to be measured. The basis for deciding whether a statement is valid or not is below: (1) if r is positive and $r \geq 0.50$, then the statement item is valid, while (2) if r is positive and $r < 0.50$, then the statement item isn't valid. Based on Figure 3, all statement items are valid because all r values of the statements are ≥ 0.50.
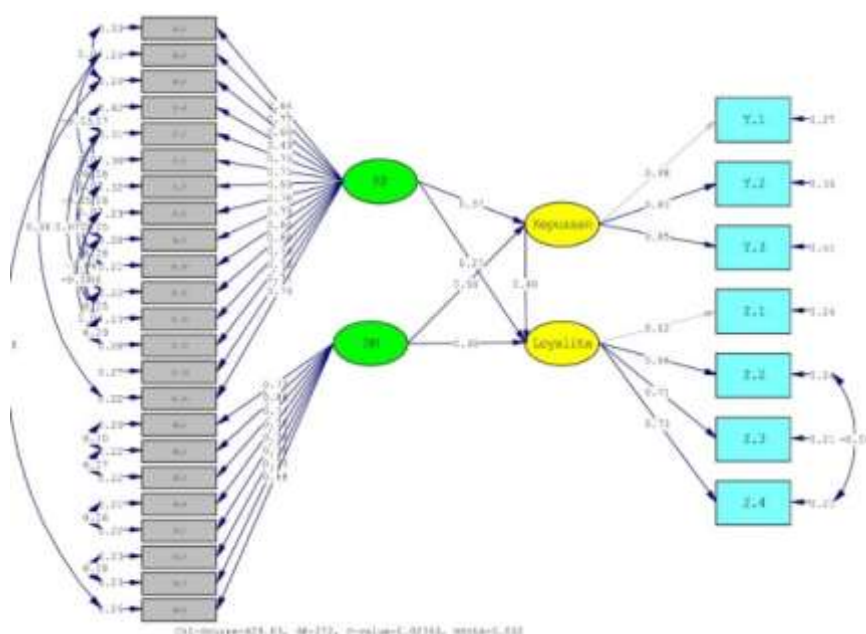
Fig. 2. Standardized Loading Factor (SLF)

Reliability test aims to determine the consistency of an instrument. The basis for deciding whether a research variable is reliable or not is as follows: (1) if Construct Reliability ≥ 0.70 or Variance Extract ≥ 0.50, then the research variable is reliable, while (2) if Construct Reliability < 0.70 or Variance Extract < 0.50, then the research variable isn't reliable. In the present study, all variables have construct reliability ≥ 0.70 and Variance Extract ≥ 0.50, so all research variables are reliable.

Table 6. Goodness Of Fit Index

Goodness Of Fit	Value of Goodness		Hasil Pengukuran	
	Good Fit	*Marginal Fit*		
Normed Chi-Square (χ^2/df)	< 2.0	2.0 < CMIN/DF < 3.0	1.151	Fit
P Value	0.05 < p < 1.00	0.01 < p < 0.05	0.024	Marginal Fit
Root Mean Square Error (RMSEA)	< 0.08		0.032	Fit
Goodness of Fit Index (GFI)	≥ 0.90	0.80 - < 0.90	0.84	Marginal Fit
Normal Fit Index (NFI)	≥ 0.90	0.80 - < 0.90	0.98	Fit
Non-Normed Fit Index (NNFI)	≥ 0.90	0.80 - < 0.90	1.00	Fit
Comparative Fit Index (CFI)	≥ 0.90	0.80 - < 0.90	1.00	Fit
Increamental Fit Index (IFI)	≥ 0.90	0.80 - < 0.90	1.00	Fit
Relative Fit Index	≥ 0.90	0.80 - < 0.90	0.98	Fit

(RFI)

Table 6 shows that model fitness value is good, i.e. good fit and marginal fit, meaning overall the fitness value of the research model shows good fit. To test research hypothesis, the significance value (α) is 0.005 or 5% with t value of ≥ 1.96.
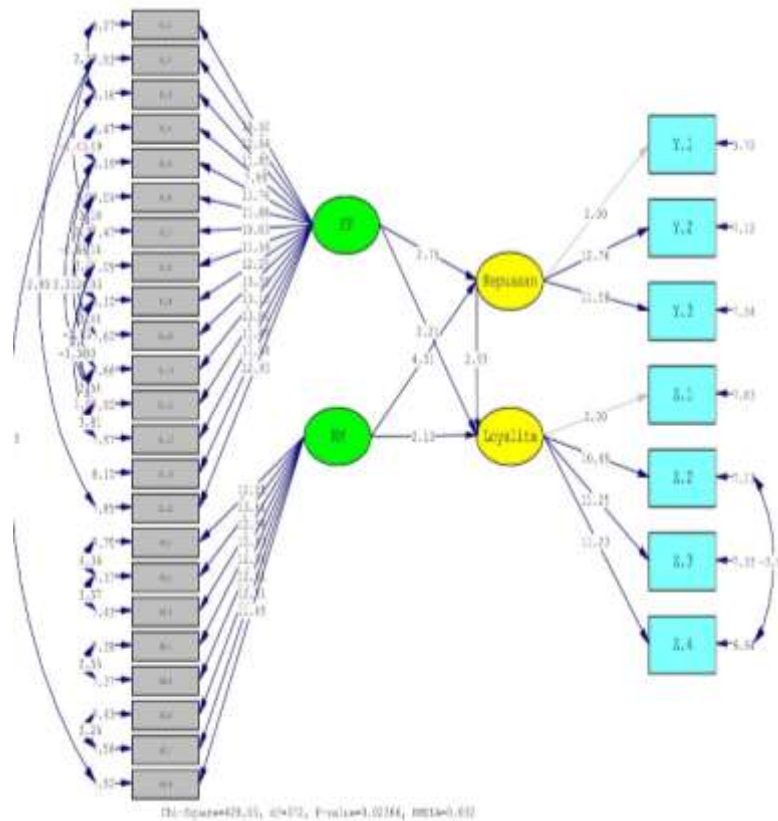

Fig. 3. T-Value

Table 7. Research Hyphotesis Result

Hypothesis	Structural Path	T-Values	Conclusion
H1	Service Quality-> Customer Satisfaction	2.75	positive and significant effect
H2	Relationship Marketing -> Customer Loyality	4.01	positive and significant effect
H3	Service Quality -> Customer Loyality	2.21	positive and significant effect
H4	Relationship Marketing -> Customer Loyality	2.13	positive and significant effect
H5	Customer Loyality -> Customer Loyality	2.93	positive and significant effect

The research hypothesis (H1) states that Service Quality has direct positive and significant effect on customer satisfaction. This was shown by t-value which is 4.01 bigger than 1.96. In other words, if the service quality of BNI KCP Wisma Soewarna of Tangerang improved, it would affect customer satisfaction. Providing good service quality and security for the customers will create satisfaction for the customers and vice versa. BNI KCP Wisma Soewarna of Tangerang should reform to improve services for the customers to provide customer satisfaction so that they would use the offered services. The research result was consistent with the research result of Ilyas, A., Arshed, N., & Hussain, T (2016) tha high quality service delivery is necessary to reach customer satisfaction. The study was in line with Lee, M.S., Hsiao, H.D., & Yang, M.F (2011) who state that customer satisfaction is the result of service quality. Aldlaigan and Buttle in Ladhari et al. (2011) identify positive and significant correlation between service quality and overall satisfaction.

The research hypothesis (H2) states that Relationship Marketing has direct positive and significant effect on customer satisfaction. This was shown by t-value which is 4.01 bigger than 1.96. In other words, if the Relationship Marketing of BNI KCP Wisma Soewarna of Tangerang improved, it would affect customer satisfaction. It meant BNI KCP Wisma Soewarna of Tangerang should improve service quality, which was the main factor affecting customer loyalty, because customers whose personal values were satisfied and had positive mood on the services would have high loyalty to the company. The present study was in line with the studied by Sari, Y.K (2017), Putri, U.P., Suharyono. and Abdillah, Y (2014), and Synathra, V., and Sunarti (2018) wchich show that relationship marketing affects customer satisfaction. Customer satisfaction is created due to the relation formed by Bank to keep customers from moving to any other brand or company.

The research hypothesis (H3) states that Service Quality has direct positive and significant effect on customer loyalty. This was shown by t-value which is 2.21 bigger than 1.96. It meant the customers were satisfied with employees' efficiency, satisfied with employees' explanation on products, satisfied with employees who listened to their complaints. The research result was consistent with the study of Akbar and Parves (2009) which shows positive and significant relation between service quality and customer loyalty. It means good service quality will produce high customer satisfaction which could improve customer loyalty. In making policies to increase customer loyalty, service quality should be noted because it positively and significantly affects customer loyalty (Yani, 2004).

The research hypothesis (H4) states that Relationship Marketing has direct positive and significant effect on customer loyalty. This was shown by t-value which is 2.13 bigger than 1.96. The research result was consistent with the previous studies by Sari, Y.K (2017), Herdian, G and Widyastuti (2018), Putri, U.P., Suharyono., and Abdillah, Y (2014), and Synathra, V., and Sunarti (2018) which show that relationship marketing has positive and significant effect on customer loyalty.

The research hypothesis (H5) states that Satisfaction has direct positive and significant effect on customer loyalty This was shown by t-value which is 2.93 bigger than 1.96. The research result was consistent with the study by Lee, M.S., Hsiao, H.D., & Yang, M.F (2011) which states that customer satisfaction has positive and significant effect on customer loyalty. Moreover,

CONCLUSION AND SUGGESTION

Based on data analysis and discussion in the previous chapter, the following research conclusions are drawn:

(a) Service quality of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang has positive and significant effect on customer satisfaction of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang. (b) Relationship Marketing of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang has positive and significant effect on customer satisfaction of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang. (c) Service quality of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang has positive and significant effect on customer loyalty of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang. (d) Relationship Marketing of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang has positive and significant effect on customer loyalty of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang. (e) Customer satisfaction of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang has positive and significant effect on customer loyalty of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang.

By analyzing the research result, some suggestions which could be considerations and inputs for National Health Insurance (JKN) and future researchers are:

Suggestion for the company (1) Wisma Soewarna Brach Office (KCP) of BNI of Tangerang is expected to be able to grow and improve service quality as the present study found that service quality, i.e. improvement of performance, effectiveness and productivity, should be noted to provide solution for customers to allow them to get and fulfill their needs in Wisma Soewarna Brach Office (KCP) of BNI of Tangerang. It's important to note because service quality affects customer satisfaction directly and customer loyalty indirectly. (2) Wisma Soewarna Brach Office (KCP) of BNI of Tangerang is expected to be able to improve Relationship Marketing as the present study found that confidence with the indicator of good reputation has the lowest loading factor value. It shows that to improve Relationship Marketing, the company should improve the performance of employees to improve the reputation of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang by resolving customer complaints correctly and swiftly. Therefore, Wisma Soewarna Brach Office (KCP) of BNI of Tangerang is expected to improve the relationship regularly and resolve customer complaint appropriately to give extra satisfaction to the customers. The strategy is expected to improve the brand's reputation and make customers trust the bank more. The reputation makes the customers more confident in the relationship between the company and the customers. Therefore, BNI is always oriented to the customers' needs, develop & grow their confidence, create relationship with the stakeholders, be sensitive to the customers' behaviors, so BNI should be more innovative in the long term. Innovativeness isn't only about creating product or service, but also ways to maintain the customers. BNI should create good relationship with the customers by always paying attention to the, opening communication forum, reminding and inviting customers to enjoy facilities as BNI customers. (3) Wisma Soewarna Brach Office (KCP) of BNI of Tangerang is expected to be able to improve service quality and Relationship Marketing so that the customers will always perform various transactions as there is customer loyalty. Successful strategy to improve service quality and Relationship Marketing of Wisma Soewarna Brach Office (KCP) of BNI of Tangerang could create customer loyalty, so that the customers invite others to join the bank. This is very beneficial for the bank. Beside loyal customers, the bank could gain new

customers from the exiting customers. (4) Further studies expected to do research by adding another variables affecting satisfaction and loyalty quality of service, like variable prices, service, trust, security. So it will enrich factors in question about customer satisfaction where research need much development sector, so the results can contribute positive and applicative for the world education in umumya and business development company specifically.

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